

Registered number: 7998372

**MOODY'S INTERNATIONAL (UK) LIMITED**

**Annual Report**

**for the year ended 31 December 2017**

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## **MOODY'S INTERNATIONAL (UK) LIMITED**

### **TABLE OF CONTENTS**

	<b>Page</b>
Company information	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>4</b>
Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements	<b>5</b>
Independent auditor's report to the members of Moody's International (UK) Limited	<b>6</b>
Statement of comprehensive income	<b>8</b>
Statement of financial position	<b>9</b>
Statement of changes in equity	<b>10</b>
Notes	<b>11</b>
Appendix	<b>16</b>

**MOODY'S INTERNATIONAL (UK) LIMITED****COMPANY INFORMATION**

**Directors:** Timothy Herring  
Laura Jacqueline Thomas

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

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

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

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## MOODY'S INTERNATIONAL (UK) LIMITED

### STRATEGIC REPORT

for the year ended 31 December 2017

The ultimate parent of Moody's International (UK) 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

Moody's reports two business segments, Moody's Investors Service ("MIS") and Moody's Analytics ("MA") and the Company is a holding company for entities within both of these segments. The long-term strategy of Moody's is to be the world's most respected authority servicing financial risk-sensitive markets. The key areas of focus necessary to implement this strategy are to:

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

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

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

#### Financial results and key performance indicators

The Company made a profit for the year of \$321m (2016: \$541m), driven by dividends received.

The net assets of the Company increased to \$4,212m (2016: \$4,782m) as at the reporting date, driven by profit for the year.

#### Significant events during the year

On 29 March 2017, the Prime Minister of the United Kingdom ("UK") officially notified the European Union ("EU") of its intention to leave the EU ("Brexit"). The details of any future arrangements between the UK and the EU are yet to be finalised. Management are following developments and have developed plans to cover a range of possible outcomes.

On 24 July 2017, the Company received a dividend of \$335m from its subsidiary, Moody's Holdings LLC. On the same day, Moody's Holdings NL B.V., a fellow subsidiary of Moody's, borrowed \$879m from the Company.

On 30 October 2017, the Company purchased 4,150,060 ordinary shares of €1 each in Yellow Maple Holding B.V. from Yellow Maple II B.V., both fellow subsidiaries of Moody's, for a total consideration of €2,970m (\$3,490m) and in exchange for loan notes of \$3,490m in the form of Eurobonds. On the same day, Yellow Maple II B.V. distributed the loan notes to its immediate parent, Moody's Holdings NL B.V..

On 20 December 2017, the Company reduced its share premium by \$300m.

On 20 December 2017, an interim dividend of \$890m was paid to Moody's Group (Holdings) Unlimited, the Company's immediate parent, through the assignment of the \$879m loan receivable and \$12m accumulated unpaid interest due from Moody's Holdings NL B.V..

On 21 December 2017, the loan notes were distributed from Moody's Holdings NL B.V. to various entities within the Moody's group as a result of several different transactions.

#### Subsequent events

On 2 March 2018, the Company received a dividend of \$3m from Moody's Group Finance Limited.

On 12 April 2018, a portion of the Eurobonds (\$428m) were listed on The International Stock Exchange, with the majority of the remainder to be quoted in the near future.

On 4 May 2018, the Company borrowed \$8m from Gilliland Gold Young Consulting Inc., a fellow subsidiary of Moody's.

On 19 July 2018, the Company received a dividend of \$199m from Moody's Holdings LLC. On the same day, the Company repaid its loan and accumulated unpaid interest totalling \$8m due to Gilliland Gold Young Consulting Inc..

On 16 August 2018, the Company repaid its loan and accumulated unpaid interest totalling \$14m due to Moody's Analytics Global Education Canada Inc., a fellow subsidiary of Moody's.

On 29 August 2018, an interim dividend of \$82m was paid to Moody's Group (Holdings) Unlimited.

## MOODY'S INTERNATIONAL (UK) LIMITED

### STRATEGIC REPORT for the year ended 31 December 2017

#### Future outlook

The directors remain confident that the Company will maintain a good level of performance in the future.

