

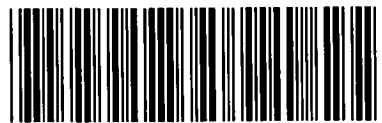
Registered number: 4006718

MOODY'S HOLDINGS LIMITED

Annual Report

For the year ended 31 December 2020

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MOODY'S HOLDINGS LIMITED

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MOODY'S HOLDINGS LIMITED
COMPANY INFORMATION

Directors:

Timothy Herring

Registered office:

One Canada Square
Canary Wharf
London
E14 5FA

Independent auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Principal banker:

Bank of America N.A.
5 Canada Square
London
E14 5AQ

MOODY'S HOLDINGS LIMITED

STRATEGIC REPORT

For the year ended 31 December 2020

The ultimate parent of Moody's Holdings 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 to act as a holding company.

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

Strategy

The strategy of the Company is to act as a holding company for entities within both Moody's Investors Service ("MIS") and Moody's Analytics ("MA"), supporting Moody's group structure. As a holding company it receives dividends from its subsidiaries and distributes dividends to its parent.

Financial results and key performance indicators ("KPIs")

The Company made a profit for the year of £242m (2019: £115m), relating to dividends received.

The net assets of the Company remained relatively flat at £1,649m (2019: £1,648m) as at the reporting date.

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 on 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 remain confident that it has adequate liquidity to maintain its operations with minimal disruption. The Company continues to operate remotely and has operated effectively to date.

On 27 October 2020, the Company made an additional contribution in Moody's Risk Assessment Limited for a total consideration of £4.5m. This did not change the Company's holding percentage.

On 27 October 2020, the Company borrowed £4.5m from Moody's Analytics UK Limited, a fellow subsidiary of the Moody's group.

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 director does not expect a significant effect on the Company in the short to medium term. The long term effects will depend on the

MOODY'S HOLDINGS LIMITED
STRATEGIC REPORT
For the year ended 31 December 2020

implementation and application of the TCA and any other relevant agreements between the UK and the EU.

On 23 February 2021, the Company borrowed £5.0m from Moody's Analytics UK Limited, a fellow subsidiary of the Moody's group.

On 21 July 2021, the Company received a dividend of £52.2m from Moody's Shared Services UK Limited, a fellow subsidiary of the Moody's group.

On 21 July 2021, an interim dividend of £47.7m was paid to Moody's Group UK Limited.

Subject to the uncertainties in respect to Covid, the director remains 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 net current liability position, the directors have assessed the performance of its investments, the risks and associated mitigating actions. This includes the expected dividends to be received and that the Company is a participant in a cash pooling arrangement where it is able to access funds to meet its short-term liquidity needs. In addition, the directors noted that intercompany loans are always reassessed on a Moody's group basis, which includes the option to refinance loans where required. Therefore, the directors 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

The Company's principal risk and uncertainty is the impact of current market conditions on the value of its investments. The Company's subsidiaries continue to look at new products and markets in order to maintain its revenue base and market share.

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

- Financial reforms affecting the credit rating industry may negatively impact the nature and economics of Moody's business;
- Exposure to litigation, government regulatory proceedings, investigations and inquiries related to Moody's rating opinions and other business practices;
- Moody's operations and infrastructure may malfunction or fail;
- Risks related to cyber security and protection of confidential information;
- Changes in the volume of debt securities issued in domestic and/or global capital markets, asset levels and flows into investment levels and changes in interest rates and other volatility in the financial markets may negatively impact the nature and economics of Moody's business;
- Increased pricing pressure from competitors and/or customers;
- Exposure to reputational and credibility concerns;
- Introduction of competing products or technologies by other companies;
- Changes in tax rates or tax rules could affect future results;
- Possible loss of key employees and related compensation cost pressures;

MOODY'S HOLDINGS LIMITED
STRATEGIC REPORT
For the year ended 31 December 2020

- Moody's compliance and risk management programs might not be effective and may result in outcomes that could adversely affect Moody's reputation, financial condition and operating results;
- Dependency on the use of third-party software, data, hosted solutions, data centres, the cloud and network infrastructure, and any reduction in third-party product quality or service offerings could have a material adverse effect on the Company's business, financial condition or results of operations; and
- Outcomes resulting from Covid-19 pandemic.

