

Registration number: 02610943

Markit Economics Limited

Annual Report and Financial Statements

for the Period from 1 December 2021 to 31 December 2022

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Markit Economics Limited

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Markit Economics Limited

Company Information

Directors	E Hithersay
	K Wallace
	R Weelson
Company secretary	E Hithersay
Registered office	4th Floor
	Ropemaker Place
	25 Ropemaker Street
	London
Auditors	EC2Y 9LY
	Ernst & Young LLP
	25 Churchill Place
	Canary Wharf
	London
	E14 5EY

Markit Economics Limited

Strategic Report for the Period from 1 December 2021 to 31 December 2022

The directors present their strategic report for the period from 1 December 2021 to 31 December 2022.

Principal activities

The principal activities of the Company during the period included the research, origination, analysis and publication of business information.

Markit Economics Limited is an indirect subsidiary of S&P Global Inc.

On 28 February 2022 the merger of IHS Markit group into S&P Global group completed. The Company changed its accounting reference date from 30 November to 31 December to align with that of its ultimate parent company S&P Global Inc ("the Group"). As a result these financial statements are for a thirteen month period ended 31 December 2022.

S&P Global is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The Company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. S&P Global is headquartered in New York, S&P Global is committed to sustainable, profitable growth.

Fair review of the business

The Company's key financial and other performance indicators during the period were as follows:

	13 months to 31 December 2022	Year ended 30 November 2021	Change
	£ 000	£ 000	£ 000
Turnover	21,634	18,450	3,184
Total operating profit	5,410	4,460	950
Profit before tax	36,842	4,479	32,363
Shareholders' funds	50,190	12,239	37,951
EBITDA	36,851	4,735	32,116

The key indicators above are not directly comparable due to the change in the accounting reference date. The figures above compare a thirteen month period with a twelve month period.

The profit for the 13 months period after taxation amounted to £37,951 (Year ended 30 November 2021: £4,481k). The increase in profit for the period is attributable to the sale of the indices business.

Strategy and future developments

The strategy of the Company focuses on the development of existing services to position the Company as a global leader in its field.

The board of directors approved a plan to transfer the trade and assets of the Company to a fellow group company, S&P Global Valuations Limited (formerly Markit Valuations Limited) which took effect on 15 November 2023. Post transfer of assets it is the intention of the board of directors to liquidate the company in due course.

Markit Economics Limited

Strategic Report for the Period from 1 December 2021 to 31 December 2022 (continued)

Principal risks and uncertainties

The Company is exposed to a variety of risks and uncertainties in conducting its business, including, but not limited to the risks described below. Management monitors its exposure on a continuous basis and, where new or increased risks and uncertainties are identified, assesses the action needed to mitigate the impact on the Company.

Market Risk

The market in which the Company operates is highly dynamic. The Company has positioned and developed its growing and developing suite of products through a strategy that balances all significant relevant market movements and also contributes more turnover for the Company due to any such movement.

There is a risk that the Company's products will not compete successfully. This risk is mitigated by investing in the development of the Company's technology and by focusing on innovative benefits for the Company's customers.

Exchange Risk

The Company's Sterling-denominated reported financial results can be affected by changes in the relative value of local currencies, in which certain expenditure is incurred, against Sterling. It is subject therefore to currency exchange fluctuations. Such fluctuations are dealt with through the profit and loss account. The Company's exchange rate risk is managed at a Group level by a central treasury function.

Credit Risk

The Company's credit risk is primarily attributable to trade debtors. The directors believe that such risk is limited, as the Company's customer base primarily consists of large international financial institutions. The amount of exposure to any individual counterparty is actively monitored and assessed by management. However, to mitigate any risk, provision is made against potential and actual bad debts as and when the potential loss is identified.

Technology Risk

The Company's information technology, telecommunications and other infrastructure systems face the risk of failure which could have an impact on the Company's operations. Due to the expansion of the Company's business, technology platforms have become more important and complex for the business.

Formalised security, back-up and recovery processes and procedures have been implemented and are reviewed periodically. This includes a number of full back-up hosting sites to ensure continuity of the Company's technology. These processes and procedures have the full attention of the Group's executive committee and one of the executive committee members is responsible for them.