#### Going concern

The directors are satisfied at the time of submitting the financial statements that the Company has adequate resources through its investments 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

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 Moody's business are as follows:

- Financial reforms affecting the credit rating industry may negatively impact the nature and economics of Moody's business;
- Exposure to litigation, government regulatory proceedings, investigations and inquiries related to Moody's rating opinions and other business practices;
- Moody's operations and infrastructure may malfunction or fail;
- Risks related to cyber security and protection of confidential information;
- Changes in the volume of debt securities issued in domestic and/or global capital markets, asset levels and flows into investment levels and changes in interest rates and other volatility in the financial markets may negatively impact the nature and economics of Moody's business;
- Increased pricing pressure from competitors and/or customers;
- Exposure to reputational and credibility concerns;
- Introduction of competing products or technologies by other companies;
- Changes in tax rates or tax rules could affect future results;
- Possible loss of key employees and related compensation cost pressures;
- Moody's compliance and risk management programs might not be effective and may result in outcomes that could adversely affect Moody's reputation, financial condition and operating results;
- Dependency on the use of third-party software, data, hosted solutions, data centres 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
- Future arrangements between the UK and the EU following the Brexit vote.

By order of the board of directors on 28 September 2018



**Laura Jacqueline Thomas**  
Director

**MOODY'S INTERNATIONAL (UK) LIMITED****DIRECTORS' REPORT****for the year ended 31 December 2017**

The board of directors of Moody's International (UK) Limited ("the Company") presents the annual report, which includes the audited financial statements of the Company for the year ended 31 December 2017.

**Dividends**

On 20 December 2017, an interim dividend of \$890m (2016: \$nil) was paid to Moody's Group (Holdings) Unlimited, the Company's immediate parent.

On 29 August 2018, an interim dividend of \$82m was paid to Moody's Group (Holdings) Unlimited.

**Board of directors**

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

Timothy Herring

Laura Jacqueline Thomas (appointed: 27 October 2017)

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

**Indemnity**

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

**Disclosure of information to the auditor**

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

**Independent auditor**

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

**By order of the board of directors on 28 September 2018**



**Laura Jacqueline Thomas**  
**Director**

**MOODY'S INTERNATIONAL (UK) LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017**

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

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

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

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

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

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



**Laura Jacqueline Thomas**  
Director

**Date: 28 September 2018**



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOODY'S INTERNATIONAL (UK) LIMITED**  
**for the year ended 31 December 2017**

**1) Our opinion is unmodified**

We have audited the financial statements of Moody's International (UK) Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of comprehensive income/(loss), Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.
- 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.

**2) Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above. These matters were addressed, in the context of, our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Recoverability of the Company's investment in subsidiaries (\$7,731m (2016: \$4,241m)).** Refer to page 11 (accounting policies) and page 14 (financial disclosures).

The risk – Low risk, high value.

The carrying amount of the Company's investments in subsidiaries represents 100% (2016: 89%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that has the greatest effect on our overall audit.

**Our response**

Our procedures included:

- Tests of detail: Comparing the carrying amount of 100% of investment representing 100% (2016: 100%) with the relevant subsidiary financial statements to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit making.
- Comparing valuations: For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business based on a suitable multiple of the subsidiaries' profits.

**3) Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at \$77.3m (2016: \$143.4m), determined with reference to a benchmark of Total Assets of which it represents 1% (2016: 3%).

Where applicable, we report to those charged with governance any corrected or uncorrected misstatements identified exceeding \$3.8m (\$7.2m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

**4) We have nothing to report on going concern**

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2.2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.





**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOODY'S INTERNATIONAL (UK) LIMITED (continued)**  
**for the year ended 31 December 2017**

**5) We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information, which comprises the Strategic report and Directors' report presented with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

**Strategic report and Directors' report**

Based solely on our work on the other information:

- 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

**6) We have nothing to report on the other 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.

**7) Respective responsibilities**

**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](http://www.frc.org.uk/auditorsresponsibilities).

**8) 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.

*Mike Woodward*

Mike Woodward, Senior Statutory Auditor  
for and behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

28 SEPT 2018

## MOODY'S INTERNATIONAL (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Revenue	5	334,967	540,592
Operating expenses		(6,401)	(14)
<b>Operating profit</b>	6	<b>328,566</b>	<b>540,578</b>
Interest receivable and similar income	7	14,406	585
Interest payable and similar expenses	8	(22,288)	-
<b>Profit before taxation</b>		<b>320,684</b>	<b>541,163</b>
Taxation on profit	11	-	-
<b>Profit and total comprehensive income for the year</b>		<b>320,684</b>	<b>541,163</b>

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.