Section 172 statement

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

The Company's role and purpose

The Company is a holding company for Moody's subsidiaries who are providers of (i) credit ratings and assessment services; (ii) credit, capital markets and economic research, data and analytical tools; (iii) software solutions that support financial risk management activities; (iv) quantitatively derived credit scores; (v) learning solutions and certification services; and (vi) company information and business intelligence products.

Culture and business conduct

Moody's employees uphold the Company's and its subsidiaries' worldwide reputation for high standards of business conduct. An important aspect of Moody's success is its collective commitment to operating in an ethical and lawful manner to maintain the integrity of its business. The Company uses its expertise and assets to make a positive difference through analysis and research that helps the capital markets better understand how Environmental, Social and Governance ("ESG") factors impact the global markets. The directors strive to maintain the highest standards of personal ethics and integrity in our dealings on behalf the Company. At a minimum, this means complying with the principles and policies articulated in the Moody's 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 Moody's Group UK Limited and, indirectly, of Moody's Corporation. The Chair of the Board reports into the Chief Operating Officer of Moody's Corporation. The Moody's Corporation Board of directors are also invited annually to participate in a board meeting of the Company as observers. The Company has a prudent approach to dividends to balance distribution of surplus cash to its shareholder and the retention of sufficient resources to support its long-term success, including maintenance of its going concern status to protect the interests of its other stakeholders.

MOODY'S HOLDINGS LIMITED
STRATEGIC REPORT
For the year ended 31 December 2020

- *Suppliers:* Moody's supply chain consists of reputable companies, which includes independent consulting firms, and other service providers, in the areas of finance and technology (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: [moody's.com/csr](https://www.moody's.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 director does not expect a significant effect on the Company, as referred to on page 2.
- *Modern Slavery:* Moody's recognises that modern slavery and human trafficking is a global problem and, in June 2020, the directors reviewed and approved the Company's annual Modern Slavery Statement. The Statement was subsequently published on www.moody's.com and sets out the steps the Company takes to seek to prevent modern slavery taking place in its business and supply chains.
- *Covid-19:* Moody's closely monitored the impact of the Covid-19 pandemic on all aspects of its business. The Company continues to monitor developments relating to the pandemic to inform decisions on the reopening of its offices. The director has been kept informed of developments in relation to the pandemic, as referred to on page 2.

By order of the board on 6 September 2021



Timothy Herring

Director

MOODY'S ABC LIMITED
DIRECTORS' REPORT
For the year ended 31 December 2020

The director of Moody's Holdings 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 25 September 2020, an interim dividend of £242m was paid to Moody's Group UK Limited, the Company's immediate holding company.

On 21 July 2021, an interim dividend of £47.7m was paid to Moody's Group UK Limited, the Company's immediate holding company.

Board of directors

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

Timothy Herring

The director does not 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 director to the extent permitted by the Companies Act 2006.

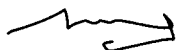
Disclosure of information to the auditor

The director confirm that, so far as that he is aware, there is no relevant audit information of which the Company's auditor is unaware and he has 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 on 6 September 2021



Timothy Herring

Director

MOODY'S HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2020

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulation.

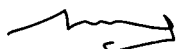
Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice, including FRS 101 ("FRS 101") Reduced Disclosure Framework).

Under company law, the director must not approve the financial statements unless he is 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 director is 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 director is 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. The director is 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 director and are signed by:



Timothy Herring

Director

Date: 6 September 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOODY'S HOLDINGS LIMITED

For the year ended 31 December 2020

Opinion

We have audited the financial statements of Moody's Holdings Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes of 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 for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis he does not intend to liquidate the Company or to cease its operations, and as he has concluded that the Company's financial position means that this is realistic. He has 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").

Our conclusions based on this work:

- we consider that the director's 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 director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of the directors and inspection of policy documentation as to the Moody's Corporations' policies and procedures to prevent and detect



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOODY'S HOLDINGS LIMITED

For the year ended 31 December 2020

fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions outside of dividend income. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

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 and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance 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 the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOODY'S
HOLDINGS LIMITED**
For the year ended 31 December 2020

- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOODY'S
HOLDINGS LIMITED**

For the year ended 31 December 2020

A handwritten signature in black ink, appearing to read 'Paul Glendenning', with a long, sweeping underline.