Liquidity Risk

The Company lends to and borrows from other Group companies as required to meet short-term funding requirements. Interest is charged on these lendings / borrowings at a commercial interest rate. The Group's funding is managed centrally. Management reviews liquidity issues on an ongoing basis and actively manages a profile of debt finance that is designed to ensure that the Group has sufficient funds for operations.

Markit Economics Limited

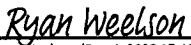
Strategic Report for the Period from 1 December 2021 to 31 December 2022 (continued)

Legal Risk

There is an increasing public concern regarding, and resulting regulations of, privacy, data, and consumer protection issues. Laws and regulations in jurisdictions in which the Company operates pertain primarily to personally identifiable information relating to individuals, constrain the collection, use, storage, and transfer of such data, as well as other obligations which must be complied with. If the Company fails to comply with these laws or regulations, the Company could be subject to significant litigation and civil or criminal penalties (including monetary damages, regulatory enforcement actions or fines) in one or more jurisdictions and reputational damage resulting in the loss of data, brand equity and business. To conduct the Company's operations, data is moved across national borders and consequently the Company is subject to a variety of continuously evolving and developing laws and regulations regarding privacy, data protection, and data security in an increasing number of jurisdictions. Many jurisdictions have passed laws in this area, such as the European Union General Data Protection Regulation (the "GDPR").

These laws and regulations are increasing in complexity and number, change frequently, and increasingly conflict among the various countries in which the Company operates, which has resulted in greater compliance risk and cost for the Company. It is possible that the Company could be prohibited or constrained from collecting or disseminating certain types of data or from providing certain products or services. If the Company fails to comply with these laws or regulations, the Company could be subject to significant litigation, civil or criminal penalties, monetary damages, regulatory enforcement actions or fines in one or more jurisdictions. For example, a failure to comply with the GDPR could result in fines up to the greater of €20 million or 4% of annual global revenues. The legal risks and uncertainties noted above for the Company are managed through a group-wide strategy monitoring regulatory and compliance risks, in combination with a semi-annual review of the financial position of the Company.

Approved by the Board on 4 December 2023 and signed on its behalf by:


Ryan Weelson (Dec 4, 2023 17:41 GMT)...
R Weelson
Director

Markit Economics Limited

Directors' Report for the Period from 1 December 2021 to 31 December 2022

The directors present their report and the financial statements for the period from 1 December 2021 to 31 December 2022.

Information included in the Strategic Report

The following information as required by the Companies Act 2006 has been disclosed in the Strategic Report:

- Details of the principal activities of the Company.
- A review of the business, including developments in the period, its performance and current position.
- A summary of the principal risks and uncertainties affecting the position.
- Information relating to KPIs monitored by the Company.

Directors of the Company

The directors, who held office during the period, were as follows:

K A Owen (resigned 16 August 2023)

C McLoughlin (resigned 15 March 2022)

K Wise (appointed 15 March 2022 and resigned 29 July 2022)

E Hithersay - Company secretary and director (appointed 15 March 2022)

K Wallace (appointed 29 July 2022)

The following director was appointed after the period end:

R Weelson (appointed 17 August 2023)

Dividends and future prospects

The directors do not recommend any final dividend payment for the period ended 31 December 2022 (Year ended 31 December 2021- £ 16,000,000) .

The board of directors approved a plan to transfer the trade and assets of the Company to a fellow group company, S&P Global Valuations Limited (formerly Markit Valuations Limited) which took effect on 15 November 2023. Post transfer of assets it is the intention of the board of directors to liquidate the company in due course.

Events after the end of the reporting period

Post balance sheet events are disclosed in note 18 of these financial statements.