## MOODY'S INTERNATIONAL (UK) LIMITED

STATEMENT OF FINANCIAL POSITION  
as at 31 December 2017

	Note	2017 \$'000	2017 \$'000	2016 \$'000	2016 \$'000
<b>Non-current assets</b>					
Investments in subsidiaries	12		7,730,873		4,240,697
<b>Current assets</b>					
Trade and other receivables	13	1,140		304	
Short-term investments	14	-		75,000	
Cash and cash equivalents		267		465,948	
			1,407		541,252
<b>Current liabilities</b>					
Trade and other payables	15		(1,164)		(12)
<b>Non-current liabilities</b>					
Trade and other payables	15		(3,518,827)		-
<b>Net assets</b>			<u>4,212,289</u>		<u>4,781,937</u>
<b>Equity</b>					
Share capital	16		1		1
Share premium			3,940,697		4,240,697
Retained earnings			271,591		541,239
<b>Shareholders' funds</b>			<u>4,212,289</u>		<u>4,781,937</u>

The financial statements on pages 8 to 19 were approved by the board of directors on 28 September 2018 and were signed on its behalf by:



Laura Jacqueline Thomas  
Director

Registered number: 7998372

The accompanying notes and appendix on pages 11 to 19 form an integral part of these financial statements.

## MOODY'S INTERNATIONAL (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2017

	Note	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 January 2017		1	4,240,697	541,239	4,781,937
Profit and total comprehensive income for the year		-	-	320,684	320,684
Transactions with owners in their capacity as owners					
Share premium reduction		-	(300,000)	300,000	-
Dividends paid	17	-	-	(890,332)	(890,332)
Balance as at 31 December 2017		1	3,940,697	271,591	4,212,289
Balance as at 1 January 2016		1	4,240,697	76	4,240,774
Profit and total comprehensive income for the year		-	-	541,163	541,163
Balance as at 31 December 2016		1	4,240,697	541,239	4,781,937

On 20 December 2017, the Company reduced its share premium by \$300m.

## MOODY'S INTERNATIONAL (UK) LIMITED

### NOTES

for the year ended 31 December 2017

#### 1 THE COMPANY AND ITS OPERATIONS

Moody's International (UK) Limited was incorporated and is 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 (Holdings) Unlimited, 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 ("FRS101") "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 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 can be obtained from the Secretary, Moody's Corporation, 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, USA.

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'.

Further, the Company has used the following exemption available under the Companies Act 2006:

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group accounts as the Company's subsidiary undertakings are included in the consolidated financial statements of Moody's Corporation.

##### 2.2 Basis of measurement

These financial statements have been prepared on the going concern and historical cost basis.

##### 2.3 Functional and presentation currency

The Company's financial statements are presented in US dollars ('\$'), which is also the Company's functional currency.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

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

##### 3.1 Investment 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.

**MOODY'S INTERNATIONAL (UK) LIMITED**
**NOTES**
**for the year ended 31 December 2017**
**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**
**3.2 Revenue**

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

**3.3 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.

**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 Impairment**

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's investments that are trading. 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.

**5 REVENUE**

	2017 \$'000	2016 \$'000
Dividends received	<u>334,967</u>	<u>540,592</u>

On 24 July 2017, the Company received a dividend of \$335m from Moody's Holdings LLC (2016: \$541m).

**6 OPERATING PROFIT**

Operating profit is stated after charging/(crediting):	2017 \$'000	2016 \$'000
Foreign exchange losses/(gains)	<u>6,386</u>	<u>(2)</u>
<b>Auditor's remuneration</b>	<b>2017 \$'000</b>	<b>2016 \$'000</b>
Audit of these financial statements	<u>14</u>	<u>14</u>

## MOODY'S INTERNATIONAL (UK) LIMITED

## NOTES

for the year ended 31 December 2017

## 7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 \$'000	2016 \$'000
Bank interest received	2,574	585
Receivable from group undertakings	11,832	-
	<u>14,406</u>	<u>585</u>

## 8 INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 \$'000	2016 \$'000
Payable to group undertakings	<u>22,288</u>	<u>-</u>

## 9 DIRECTORS' EMOLUMENTS

The Directors who held office during the year received no emoluments in respect of their services to the Company (2016: \$nil). The Directors are employed by another company within the Moody's group so any remuneration given is borne by that company. No remuneration is given in respect of acting as a Director of this entity as it is incidental to their overall responsibilities to the Moody's group.