Paul Glendenning, Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

11 September 2021

MOODY'S HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	5	242,064	115,491
Operating expenses		61	(24)
Operating profit	6	242,125	115,467
Interest receivable and similar income	7	1	3
Interest payable and similar expenses	8	(15)	(380)
Profit before taxation		242,111	115,090
Taxation on profit	11	—	—
Profit and total comprehensive income for the year		242,111	115,090

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 18 form an integral part of these financial statements.

MOODY'S HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		2020	2020	2019	2019
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Investments in associates/subsidiaries	12	<u>1,651,597</u>	<u>1,651,597</u>	<u>1,647,097</u>	<u>1,647,097</u>
Current assets					
Trade receivables, prepayments and other receivables	13	<u>1,424</u>	<u>1,424</u>	<u>1,370</u>	<u>1,370</u>
Current liabilities					
Trade payables, accruals and other payables	14	<u>(4,512)</u>	<u>(4,512)</u>	<u>(5)</u>	<u>(5)</u>
Net assets		<u><u>1,648,509</u></u>	<u><u>1,648,509</u></u>	<u><u>1,648,462</u></u>	<u><u>1,648,462</u></u>
Equity					
Share capital	15	475,601	475,601	475,601	475,601
Retained earnings		1,172,908	1,172,908	1,172,861	1,172,861
Shareholders' funds		<u><u>1,648,509</u></u>	<u><u>1,648,509</u></u>	<u><u>1,648,462</u></u>	<u><u>1,648,462</u></u>

The financial statements on pages 12 to 25 were approved by the director on 6 September 2021 and were signed by:



Timothy Herring

Registered number: 4006718

The accompanying notes from 1 to 18 form an integral part of these financial statements.

MOODY'S HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020		475,601	1,172,861	1,648,462
Profit and total comprehensive income for the year		—	242,111	242,111
Transactions with owners in their capacity as owners				
Dividend paid	16	—	(242,064)	(242,064)
Balance as at 31 December 2020		475,601	1,172,908	1,648,509
Balance as at 1 January 2019		475,601	1,141,635	1,617,236
Profit and total comprehensive income for the year		—	115,090	115,090
Transactions with owners in their capacity as owners				
Dividend paid	16	—	(83,864)	(83,864)
Balance as at 31 December 2019		475,601	1,172,861	1,648,462

The accompanying notes from 1 to 18 form an integral part of these financial statements.

MOODY'S HOLDINGS LIMITED
NOTES
For the year ended 31 December 2020

1 THE COMPANY AND ITS OPERATIONS

Moody's Holdings Limited ("the Company") was incorporated and domiciled in the United Kingdom as a private limited company. The principal activity of the Company is to act as a holding company. The Company is a wholly owned subsidiary of Moody's Group UK Limited, a company incorporated in the United Kingdom.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- Statement of cash flows and related notes;
- Disclosures in respect of related party transactions with wholly-owned subsidiaries within the Moody's group;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs;

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.moodyys.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:

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

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 .

MOODY'S HOLDINGS LIMITED
NOTES
For the year ended 31 December 2020

2.3 Going concern

As part of a regular assessment of the Company's performance and net current liability position, the directors have assessed the performance of its investments, the risks and associated mitigating actions. This includes the expected dividends to be received and that the Company is a participant in a cash pooling arrangement where it is able to access funds to meet its short-term liquidity needs. In addition, the directors noted that intercompany loans are always reassessed on a Moody's group basis, which includes the option to refinance loans where required. Therefore, the directors 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.

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 Investments in subsidiaries

Initial and subsequent recognition

Investments in subsidiaries are initially recognised at cost (being the fair value of the consideration given) on the date when the Company acquires control of the subsidiary. Control exists when the Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Derecognition

Investments in subsidiaries are derecognised on the date the parent loses control of the underlying entities. The difference between carrying amounts and proceeds received is recognised in the Statement of comprehensive income and classified as other non-operating income/(expenses), net.

MOODY'S HOLDINGS LIMITED
NOTES
For the year ended 31 December 2020

3.2 Taxation

Current income tax expense

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

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

Deferred tax

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are only offset when there is both a 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.

3.3 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.

The Company is a participant in a cash management pooling system and as a result all cash is transferred to a centralised pool account managed by Moody's Group UK Limited, a fellow subsidiary of the Moody's group. Therefore, all cash has been classified as amounts due from group undertakings.

