

Registered number: 02323741

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2019

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BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

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

Directors: Daniel Arthur Russell
Charles Anthony Pringle

Registered office: One Canada Square
Canary Wharf
London
E14 5FA

Independent auditor: KPMG LLP
15 Canada Square
London
E14 5GL

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

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

STRATEGIC REPORT for the year ended 31 December 2019

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

Principal activity

The principal activity of the Company is the marketing and selling of company information through the internet and other electronic media.

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

Strategy

Bureau van Dijk Electronic Publishing Limited is part of the Bureau van Dijk group which has been encompassed within the Moody's group strategy.

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

- Build MA's position as a leading provider of risk management solutions to financial institutions; and
- Invest in strategic growth opportunities.

The Company assists in meeting this strategy by:

- Increasing market penetration; and
- Accessing new and growing markets; and
- New products, services, content and technology capabilities to meet customer demands

Financial results

The Company made a profit for the year of £17m (2018: £16m).

Key performance indicators ("KPIs")

The Company showed a strong financial performance throughout 2019. During the year, revenue increased by 14% to £34m (2018: £30m), mainly driven by strong organic growth. This was offset by an increase in operating expenses by 34% to £13m (2018: £10m), mainly due to increased compensation costs driven by increased headcount, higher commissions as a result of increased sales, higher bonus paid and share-based payment costs. As a result, the operating profit for the year increased by 5% to £21m (2018: £20m).

The net assets of the Company increased significantly by 52% to £50m (2018: £33m) as at the reporting date. The increase was primarily due to profit for the year and no payment of dividend.

Creditor payment policy

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

Significant events during the year

There were no significant events during the year.

Subsequent events and future outlook

The UK left the EU on 31 January 2020 and has entered an implementation (or transition) period which is expected to last until 31 December 2020 during which time the UK and the EU will negotiate a new relationship. During the implementation period, the UK will continue to be subject to EU rules and effectively remain a member of the single market and customs union. Consequently, the directors do not expect a significant effect on the Company in the short to medium term. The longer term impact is unclear.

The Covid-19 virus which started in late 2019 has developed into a global pandemic. With regards to operational risk, Moody's activated its management and technology plans for such a situation to ensure that Moody's is able to continue to operate smoothly across all of its offices around the world. Employees are working from home in most countries, including the UK, and the Company has implemented plans to mitigate the disruption to core operations. The situation is changing rapidly and Moody's is taking steps to consider a number of different scenarios which could impact the global economy during the rest of the year and 2021. Management remain confident in the future of the Company, which continues to produce positive cash flows, however, it is too early to determine the detailed result of Covid-19 on the Company's profitability and revenue. The 2020 revenues and operating margin of the Company are expected to be adversely impacted by the repercussions from Covid-19. It is also reasonably possible that the Company could experience impact including, but not limited to, additional credit losses related to trade receivables and asset impairment charges. Whilst the situation remains volatile, management will take appropriate measures and, at this time, remains confident that the Company will maintain profitability and remain cash generative in the short and longer terms.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

STRATEGIC REPORT (CONTINUED)
for the year ended 31 December 2019

Going concern

The directors have considered the risks of Covid-19 and the potential impact on its financial position, giving consideration to severe but plausible downside scenarios, and the current performance and pipeline, and concluded that the Company has sufficient resources in all cases considered. Therefore, the directors are satisfied at the time of approving the financial statements that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

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

- Moody's operations and infrastructure may malfunction or fail;
- Risks related to cyber security and protection of confidential information;
- 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;
- Dependency on the use of third-party software, data, hosted solutions, data centres, 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;
- Future arrangements between the UK and the EU following the Brexit vote; and
- Outcomes resulting from Covid-19.

Employee issues

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

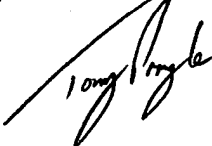
Discussions with employees continues at all levels with the aim of ensuring their views are considered when decisions are made that are likely to affect their interests. Each year, Moody's administers an employee survey to better understand employees' views in a number of key areas, including management,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

Employees are made aware of the financials and economics of Moody's through presentations, briefings and the distribution of Moody's annual financial statements.