Markit Economics Limited

Directors' Report for the Period from 1 December 2021 to 31 December 2022 (continued)

Basis of preparation - other than going concern

The board of directors approved a plan to transfer the trade and assets of the Company on 15 November 2023 to a fellow group company S&P Global Valuations Limited (formerly Markit Valuations Limited), with the view to eventually liquidating the Company. Accordingly, these financial statements have been prepared on a basis other than going concern. Consequently, the directors have not applied the going concern basis of accounting in preparing the audited financial statements of the Company for the period ended 31 December 2022. The basis of preparation differs from that previously adopted in the financial statements of the Company. This basis includes, where applicable, writing the Company's assets down to net realisable value. All assets and liabilities have been disclosed on a current basis. No provision has been made for the future costs of terminating the business unless such costs were committed at the reporting date. The directors have reviewed the impact of adopting a basis of preparation other than going concern and determined that no adjustments are required to the amounts disclosed in the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Approved by the Board on 4 December 2023 and signed on its behalf by:

Ryan Weelson
Ryan Weelson (Dec 4, 2023 17:41 GMT)....
R Weelson
Director

Markit Economics Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

These financial statements have been prepared on a basis other than that of a going concern due to the reasons set out in note 2 to the financial statements.

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

Markit Economics Limited

Independent Auditor's Report to the Members of Markit Economics Limited

Opinion

We have audited the financial statements of Markit Economics Limited for the period from 1 December 2021 to 31 December 2022, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis other than going concern

We draw attention to Note 2 to the financial statements which explains that following the transfer of its activity to a fellow group company, the directors intend to liquidate the Company in an orderly manner and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 2. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Markit Economics Limited

Independent Auditor's Report to the Members of Markit Economics Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Markit Economics Limited

Independent Auditor's Report to the Members of Markit Economics Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, GDPR, and anti-bribery and anti-corruption legislation.

- We understood how Markit Economics Limited is complying with those frameworks by making inquiries of management and those responsible for legal and compliance procedures to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our inquiries through our review of board minutes and papers provided to those charged with governance, as well as consideration of the results of our audit procedures over the Company's financial statements. We identified management's attitude and tone from the top to embed a culture of honesty and ethical values whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by identifying significant classes of transactions and significant accounts and considering how these classes of transactions and accounts may be subject to management override and by assuming revenue to be a fraud risk. We performed audit procedures to address each identified fraud risk, including incorporating data analytics into our testing of revenue and testing manual journal entries, which were designed to provide reasonable assurance that the financial statements were free from material misstatement, whether due to fraud or error. We tested specific transactions back to source documentation or independent third-party confirmations as appropriate.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual non-standard journals and journals indicating large or unusual transactions based on our understanding of the business. Our procedures involved testing of transactions in the financial statements with characteristics that may indicate a higher risk of fraud. We identified revenue as an area that was particularly susceptible to misstatement through management override. Our response to this risk was to carry out detailed testing over revenue, receivables and cash. We also tested journal entries identified by specific risk criteria.

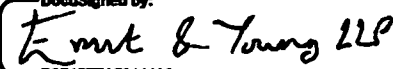
Markit Economics Limited

Independent Auditor's Report to the Members of Markit Economics Limited (continued)

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

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Matthew Price (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

25 Churchill Place
Canary Wharf
London
E14 5EY

07 December 2023
Date:.....

Markit Economics Limited

Profit and Loss Account for the Period from 1 December 2021 to 31 December 2022

		13 months to 31 December 2022 £ 000	Year ended 30 November 2021 £ 000
	Note		
Turnover	4	21,634	18,450
Administrative expenses		<u>(16,224)</u>	<u>(13,990)</u>
Operating profit	6	<u>5,410</u>	<u>4,460</u>
Interest receivable and similar income	7	347	19
Other gains	5	<u>31,085</u>	<u>-</u>
		<u>31,432</u>	<u>19</u>
Profit before tax		36,842	4,479
Tax on profit on ordinary activities	10	<u>1,109</u>	<u>2</u>
Profit for the period		<u><u>37,951</u></u>	<u><u>4,481</u></u>

The above results were derived from continuing operations which as disclosed in note 18, have been transferred to a fellow group company on 15 November 2023.

The Company has no other comprehensive income other than as stated above and, therefore, no separate statement of comprehensive income has been included.