3.4 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.

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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.

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.

Dividend income

Dividend income is recognised when the right to receive the payment has been established.

Interest income on loans

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.

3.5 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.

Non-financial assets

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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.

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.

3.6 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.

3.7 Revenue

Dividend income is recognised when the right to receive the payment has been established. This is disclosed as revenue on the Statement of comprehensive income.

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 Impairment

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

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5 REVENUE

	2020	2019
	£'000	£'000
Dividend received	242,064	115,491

On 25 September 2020, the Company received dividends of £182m (2019: £62m) from Moody's Shared Services UK Limited and £60m (2019: £53m) from Moody's Analytics UK Limited.

6 OPERATING PROFIT

	2020	2019
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Foreign exchange losses/(gains)	(68)	16
Auditor's remuneration	2020	2019
	£'000	£'000
Audit of these financial statements	5	5

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£'000	£'000
Bank interest received	1	3
	1	3

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Payable to group undertakings	15	380
	15	380

9 DIRECTOR'S EMOLUMENTS

The director who held office during the year received no emoluments in respect of their services to the Company (2019: £nil). The 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.

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10 EMPLOYEE INFORMATION

There were no employees during the year (2019: nil).

11 TAXATION ON PROFIT

	2020 £'000	2019 £'000
UK Corporation tax at 19% (2019: 19%)		
UK corporation tax on profits of the period	—	—
Deferred tax at 19% (2019: 17%)		
Originating and reversal of temporary differences	—	—
Taxation	<u>—</u>	<u>—</u>

Reconciliation of effective tax rate:

The taxation assessed on the profit for the year is lower (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	242,111	115,090
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<u>46,001</u>	<u>21,867</u>
Effect of:		
Non-taxable income	(45,992)	(21,867)
Group relief received	(9)	—
Total tax expense	<u>—</u>	<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. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

12 INVESTMENTS IN SUBSIDIARIES

	2020 £'000
Cost	
At 1 January 2020	1,647,097
Additions	4,500
Balance at 31 December 2020	<u>1,651,597</u>

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

Company	Registered address	Principal activity	Shareholding	Number of Shares	Nominal value
Moody's Analytics UK Limited	One Canada Square, Canary Wharf, London, E14 5FA, UK	Research and analytical services	100%	189,553	£1
Moody's Shared Services UK Limited	One Canada Square, Canary Wharf, London, E14 5FA, UK	Support services	100%	1,613,791,600	£1
Moody's Risk Assessments Limited	One Canada Square, Canary Wharf, London, E14 5FA, UK	Ratings services	100%	1,004	£1

On 27 October 2020, the Company made an additional contribution in Moody's Risk Assessment Limited for a total consideration of £4.5m. This did not change the Company's holding percentage.

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

Company	Registered address	Shareholding	Class of shares held
Acquire Media 1 UK Limited	25 Canada Square, Level 37, London, United Kingdom, E14 5LQ	100%	Ordinary
Moody's Investors Service Limited	One Canada Square, Canary Wharf, London, E14 5FA, UK	100%	Ordinary
Moody's EMEA Holdings Limited	One Canada Square, Canary Wharf, London, E14 5FA, UK	100%	Ordinary
Moody's Investors Service EMEA Limited	One Canada Square, Canary Wharf, London, E14 5FA, UK	100%	Ordinary
Moody's Investors Service Middle East Limited	Office 3 & 4, Level 3, Gate Precinct Building 3, DIFC P.O. Box 506845, Dubai	100%	Ordinary
Moody's Italia S.r.l.	Corso Di Porta Romana 68, Milan, Italy	100%	Ordinary
Moody's Group Deutschland GmbH	An der Welle 5, 60322 Frankfurt am Main, Germany	100%	Ordinary
Moody's Deutschland GmbH	An der Welle 5, 60322 Frankfurt am Main, Germany	98.83%	Ordinary
Moody's Analytics Deutschland GmbH	An der Welle 5, 60322 Frankfurt am Main, Germany	100%	Ordinary
Moody's Investors Service (Nordics) AB	Krejaren 2, Osternalmstrong 1, 114 42 Stockholm	100%	Ordinary
Traidum GmbH	Löwengässchen 2, 8200 Schaffhausen	40%	Ordinary
RBA International Limited	One Canada Square, Canary Wharf, London, England, E14 5FA	100%	Ordinary
Risk First Group Limited	Second Floor, 77 Kingsway, London, WC2B 6SR	100%	Ordinary
Risk First Enterprise Limited	Second Floor, 77 Kingsway, London, WC2B 6SR	100%	Ordinary
Risk First (Holdings) Limited	Second Floor, 77 Kingsway, London, WC2B 6SR	100%	Ordinary