Health and safety

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

By order of the board of directors on 23 September 2020



Charles Anthony Pringle
Director

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

**DIRECTORS' REPORT
for the year ended 31 December 2019**

The directors of Bureau van Dijk Electronic Publishing Limited ("the Company") present their annual report, which includes the audited financial statements of the Company for the year ended 31 December 2019.

Dividends

The Company did not make any dividend payments during the year (2018: Nil).

Board of directors

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

Charles Anthony Pringle
Daniel Arthur Russell

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

Indemnity

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

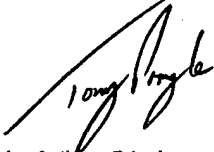
Disclosure of information to auditor

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

Independent auditor

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

By order of the board of directors on 23 September 2020



**Charles Anthony Pringle
Director**

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS
for the year ended 31 December 2019**

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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



Charles Anthony Pringle
Director

Date: 23 September 2020



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
for the year ended 31 December 2019**

Opinion

We have audited the financial statements of Bureau van Dijk Electronic Publishing Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 of opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED
(continued)
for the year ended 31 December 2019**

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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

**Paul Glendenning, Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL**

6 October 2020

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	5	34,232	29,963
Operating expenses		(13,278)	(9,911)
Operating profit	6	20,954	20,052
Interest payable and similar expenses	7	(24)	-
Profit before taxation		20,930	20,052
Taxation on profit	10	(3,920)	(3,800)
Profit and total comprehensive income for the year		17,010	16,252

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

The Company has no component of other comprehensive income.


The accompanying notes on pages 11 to 20 form an integral part of these financial statements.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Non-current assets					
Property, plant and equipment	11	100		223	
Right-of-use assets	12	875		-	
Deferred tax	13	144		23	
Trade and other receivables	14	<u>5,965</u>		<u>3,149</u>	
			7,084		3,395
Current assets					
Trade and other receivables	14	16,415		27,027	
Cash and cash equivalents	15	<u>46,502</u>		<u>17,493</u>	
			62,917		44,520
Non-current liabilities					
	16		(1,387)		(299)
Current liabilities					
Lease liabilities		(391)		-	
Trade and other payables	16	(10,798)		(8,166)	
Deferred revenue	5	<u>(7,074)</u>		<u>(6,362)</u>	
			(18,263)		(14,528)
Net assets					
			<u>50,351</u>		<u>33,088</u>
Equity					
Share capital	17		10		10
Retained earnings			49,925		32,971
Share-based payment reserve			416		107
Shareholders' funds					
			<u>50,351</u>		<u>33,088</u>

The financial statements on pages 8 to 20 were approved by the board of directors on 23 September 2020 and were signed on its behalf by:



Charles Anthony Pringle
Director

Registered number: 02323741

The accompanying notes on pages 11 to 20 form an integral part of these financial statements.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Share capital £'000	Retained earnings £'000	Share-based payment reserve £'000	Total equity £'000
Balance as at 1 January 2019	10	32,971	107	33,088
Profit and total comprehensive income for the year	-	17,010	-	17,010
Employee share option scheme:				
• Share-based payment charge	-	-	260	260
• Deferred tax movement	-	-	49	49
Transactions with owners in their capacity as owners				
Deemed dividend distribution	-	(56)	-	(56)
Balance as at 31 December 2019	10	49,925	416	50,351
Balance as at 1 January 2018	10	16,719	-	16,729
Profit and total comprehensive income for the year	-	16,252	-	16,252
Employee share option scheme:				
• Share-based payment charge	-	-	105	105
• Deferred tax movement	-	-	2	2
Balance as at 31 December 2018	10	32,971	107	33,088

The accompanying notes on pages 11 to 20 form an integral part of these financial statements.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

NOTES

for the year ended 31 December 2019

1 THE COMPANY AND ITS OPERATIONS

Bureau Van Dijk Electronic Publishing Limited ("the Company") was incorporated and is domiciled in the United Kingdom as a private limited company. The principal activity of the Company is the marketing and selling of company information through the internet and other electronic media. The Company is a wholly owned subsidiary of Bureau van Dijk Electronic Publishing B.V., a company incorporated in the Netherlands.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where FRS 101 disclosure exemptions have been applied.

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

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

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

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

- IFRS 2 "Share-based Payments" in respect of group-settled share-based payments;
- Certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instruments: Disclosures";
- Certain disclosures required by IFRS 16 "Leases" in respect of lease liabilities.