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

(Registration number: 02610943)
Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	30 November 2021 £ 000
Fixed assets			
Intangible assets	11	-	1,474
Deferred tax assets	10	-	19
		<u>-</u>	<u>1,493</u>
Current assets			
Intangible assets	11	1,118	-
Deferred tax assets	10	24	-
Debtors	12	73,603	32,548
Cash at bank and in hand	13	<u>2</u>	<u>-</u>
		74,747	32,548
Creditors: Amounts falling due within one year	14	<u>(24,557)</u>	<u>(21,802)</u>
Net current assets		<u>50,190</u>	<u>10,746</u>
Net assets		<u>50,190</u>	<u>12,239</u>
Capital and reserves			
Share capital	16	11	11
Share premium		38	38
Retained earnings		<u>50,141</u>	<u>12,190</u>
Total equity		<u>50,190</u>	<u>12,239</u>

Approved by the Board on 4 December 2023 and signed on its behalf by:

Ryan Weelson
Ryan Weelson (09 Dec 2023 17:41 GMT) ...
R Weelson
Director

Markit Economics Limited

Statement of Changes in Equity for the Period from 1 December 2021 to 31 December 2022

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 December 2020	11	38	23,709	23,758
Profit for the year	-	-	4,481	4,481
Total comprehensive income	-	-	4,481	4,481
Dividends paid	-	-	(16,000)	(16,000)
At 30 November 2021	11	38	12,190	12,239
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 December 2021	11	38	12,190	12,239
Profit for the period	-	-	37,951	37,951
Total comprehensive income	-	-	37,951	37,951
At 31 December 2022	11	38	50,141	50,190

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022

1 General information and authorisation of financial statements

Markit Economics Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in England and Wales. The Company's financial statements are presented in Sterling and all values are rounded to the nearest £1,000 except when otherwise indicated.

The financial statements of Markit Economics Limited for the 13 month period ended 31 December 2022 were authorised for issue by the board of directors on 4 December 2023 and the balance sheet was signed on the board's behalf by R Weelson.

2 Significant accounting policies

Basis of preparation of financial statements - other than going concern

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These policies have been consistently applied to all years presented, unless otherwise stated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, 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.

The board of directors approved a plan to transfer the trade and assets of the Company on 15 November 2023 to a fellow group company S&P Global Valuations Limited (formerly Markit Valuations Limited), with the view to eventually liquidating the Company. Accordingly, these financial statements have been prepared on a basis other than going concern. Consequently, the directors have not applied the going concern basis of accounting in preparing the audited financial statements of the Company for the period ended 31 December 2022. The basis of preparation differs from that previously adopted in the financial statements of the Company. This basis includes, where applicable, writing the Company's assets down to net realisable value. All assets and liabilities have been disclosed on a current basis. No provision has been made for the future costs of terminating the business unless such costs were committed at the reporting date. The directors have reviewed the impact of adopting a basis of preparation other than going concern and determined that no adjustments are required to the amounts disclosed in the financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2022 that have a material impact on the Company's financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Revenue recognition

Recognition

The revenue and profits recognised in any period are based on the delivery of performance obligations.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Company incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual milestones, performance. In addition, for certain contracts, key assumptions are made concerning contract extensions and amendments.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

We recognise revenue in a manner that is designed to depict the transfer of promised goods or services to customers in an amount that reflects the consideration that we expect to receive for those goods or services. To achieve that objective, we apply the following steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) each performance obligation is satisfied.

Our policy with respect to each of these steps is discussed in the following paragraphs.

Identify the contract(s) with a customer

For all contracts, the Company determines if the arrangement with a customer creates enforceable rights and obligations. Multiple contracts with the same customer that are entered at or about the same time need to be evaluated as if they were a single contract. Multi-year agreements should be reviewed to determine the contract term, which is the period where the parties to the contract have present enforceable rights and obligations.

Identify the performance obligations in the contract

At contract inception various performance obligations associated with the contract are assessed. Performance obligations are easily identifiable where we list separate fees for each obligation however, individual commitments must be evaluated within the context of the contract to determine whether those commitments should be bundled together and treated as a single performance obligation or should be treated as separate performance obligations. In making that determination, we evaluate whether the good or service is (1) capable of being distinct and (2) distinct in the context of the contract.