## 10 EMPLOYEE INFORMATION

There were no employees during the year (2016: nil).

## 11 TAXATION ON PROFIT

	2017 \$'000	2016 \$'000
<b>UK Corporation tax at 19.25% (2016: 20%)</b>		
UK corporation tax on profit for the year	-	-
<b>Deferred tax at 17% (2016: 17%)</b>		
Originating and reversal of temporary differences	-	-
<b>Taxation</b>	<u>-</u>	<u>-</u>

## Reconciliation of effective tax:

The taxation assessed on the profit for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	2017 \$'000	2016 \$'000
Profit before tax	<u>320,684</u>	<u>541,163</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	61,732	108,233
Effect of:		
Non-taxable income	(64,481)	(108,233)
Group relief surrendered	1,577	-
Expenses not deductible for tax purposes	1,172	-
<b>Total tax expense</b>	<u>-</u>	<u>-</u>

**MOODY'S INTERNATIONAL (UK) LIMITED**
**NOTES**
**for the year ended 31 December 2017**
**12 INVESTMENTS IN SUBSIDIARIES**
**2017  
\$'000**
**Cost**

Balance at 1 January 2017

4,240,697

Additions

3,490,176

**Balance at 31 December 2017**
**7,730,873**

On 30 October 2017, the Company purchased 4,150,060 ordinary shares of €1 each in Yellow Maple Holding B.V. from Yellow Maple II B.V., both fellow subsidiaries of Moody's, for a total consideration of €2,970m (\$3,490m).

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

Company	Registered address	Principal activity	Shareholding	Number of shares	Nominal value
Moody's Holdings LLC	2711 Centerville Road, Suite 400, Wilmington, DE 19808, US	Holding company	100%	37,500	\$37,500
Moody's Group Finance Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	Financing company	100%	101	\$1
Yellow Maple Holding B.V.	Hoogoorddreef 9, Africa Building, 4th Floor, 1101 BA Amsterdam, Netherlands	Holding company	100%	4,150,060	€1

Details of the Company's indirect investments can be found in the Appendix on pages 16 to 19.

**13 TRADE AND OTHER RECEIVABLES**

	2017 \$'000	2016 \$'000
Corporation tax	1,129	-
Interest receivable	11	304
	<b><u>1,140</u></b>	<b><u>304</u></b>

**14 SHORT-TERM INVESTMENTS**

	2017 \$'000	2016 \$'000
Deposits with banks	-	75,000

**15 TRADE AND OTHER PAYABLES**

	2017 \$'000	2016 \$'000
<b>Current</b>		
Amounts due to group undertakings	1,150	-
Accruals	14	12
	<b><u>1,164</u></b>	<b><u>12</u></b>

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



## MOODY'S INTERNATIONAL (UK) LIMITED

## NOTES

for the year ended 31 December 2017

## 15 TRADE AND OTHER PAYABLES (continued)

	2017 \$'000	2016 \$'000
<b>Non-current</b>		
Amounts due to group undertakings	<b>3,518,827</b>	-

Amounts due to group undertakings includes the following unsecured loans:

- \$1,620.0m loan with a fixed interest rate of 3.095% per annum and is due for repayment on 8 February 2022.
- \$878.5m loan with a fixed interest rate of 3.254% per annum and is due for repayment on 21 July 2022.
- €27.9m (\$32.9m) loan with a fixed interest rate of 1.4222% per annum and is due for repayment on 21 July 2022.
- \$13.2m loan with a fixed interest rate of 3.254% per annum and is due for repayment on 21 July 2022.
- €20.0m (\$23.6m) loan with a fixed interest rate of 1.4222% per annum and is due for repayment on 21 July 2022.
- £75.0m (\$100.5m) loan with a fixed interest rate of 2.143% per annum and is due for repayment on 21 July 2022.
- \$34.6m loan with a fixed interest rate of 3.254% per annum and is due for repayment on 21 July 2022.
- \$20.8m loan with a fixed interest rate of 3.254% per annum and is due for repayment on 21 July 2022.
- €74.0m (\$87.3m) loan with a fixed interest rate of 1.4222% per annum and is due for repayment on 21 July 2022.
- €7.0m (\$8.3m) loan with a fixed interest rate of 1.4222% per annum and is due for repayment on 21 July 2022.
- £70.5m (\$94.5m) loan with a fixed interest rate of 2.143% per annum and is due for repayment on 21 July 2022.
- €24.0m (\$28.3m) loan with a fixed interest rate of 1.2785% per annum and is due for repayment on 15 September 2022.
- €12.0m (\$14.2m) loan with a fixed interest rate of 1.2785% per annum and is due for repayment on 15 September 2022.
- \$6.0m loan with a fixed interest rate of 2.9502% per annum and is due for repayment on 15 September 2022.
- €43.0m (\$50.7m) loan with a fixed interest rate of 1.2785% per annum and is due for repayment on 19 September 2022.
- JPY1,100.0m (\$9.8m) loan with a fixed interest rate of 1.2988% per annum and is due for repayment on 27 September 2022.
- JPY1,600.0m (\$14.2m) loan with a fixed interest rate of 1.2988% per annum and is due for repayment on 27 September 2022.
- €6.0m (\$7.1m) loan with a fixed interest rate of 1.3863% per annum and is due for repayment on 17 October 2022.
- \$427.7m loan with a fixed interest rate of 3.797% per annum and is due for repayment on 30 October 2032.

## 16 SHARE CAPITAL

	2017 \$'000	2016 \$'000
<b>Allotted, called up and fully paid</b>		
1002 ordinary shares of \$1 each	<b>1</b>	<b>1</b>

## 17 DIVIDENDS

	2017 \$'000	2016 \$'000
Dividends paid	<b>890,332</b>	-

On 20 December 2017, an interim dividend of \$890m (2016: \$nil) was paid to Moody's Group (Holdings) Unlimited.

## 18 SUBSEQUENT EVENTS

On 2 March 2018, the Company received a dividend of \$3m from Moody's Group Finance Limited.

On 12 April 2018, a portion of the Eurobonds (\$428m) were listed on The International Stock Exchange, with the majority of the remainder to be quoted in the near future.

On 4 May 2018, the Company borrowed \$8m from Gilliland Gold Young Consulting Inc., a fellow subsidiary of Moody's.

On 19 July 2018, the Company received a dividend of \$199m from Moody's Holdings LLC. On the same day, the Company repaid its loan and accumulated unpaid interest totalling \$8m due to Gilliland Gold Young Consulting Inc..

On 16 August 2018, the Company repaid its loan and accumulated unpaid interest totalling \$14m due to Moody's Analytics Global Education Canada Inc., a fellow subsidiary of Moody's.

On 29 August 2018, an interim dividend of \$82m was paid to Moody's Group (Holdings) Unlimited.

## 19 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 can be obtained from the Secretary, Moody's Corporation, 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, USA.