2.2 Basis of measurement

These financial statements have been prepared on the going concern and historical cost basis except for share-based payments and derivatives which have been measured at fair value.

2.3 Going Concern

The directors have considered the risks of Covid-19 and the potential impact on its financial position, giving consideration to severe but plausible downside scenarios, and the current performance and pipeline, and concluded that the Company has sufficient resources in all cases considered. Therefore, the directors are satisfied at the time of approving the financial statements that the Company has adequate resources to continue to operate 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

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

2.5 New accounting standards applied during the current year

IFRS 16, "Leases"

The Company has applied IFRS 16, "Leases" in the current financial year with the initial application date of 1 January 2019. The Company has elected not to apply this standard retrospectively and as such the information presented for 2018 has not been restated – i.e. they are presented, as previously reported.

The application of this new standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12

In applying IFRS 16, the Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition, which follows practical expedients as permitted by the standard:

The Company has applied a single discount rate to a portfolio of leases with reasonable similar characteristics.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

NOTES

for the year ended 31 December 2019

2 BASIS OF PREPARATION (continued)

2.5 New accounting standards applied during the current year (continued)

IFRS 16, "Leases"

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	£'000
Operating lease commitments as at 31 December 2018	1,411
Weighted average incremental borrowing rate as at 1 January 2019	2.03%
Discounted operating lease commitments as at 1 January 2019	1,392
Lease liabilities recognised as at 1 January 2019	1,392
Current lease liabilities	411
Non-current lease liabilities	981

The Company has subleased office space that has been presented as part of the right-of-use asset - Office space. There were no transition adjustments with respect to this transaction.

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 Impairment

Financial assets

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

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

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

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

3.2 Cash and cash equivalents

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

3.3 Financial Instruments

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

Financial assets

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

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

• Financial assets at amortised cost.

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

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

NOTES

for the year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial Instruments (continued)

Financial assets (continued)

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

Financial assets that 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.

3.4 Foreign exchange 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.

3.5 Leases

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

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

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

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

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

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

3.6 Pension scheme arrangements

The Company operates a defined contribution pension scheme for its employees. The contributions to the scheme are charged in the Statement of comprehensive income in the year in which they are incurred.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

NOTES

for the year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Taxation

Current income tax

Current income tax for the current and prior periods is provided at the amount expected to be paid (or recovered) using the tax rates or laws that have been enacted or substantively enacted by the reporting date.

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 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 offset 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.

3.8 Share-based payments

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

Measurement

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

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

- After the grant date and before the vesting date, the equity instruments are measured at the grant-date fair value. If any equity instruments fail to meet the vesting conditions, or there is a revision in the estimates of vesting conditions, any difference is adjusted in the Statement of comprehensive income and the share-based payment reserve.
- After the grant date and before the vesting date, if any employee is transferred to another group entity, the share-based payment charge for the period is time apportioned and allocated between the group entities.
- After the vesting date and before the settlement, if the fair value of share-based payments at the reporting date is greater than the grant-date fair value, an accrual for the obligation is recognised in liabilities and a corresponding adjustment is recognised in the reserves.
- On exercise of equity instruments, if the settlement-date fair value is greater than the grant-date fair value, the grant-date fair value amount is recognised in the share-based payment reserve and any excess is recognised in retained earnings as a deemed dividend distribution.
- On exercise of equity instruments, if the settlement-date fair value is less than the grant-date fair value, the share-based payment reserve is partially derecognised to the extent of the settlement amount.

3.9 Revenue

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

Intercompany income

The Company's revenue is from a related party where it retains an agreed percentage as its revenue. Revenue is recognised over time as the revenue contract comprises a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

Commission income

Commission revenue is based on a percentage of the consideration received. Revenue is recognised over time as services provided to the customer, a related party, is substantially the same throughout the year.

Costs to obtain or fulfil a contract with a customer

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

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

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for the year ended 31 December 2019

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 revenue, 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 Allowance for accounts receivable

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

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

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

4.2 Taxation

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which such determination is made.

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

4.3 Share-based payments - Fair value

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

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

More details can be found in the consolidated financial statements of Moody's Corporation. Copies of the Moody's Corporation consolidated financial statements, which is incorporated in the USA, can be obtained from ir.moody.com.