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Determine the transaction price

At contract inception the total transaction price is estimated, being the amount to which the Company expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration.

Allocate the transaction price to the performance obligations in the contract

For contracts with multiple performance obligations, we allocate the transaction price to each performance obligation on a relative standalone selling price basis, which means that we add up the standalone selling prices of each performance obligation, compare that total to the transaction price, and then allocate any difference to the individual performance obligations on a pro rata basis.

Recognise revenue when (or as) each performance obligation is satisfied

For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Where the Company recognises revenue over time for long term contracts, this is in general due to the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract. Performance obligations must be completed prior to recognising revenue, as well as any steps necessary to transfer control of the product or service to the customer, such as customer acceptance.

Contract modifications

The Company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. Prospectively as an additional separate contract;
- b. Prospectively as a termination of the existing contract and creation of a new contract;
- c. As part of the original contract using a cumulative catch up; or
- d. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the Company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration. Where payments made are greater than the revenue recognised at the period end date, the Company recognises a deferred income contract liability for this difference.

Impairment of contract related balances

At each reporting date, the Company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Operating profit

Operating profit is the profit arising from the normal, recurring operations of the business and excludes any exceptional items.

Foreign currency transactions and balances

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in profit and loss.

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The UK Companies Act requires goodwill to be reduced by provisions for amortisation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non amortisation of goodwill in the Companies Act. The Company had previously amortised goodwill over a period of 20 years.

Research and software development

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes systems or services before the start of commercial production or use.

Based on a set criteria, management assesses whether compensation costs incurred constitute the production of new or substantially improved materials anticipated to generate future economic benefits, and whether such costs can be distinguished from the costs of maintaining or running day-to-day operations. On a continuing basis, management reviews whether development costs will result in an identifiable and defined intangible asset that is expected to generate future economic benefits.

Research expenditures are expensed as incurred. Development costs are similarly expensed until the Company is satisfied as to the technical, commercial, and financial viability of individual projects. When these conditions are satisfied, the development expenditure is capitalised and amortised over the expected useful economic life.

Intangible assets

Following initial recognition, the carrying amount of an intangible asset is its cost less accumulated amortisation and impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. There were no indefinite-lived assets in 2022 or 2021. Intangible assets with finite lives are only tested for impairment where there is an indicator of impairment.

Amortisation

Amortisation is provided at rates calculated to write-off the cost less estimated residual value of each asset over its expected useful economic life, as follows:

Asset class	Amortisation method and rate
Software licence	5 years on a straight line basis
Software development costs	5 years on a straight line basis

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Share premium

The amount paid to the Company by shareholders, in cash or other considerations, over and above the nominal value of shares issued to them.

Retained earnings

Net profits or losses kept to accumulate in the Company after dividends are paid.

Dividends

Dividends paid and received are included in the company financial statements in the period in which the related dividends are actually paid or received. All dividends paid or received concern other members of the group into which this company is consolidated.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible fixed assets, intangible assets, deferred tax assets and prepayments.

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: (1) the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL). If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVPTL: (1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (2) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset including transferring substantially all the risks and rewards of the asset.

Modification of financial assets and financial liabilities

If the terms of a financial asset or liability are modified, the Company evaluates whether the cash flows of the modified asset or liability are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset or liability are deemed to expire. In this case the original financial asset or liability is derecognised and a new financial asset or liability is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset or liability. In this case, the Company recalculates the gross carrying amount of the financial asset or liability and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt instruments
- Trade and other receivables; and
- Loan commitments issued.

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL, except for debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date and other financial instruments on which the credit risk has not increased significantly since their initial recognition, which are measured at a 12-month ECL. The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Company, or economic conditions that correlate with defaults in the Company.

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

2 Significant accounting policies (continued)

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Goodwill and other intangible assets

The Company makes various assumptions about goodwill and other intangible assets, including their estimated useful lives and whether any potential impairment events have occurred.