# MOODY'S INTERNATIONAL (UK) LIMITED

## APPENDIX

for the year ended 31 December 2017

### INVESTMENTS IN SUBSIDIARIES

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

Company	Registered address	Shareholding	Class of shares held
Moody's Group Cyprus Limited	16 Kyriakos Matsis, Eagle House, 10th Floor, 1082 Ayioi Omoloyites, Nicosia, Cyprus	100%	Ordinary
Moody's Analytics Czech Republic s.r.o.	Washingtonova 1599/17, 110 00 Prague 1, Czech Republic	100%	Ordinary
Moody's Investors Service (BVI) Limited	Commerce House, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, BVI VG1110	100%	Ordinary
Moody's Holdings (BVI) Limited	Commerce House, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, BVI VG1110	100%	Ordinary
Middle East Rating and Investors Service S.A.E.	8, El Sad El Aali Street, 6th floor, Dokki, 12311, Giza Egypt	40%	Ordinary
Moody's Eastern Europe LLC	125047, Moscow, 1st Tverskaya-Yamskaya str., 21, Russia	100%	Ordinary
Moody's Interfax Rating Agency Limited	125047, Moscow, 1st Tverskaya-Yamskaya str., 21, Russia	51%	Ordinary
Moody's Investors Service Cyprus Limited	16 Kyriakos Matsis, Eagle House, 10th Floor, 1082 Ayioi Omologites, Nicosia, Cyprus	100%	Ordinary
Moody's Analytics (DIFC) Limited	Al Fattan Currency House, Office Tower 1, Level 2, Office 209, DIFC, Dubai	100%	Ordinary
MA Knowledge Services Research (India) Private Limited	D-33, East of Kailash, New Delhi - 110065, India	100%	Ordinary
Moody's South Africa (BVI) Limited	Commerce House, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, BVI VG1110	100%	Ordinary
Moody's Investors Service South Africa (Pty) Limited	The Forum, 2 Maude Street, Sandton, 2196 Johannesburg, South Africa	100%	Ordinary
Moody's Group UK Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	100%	Ordinary
Moody's Group France SAS	92-96 bis boulevard Hausmann, 74-80, rue d'Anjou, 75008 Paris, France	100%	Ordinary
Fermat International SA	Avenue du Port 86C boîte 204, 1000 Brussels, Belgium	100%	Ordinary
Fermat Finance SPRL	Avenue du Port 86C boîte 204, 1000 Brussels, Belgium	100%	Ordinary
Moody's Analytics SAS	436 Bureaux de la Colline-92213 St Cloud, Cedex, France	100%	Ordinary
Fermat GmbH	An der Welle 5, 60322 Frankfurt am Main, Germany	100%	Ordinary
Moody's France SAS	92-96 bis boulevard Hausmann, 74-80, rue d'Anjou, 75008 Paris, France	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	100%	Ordinary
Moody's Analytics Deutschland GmbH	An der Welle 5, 60322 Frankfurt am Main, Germany	100%	Ordinary

**MOODY'S INTERNATIONAL (UK) LIMITED**
**APPENDIX**
**for the year ended 31 December 2017**
**INVESTMENTS IN SUBSIDIARIES (continued)**

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

Company	Registered address	Shareholding	Class of shares held
Moody's Analytics Ireland Limited	Arthur Cox Building, 10 Earlsfort Terrace, Dublin 2, DO2 T380 Ireland	100%	Ordinary
Moody's Italia S.r.l.	Corso Di Porta Romana 68, Milan, Italy	100%	Ordinary
Moody's Holdings Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	100%	Ordinary
Moody's Analytics UK Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	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, Gate Precinct Building 3, Level 3, DIFC, P.O. Box 506845, Dubai	100%	Ordinary
Moody's Canada LP	70 York Street, Suite 1400, Toronto, Ontario, M5J 1S9, Canada	100%	Partnership
Moody's Analytics Holdings (UK) Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	100%	Ordinary
Moody's Analytics Technical Services (UK) Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	100%	Ordinary
Moody's Analytics Technical Services (HK) Limited	18/F Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong	100%	Ordinary
Moodys Analytics Knowledge Services (Jersey) Limited	Ordance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW	100%	Ordinary
Moody's Analytics Knowledge Services (BVI) Limited	Commerce House, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, BVI VG1110	100%	Ordinary
Moody's Analytics Knowledge Services (Mauritius) Limited	3rd Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius	100%	Ordinary
Amber Research (India) Private Limited	Elixir Chancery Building, 7th Floor, Muncipal Door No 135/1-2, Residency Rd, Bangalore, Karnataka, Pin Code- 560025, India	100%	Ordinary
Moody's Analytics Knowledge Services Lanka (Private) Limited	Level 32, West Tower, WTC, Echelon Square, Colombo 00100, Sri Lanka	100%	Ordinary
Moody's Analytics Knowledge Services (Singapore) Private Limited	Camelot Trust Pte Ltd, 137 Telok Ayer Street #08-01, Singapore 068602	100%	Ordinary
Moodys Analytics Knowledge Services Costa Rica Sociedad Anonima	Frente A Cenada. Barreal De Heredia, 3rd Floor, West Tower. Eurocenter Executive Business Center San Jose, Costa Rica	100%	Ordinary
Moody's Analytics Knowledge Services Analysis (US) Inc.	1209 Orange Street, Wilmington, DE 19801, USA	100%	Ordinary
Moody's Analytics Knowledge Services (US) Inc.	1209 Orange Street, Wilmington, DE 19801, USA	100%	Ordinary

**MOODY'S INTERNATIONAL (UK) LIMITED**
**APPENDIX**
**for the year ended 31 December 2017**
**INVESTMENTS IN SUBSIDIARIES (continued)**