5 REVENUE

Revenue by category	2019 £'000	2018 £'000
Commission	10,164	8,509
Intercompany revenue	24,068	21,454
	<u>34,232</u>	<u>29,963</u>

The following table represents the timing of revenue recognition:

Revenue recognised at a point in time	-	-
Revenue recognised over time	34,232	29,963
	<u>34,232</u>	<u>29,963</u>

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for the year ended 31 December 2019
5 REVENUE (continued)
Contract balances, unbilled receivables and remaining performance obligations
Deferred revenue:

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

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

	2019 £'000	2018 £'000
Deferred revenue		
Balance at 1 January	6,362	5,701
Changes in deferred revenue:		
Revenue recognised that was included in the deferred revenue balance at the beginning of the period	(6,317)	(5,661)
Revenue recognised from unbilled	-	-
Increases due to amounts billable excluding amounts recognised as revenue during the period	7,029	6,322
Total changes in deferred revenue	<u>712</u>	<u>661</u>
Balance at 31 December	<u><u>7,074</u></u>	<u><u>6,362</u></u>
Deferred revenue – current	<u><u>7,074</u></u>	<u><u>6,362</u></u>

Deferred revenue increased during the year ended 31 December 2019 primarily due to growth of the business.

6 OPERATING PROFIT

	2019 £'000	2018 £'000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	71	65
Depreciation on right-of-use assets	377	-
Loss on disposal of property, plant and equipment	52	-
Operating lease expense	-	582
Foreign exchange losses / (gains)	730	(51)
Defined contribution pension cost	558	313
Share-based payment charge	<u>260</u>	<u>106</u>
Auditor's remuneration	£'000	£'000
Audit of these financial statements	<u>62</u>	<u>62</u>

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £'000	2018 £'000
Interest on lease liabilities	<u>24</u>	<u>-</u>

8 DIRECTORS' EMOLUMENTS

One of the directors who held office during the year, received the following in respect of their services to the Company:

	2019 £'000	2018 £'000
Aggregate emoluments and benefits	<u>507</u>	<u>360</u>

The director was a member of the Companies defined contribution pension scheme. The charge to the Company was £9,500. (2018: £26,667).

The other director who held office during the year received no emoluments in respect of their services to the Company. This director is employed by another company within the Moody's Group so any remuneration given is borne by that company. No remuneration is given in respect of acting as a director of this entity as it is incidental to their overall responsibilities to the Moody's Group.

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for the year ended 31 December 2019

9 EMPLOYEE INFORMATION

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

	2019 No.	2018 No.
Administration	28	20
Professional	73	72
	<u>101</u>	<u>92</u>

Employment costs were as follows:

	2019 £'000	2018 £'000
Salaries and benefits	6,460	3,625
Social security costs	776	851
Pension costs (note 18)	558	313
Share-based payment charge	260	105
	<u>8,054</u>	<u>4,894</u>

10 TAXATION ON PROFIT

	2019 £'000	2018 £'000
UK Corporation tax at 19% (2018: 19%)		
UK corporation tax on profits for the year	3,992	3,822
Deferred tax at 17-19% (2018: 17-19%)		
Originating and reversal of temporary differences	(72)	(22)
Taxation	<u>3,920</u>	<u>3,800</u>

Reconciliation of effective tax:

The taxation assessed on the profit for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	2019 £'000	2018 £'000
Profit before taxation	<u>20,930</u>	<u>20,052</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	3,977	3,810
Effect of:		
Expenses not deductible for tax purposes	22	7
Capital allowances for year in excess of depreciation	(7)	5
Adjustments in respect of prior periods	-	-
Effect of difference in tax rate between current and deferred	(72)	(22)
Total tax expense	<u>3,920</u>	<u>3,800</u>

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 2 July 2013. Further reductions to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset as at 31 December 2019 has been calculated based on these rates. Since the Balance Sheet date the UK Government has announced that the reduction of the UK corporation tax will be postponed until 1 April 2022 at the earliest.

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

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11 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Office Equipment £'000
Cost	
At 1 January 2019	716
Disposals	(474)
Balance at 31 December 2019	<u>242</u>
Depreciation	
At 1 January 2019	493
Charge for the year	71
Disposals	(422)
Balance at 31 December 2019	<u>142</u>
Net book value	
At 31 December 2019	<u>100</u>
At 31 December 2018	<u>223</u>

Depreciation is recognised in the Statement of comprehensive income on a straight-line basis over the estimated useful lives of tangible assets or its major components, if any.