For goodwill, an impairment review is performed at least annually by comparing the carrying value of the cash generating unit with recoverable amount. The recoverable amount of goodwill is based on the value in use which requires a number of significant assumptions and judgments, including the allocation of goodwill to cash generating units, future economic conditions, future cash flows and discount rates. The use of different estimates or assumptions within our projected future cash flows model, or the use of a methodology other than a projected future cash flow model, could result in significantly different fair values for goodwill.

For finite-lived intangible assets, the carrying amount is reviewed at least annually to determine whether current events or circumstances indicate a triggering event which could require an adjustment to the carrying amount.

Doubtful debts

The Company makes a provision for debts that have been identified by the business as uncollectable or at risk.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

4 Turnover

The analysis of the Company's turnover for the period from continuing operations is as follows:

	13 months to 31 December 2022 £ 000	Year ended 30 November 2021 £ 000
Rendering of services	<u>21,634</u>	<u>18,450</u>

The Company only has one class of business being the provision of software and related services to its customers.

5 Other gains

The analysis of the Company's other gains and losses for the period is as follows:

	13 months to 31 December 2022 £ 000	Year ended 30 November 2021 £ 000
Gain on disposal of the indices business (see note 15)	<u>31,085</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting):

	13 months to 31 December 2022 £ 000	Year ended 30 November 2021 £ 000
Amortisation expense	356	275
Foreign exchange gains	(4,245)	(266)
Audit of the financial statements	<u>50</u>	<u>33</u>

7 Interest receivable and similar income

	13 months to 31 December 2022 £ 000	Year ended 30 November 2021 £ 000
Interest income from group undertakings	<u>347</u>	<u>19</u>

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

8 Staff costs

The Company has no employees. There is an element of staff costs included in administrative expenses that relates to costs recharged from other Companies via transfer pricing agreements.

9 Directors' remuneration

The directors of the Company are also directors or officers of a number of the companies within the S&P Global group. The directors' services to the Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the period ended 31 December 2022.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

10 Income tax

Tax charged in the profit and loss account

	13 months to 31 December 2022 £ 000	Year ended 30 November 2021 £ 000
Current taxation		
Adjustment due to prior period Group Relief no longer payable	(1,104)	-
Deferred taxation		
Arising from origination and reversal of temporary differences	(3)	(2)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(2)</u>	<u>-</u>
Total deferred taxation	<u>(5)</u>	<u>(2)</u>
Tax receipt in the profit and loss account	<u><u>(1,109)</u></u>	<u><u>(2)</u></u>

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

10 Income tax (continued)

The Company has aligned its tax accounting policy choice in respect of payments for group relief with other members of the S&P Global group. As such, the Company no longer pays for group relief. Upon alignment of accounting policy choice, the Company has deemed that any historical balances in respect of prior group relief payments are no longer required and have therefore been adjusted for in this year's tax workings.

The tax on profit before tax for the period is different to the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

	13 months to 31 December 2022 £ 000	Year ended 30 November 2021 £ 000
Profit before tax	<u>36,842</u>	<u>4,479</u>
Corporation tax at standard rate	7,000	851
Prior period Group Relief no longer payable	(1,104)	-
Deferred tax credit relating to changes in tax rates or laws	(1)	(5)
Income not taxable for tax purposes	(5,906)	-
Deferred tax credit from unrecognised temporary difference from a prior period	(2)	-
UK group relief surrendered/(claimed) for no payment/receipt	<u>(1,096)</u>	<u>(848)</u>
Total tax credit	<u>(1,109)</u>	<u>(2)</u>

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

10 Income tax (continued)

Deferred tax

Deferred tax movement during the period:

	At 1 December 2021 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Balance brought forward	17	-	17
Fixed asset timing differences	2	-	2
Short term timing differences	-	5	5
Net tax assets	<u>19</u>	<u>5</u>	<u>24</u>

Deferred tax movement during the prior year:

	At 1 December 2020 £ 000	Recognised in income £ 000	At 30 November 2021 £ 000
Balance brought forward	17	-	17
Fixed asset timing differences	-	2	2
Short term timing differences	-	-	-
Net tax (liabilities)/assets	<u>17</u>	<u>2</u>	<u>19</u>

Factors that may affect future tax charges

The Finance Bill 2021 included legislation to increase the UK's main corporation tax rate from 19% to 25% effective from 1 April 2023. This rate change was substantively enacted on the 24 May 2021. The enacted rate change at the balance sheet date has been reflected in the measurement of deferred tax balances at the period end.