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

Company	Registered address	Shareholding	Class of shares held
Moody's Analytics Knowledge Services (Hong Kong) Limited	Trident Corporate Services (Asia) Limited, 14/F Golden Centre, 188 Des Voeux Road Central, Hong Kong	100%	Ordinary
Moody's Analytics Knowledge Services (UK) Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	100%	Ordinary
Moody's Financing (Cyprus) Limited	16 Kyriakos Matsis, Eagle House, 10th Floor, 1082 Ayioi Omologites, Nicosia, Cyprus	100%	Ordinary
Gilliland Gold Young Consulting Inc.	5001 Yonge Street, Suite 1300, Toronto, Ontario, Canada M2N 6P6	100%	Ordinary
Moody's Shared Services UK Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	100%	Ordinary
Moody's Analytics Knowledge Services Holdings (Mauritius) Limited	4th Floor, CA Building, 19 Poudriere Street, Port Louis, Mauritius	100%	Ordinary
Moody's Analytics Knowledge Services Research (Mauritius) Limited	4th Floor, CA Building, 19 Poudriere Street, Port Louis, Mauritius	100%	Ordinary
Copal Business Consulting (Beijing) Company Limited	Room 403, Tai Peng Mansion, 10 Haidian Bei Er Street, haidian District, Beijing, China	100%	Ordinary
Moody's Risk Assessments Limited	One Canada Square, Canary Wharf, London E14 5FA, UK	100%	Ordinary
Moody's Investors Service (Nordics) AB	Krejaren 2, Osternalmstrong 1, 114 42 Stockholm	100%	Ordinary
Bureau van Dijk Electronic Publishing B.V.	Hoogoorddreef 9, Africa Building, 4th Floor, 1101 BA Amsterdam, Netherlands	100%	Ordinary
Bureau van Dijk Editions Electroniques S.A.	Avenue Louise 250 boîte 31 a B-1050, Brussels, Belgium	100%	Ordinary
Bureau van Dijk Electronic Publishing GmbH	Hanauer Landstraße 175-179 60314 Frankfurt am Main, Germany	100%	Ordinary
Bureau van Dijk Electronic Publishing Limited	16 Charles II Street, SW1Y 4NW, London, UK	100%	Ordinary
Bureau van Dijk Editions Electroniques S.A.S.	7 Rue Drouot 75009 Paris, France	100%	Ordinary
Bureau van Dijk Edizioni Elettroniche S.p.a	Via Zenale 15 20123 Milan, Italy	100%	Ordinary
Bureau van Dijk Editions Electroniques S.A.	Avenue de Frontenex 8, CH-1207 Geneva, Switzerland	100%	Ordinary
Bureau van Dijk Electronic Publishing AB	Brunnsgrand 7 1tr 111 30 Stockholm, Sweden	100%	Ordinary
Bureau van Dijk Electronic Publishing ApS	Ny Oestergade 12 1101 Copenhgen K, Denmark	100%	Ordinary
Zephus Limited	16 Charles II Street, London, SW1Y 4NW, UK	100%	Ordinary
Bureau van Dijk Publicaciones Electronicas S.A.	C/ Marques de la Ensenada 2 5° Planta 28004 Madrid, Spain	100%	Ordinary
Bureau van Dijk Electronic Publishing GmbH	Clemens-Holzmeister-Strasse 4 1100 Vienna, Austria	100%	Ordinary

**MOODY'S INTERNATIONAL (UK) LIMITED****APPENDIX****for the year ended 31 December 2017****INVESTMENTS IN SUBSIDIARIES (continued)**

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

<b>Company</b>	<b>Registered address</b>	<b>Shareholding</b>	<b>Class of shares held</b>
Bureau van Dijk Electronic Publishing Unipessoal Lda.	Av. Joao Crisostomo 30, 5o 1050-127 Lisboa, Portugal	100%	Ordinary
Bureau van Dijk EP DMCC	2708, JBC2 Tower, Jumeirha Lakes Towers PO Box 487995 Dubai United Arab Emirates	100%	Ordinary
Bureau van Dijk Electroniq Publishing S.A. (Pty) Limited	Nelson Mandela Square, 2nd Floor, West Tower, Maude Street, Sandton, 2196 Johannesburg, South Africa	100%	Ordinary