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

- Furniture and equipment 3-5 years

12 RIGHT-OF-USE ASSETS

	Office space £'000
Cost	
Balance at 1 January and 31 December 2019	<u>1,252</u>
Depreciation	
Charge for the year	377
Balance at 31 December 2019	<u>377</u>
Net book value	
Balance at 31 December 2019	<u>875</u>

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

	Office space £'000
Less than 3 months	109
Between 3 months to 1 year	298
Between 1 to 5 years	601
Total payments	<u>1,008</u>

Total cash outflow for leases for the year ended 31 December 2019 was £435,000

BUREAU VAN DIJK ELECTRONIC PUBLISHING LIMITED

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for the year ended 31 December 2019

13 DEFERRED TAX

	2019 £'000	2018 £'000
Deferred tax	<u>144</u>	<u>23</u>

Deferred tax is calculated at 17-19% (2018: 17-19%) on temporary differences.

	2019		2018	
	Amount provided £'000	Amount unprovided £'000	Amount provided £'000	Amount unprovided £'000
The balance on the allowance for deferred taxation is as follows:				
Accelerated capital allowances	6	-	5	-
Tax on share options	138	-	18	-
	<u>144</u>	<u>-</u>	<u>23</u>	<u>-</u>

14 TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Non-current		
Other receivables	659	311
Prepayments and accrued income	5,306	2,838
	<u>5,965</u>	<u>3,149</u>
Current		
Amounts due from group undertakings	15,232	26,443
Other receivables	182	248
Prepayments and accrued income	1,001	336
	<u>16,415</u>	<u>27,027</u>

Amounts due from group undertakings are unsecured, non-interest bearing and repayable on demand. Prepayments and accrued income comprise deferred charges relating to rent and deferred commissions.

15 CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Cash at bank and in hand	<u>46,502</u>	<u>17,493</u>

16 TRADE AND OTHER PAYABLES

	2019 £'000	2018 £'000
Non-current		
Lease liabilities	591	-
Net Investment in Lease	796	299
	<u>1,387</u>	<u>299</u>

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

	2019 £'000
Undiscounted lease payments	
Within one year	221
Between one and two years	380
Between two and three years	221
Total payment	<u>822</u>
Unearned finance income	(26)
Net investment in the lease	<u>796</u>

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16 TRADE AND OTHER PAYABLES (continued)

	2019	2018
	£'000	£'000
Current		
Trade payables	259	120
Amounts due to group undertakings	152	84
Corporation tax	3,992	3,058
Other payables (including taxation and social security)	4,346	3,829
Accruals and deferred income	2,049	1,075
	<u>10,798</u>	<u>8,166</u>

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

Accruals comprise of provisions for commission, bonus provision, pension and accrued charges. Due to the short term nature of current payables, their carrying values approximates their fair value.

17 SHARE CAPITAL

	2019	2018
	£'000	£'000
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

18 PENSION PLAN

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

The total pension cost for the Company was £558,345 (2018: £312,649).

19 SUBSEQUENT EVENTS

The Covid-19 virus which started in late 2019 has developed into a global pandemic. With regards to operational risk, Moody's activated its management and technology plans for such a situation to ensure that Moody's is able to continue to operate smoothly across all of its offices around the world. Employees are working from home in most countries, including the UK, and the Company has implemented plans to mitigate the disruption to core operations. The situation is changing rapidly and Moody's is taking steps to consider a number of different scenarios which could impact the global economy during the rest of the year and 2021. Management remain confident in the future of the Company, which continues to produce positive cash flows, however, it is too early to determine the detailed result of Covid-19 on the Company's profitability and revenue. The 2020 revenues and operating margin of the Company are expected to be adversely impacted by the repercussions from Covid-19. It is also reasonably possible that the Company could experience impact including, but not limited to, additional credit losses related to trade receivables and asset impairment charges. Whilst the situation remains volatile, management will take appropriate measures and, at this time, remains confident that the Company will maintain profitability and remain cash generative in the short and longer terms.

20 ULTIMATE CONTROLLING PARTY

The Company's ultimate parent undertaking and controlling party is Moody's Corporation, 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.