Deferred taxes on the balance sheet have been measured at 25% (2021 25%) which represents the future corporation tax rate that enacted at the balance sheet date.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

11 Intangible assets

	Goodwill	Software development costs	Software Licenses	Total
	£ 000	£ 000	£ 000	£ 000
Cost				
At 1 December 2021	587	2,650	42	3,279
At 31 December 2022	587	2,650	42	3,279
Amortisation				
At 1 December 2021	460	1,303	42	1,805
Amortisation charge	-	356	-	356
At 31 December 2022	460	1,659	42	2,161
Carrying amount				
At 31 December 2022	127	991	-	1,118
At 30 November 2021	127	1,347	-	1,474

12 Debtors

	31 December 2022 £ 000	30 November 2021 £ 000
Trade debtors	899	530
Provision for impairment of trade debtors	(26)	(14)
Net trade debtors	873	516
Amounts due from group undertakings	72,638	31,860
Prepayments	87	172
Other debtors	5	-
	73,603	32,548

Amounts due from group undertakings are not loans in nature and will be settled in 12 months.

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

13 Cash at bank and in hand

	31 December 2022 £ 000	30 November 2021 £ 000
Cash at bank	<u>2</u>	<u>-</u>

14 Creditors: Amounts falling due within one year

	31 December 2022 £ 000	30 November 2021 £ 000
Trade creditors	306	172
Accrued expenses	715	448
Amounts due to group undertakings	20,786	17,873
Social security and other taxes	2	189
Deferred income	<u>2,748</u>	<u>3,120</u>
	<u>24,557</u>	<u>21,802</u>

Amounts due to group undertakings are not loans in nature and will be settled in 12 months.

15 Gain on Sale of Indices Business

On 1 June 2022 S&P Global Inc. transferred its Indices business to IHS Markit Benchmark Administration Limited. IHS Markit Benchmark Administration Limited is owned 73% with S&P Global group and 27% by CME Group.

Markit Economics Limited transferred £91k trade assets to IHS Markit Benchmark Administration Limited in exchange for a cash consideration of £30,994k. This resulted in a gain of £31,085k being recognised in the profit and loss account.

The gains recognised in respect of the identifiable assets and liabilities are set out in the table below.

	Indices Business £ 000
Gain on sale	£ 000
Assets	(420)
Deferred revenue	511
Net liabilities transferred	<u>91</u>
Net proceeds	30,994
Gain on business transfer	<u>31,085</u>

The notes on pages 15 to 34 form an integral part of these financial statements.

Markit Economics Limited

Notes to the Financial Statements for the Period from 1 December 2021 to 31 December 2022 (continued)

16 Share capital

Authorised, issued and fully paid shares

	31 December 2022		30 November 2021	
	No.	£	No.	£
A Ordinary Shares of £0.05 each	208,373	10,419	208,373	10,419
Non-voting A class shares of £0.05 each	21,080	1,054	21,080	1,054
	<u>229,453</u>	<u>11,473</u>	<u>229,453</u>	<u>11,473</u>

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The non-voting 'A' shares carry no voting rights.

17 Parent and ultimate parent undertaking

The immediate parent company is Markit Equities Limited.

The directors regard S&P Global Inc. a company incorporated in the United States of America, as the Company's ultimate parent undertaking and controlling party. This is also the parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Copies of the group financial statements of S&P Global Inc. can be obtained from the registered office of the Company.

They are also available at the S&P Global website (<https://www.spglobal.com/>).

18 Post balance sheet events

The board of directors have approved restructuring plans to transfer the Company's trade and assets to a fellow group company S&P Global Valuations Limited (formerly Markit Valuations Limited) which took effect on 15 November 2023. The intention is to then liquidate the Company.

The notes on pages 15 to 34 form an integral part of these financial statements.