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Risk First Limited	Second Floor, 77 Kingsway, London, WC2B 6SR	100% Ordinary
Risk First Management Services Limited	Second Floor, 77 Kingsway, London, WC2B 6SR	100% Ordinary
Risk First Inc.	Second Floor, 77 Kingsway, London, WC2B 6SR	100% Ordinary
Skyval Limited	Second Floor, 77 Kingsway, London, WC2B 6SR	100% Ordinary
Risk First (IP) Limited	Second Floor, 77 Kingsway, London, WC2B 6SR	100% Ordinary
Vigeo SAS	Les Mercuriales, 40 rue Jean Jaurès 93170 Bagnolet, France, 40 rue Jean Jaures	99.85% Ordinary
Vigeo Belgium NV	Rue du Progrès, 333, 10430 Brussels, Belgium, 1030 Brussels	99.85% Ordinary
Vigeo Italia S.r.l	Via Lodovico Settala 6, 20124 Milan, Italy	99.85% Ordinary
Vigeo Eiris Hong Kong Limited	Unit C, 8/F, King Palace Plaza, No 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong	99.85% Ordinary
Vigeo Eiris Chile SpA	San Pio X 2460, Oficina 1803, Providencia, Santiago, Chile	99.85% Ordinary
Vigeo Eiris Canada Inc.	3 Place Ville-Marie, Montréal, Québec, H3 2E3, Canada	99.85% Ordinary
Vigeo Eiris Singapore Pte Ltd	6 Shenton Way 14-08; 15-10/11, OUE Downtown 2 Singapore 068809	99.85% Ordinary
Vigeo Eiris USA, LLC	18 West 18th Street - 6th Floor, New York, NY 10011, US	99.85% Ordinary
Ethical Investment Research Services (EIRIS) Limited	The Foundry 17-19 Oval Way, London, SE11 5RR. United-Kingdom	99.85% Ordinary

13 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Current		
Amounts due from group undertakings	1,423	1,370
	1,423	1,370

Amounts due from group undertakings include £1.4m (2019: £1.4m) arising from cash management pool account. The Company is a participant in a cash management pooling system and as a result all cash is transferred to a centralised pool account managed by Moody's Group UK Limited, a fellow subsidiary of the Moody's group. Therefore, all cash has been classified as amounts due from group undertakings.

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14 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	2020 £'000	2019 £'000
Current		
Amounts due to group undertakings	4,508	—
Accruals	5	5
	<u>4,513</u>	<u>5</u>

Amounts due to group undertakings include a £4.5m unsecured loan, from a fellow subsidiary of the group with a fixed interest rate of 0.92% per annum, repayable on 27 October 2021.

15 SHARE CAPITAL

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
475,600,757 ordinary shares of £1 each	<u>475,601</u>	<u>475,601</u>

16 DIVIDENDS PAID

	2020 £'000	2019 £'000
Dividends paid	<u>242,064</u>	<u>83,864</u>

On 25 September 2020, an interim dividend of £242m (2019: £84m) was paid to Moody's Group UK Limited.

17 SUBSEQUENT EVENTS

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 director does not expect a significant effect on the Company in the short to medium term. The long term effects will depend on the

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implementation and application of the TCA and any other relevant agreements between the UK and the EU.

On 23 February 2021, the Company borrowed £5.0m from Moody's Analytics UK Limited, a fellow subsidiary of the Moody's group.

On 21 July 2021, the Company received an interim dividend of £52.2m from Moody's Shared Services UK Limited, a fellow subsidiary of the Moody's group.

On 21 July 2021, an interim dividend of £47.7m was paid to Moody's Group UK Limited.

Subject to the uncertainties in respect to Covid, the director remain confident that the Company will maintain a good level of performance in the future.

18 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.