FITCH RATINGS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

Registered number: 01316230

CONTENTS

DIRECTORS AND ADVISERS

Directors	LW Haag IC Linnell CSW Prescott KM Skinner
Company Secretary	JH Prosser
Registered Office	30 North Colonnade London E14 5GN
Bankers	HSBC Bank plc City Corporate Banking Centre 60 Queen Victoria Street London EC4N 4TR
Independent Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ United Kingdom

REPORT OF THE DIRECTORS
For the year ended 31 December 2022

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of Fitch Ratings Ltd ("the Company" or "Parent") and its subsidiaries ("the Group") for the year ended 31 December 2022. This annual report and financial statements are prepared under International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom ("UK"). A review of the business including future developments and risks and uncertainties is set out in the Strategic Report (page 5).

General information

The Company is a private company limited by shares incorporated and domiciled in England and Wales. The address of its registered office is 30 North Colonnade, London E14 5GN. The Company's immediate parent undertaking is Fitch Ratings, Inc. which is incorporated in the United States of America. Fitch Group, Inc., incorporated in the United States of America, is the parent company of the smallest group of undertakings to consolidate these financial statements. The financial statements of Fitch Group, Inc. are available from its registered office at 33 Whitehall Street, New York, NY 10004. The Hearst Corporation is the ultimate parent undertaking and is the parent company of the largest group of undertakings to consolidate these financial statements.

Directors

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

LW Haag
IC Linnell
CSW Prescott
KM Skinner

Directors' indemnities

The Articles of Association of the Company sets out the terms under which directors and officers are indemnified by the Company in the execution of their duties.

Going concern

The Group has prepared these financial statements on a going concern basis, as set out in note 2.2.

Dividends

Dividends of £113.9m (2021: £289.1m) were paid in the year.

Energy and Carbon Reporting

The below statement contains Fitch Ratings' annual energy consumption, associated relevant greenhouse gas emissions, and additional related information, as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The methodology applied to the calculation of Greenhouse Gas emissions is the 'GHG Protocol Corporate Accounting and Reporting Standard'.

The table below shows the total annual UK energy use and emissions associated with the operation of buildings and fuel consumed for relevant business transport purposes.

Table - Energy Consumptions and Emissions	2022	2021
On-site combustion (kWh)	n/a	n/a
Electricity (kWh)	1,355,833	1,215,244
Transport (kWh)	3,579	287
Total Energy (kWh)	1,359,412	1,215,531
Scope 1 Emissions (tCO2e)	0.9	0.1
Scope 2 Emissions (tCO2e)	262	258
Total Emissions (tCO2e)	**263**	**258**
Emissions Intensity (tCO2e/£m revenue)	2.28	1.68

During 2021 and 2022 we have undertaken a number of activities designed to reduce the energy consumption within our offices including the installation of more efficient LED lighting, reduction in server room energy consumption through temperature adjustments, and the introduction of more energy efficient equipment such as water boilers. Increased energy consumption due to return to the office following COVID lockdowns.

REPORT OF THE DIRECTORS (continued)
For the year ended 31 December 2022

Branches outside the UK

Branches held by the Company and its subsidiary undertakings are included in note 31.

Political contributions

No political contributions were made in the year (2021: £nil).

Auditor

Each of the persons who is a director of the Company at the time when this annual report is approved, confirms as follows:

- so far as the director is aware, there is no relevant information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor.

Approved by the Board and signed on its behalf by:

I C Linnell
Director
9 March 2023

STRATEGIC REPORT
For the year ended 31 December 2022

Principal activities

The principal activity of Fitch Ratings Ltd and its subsidiaries is the provision of credit ratings, commentary, research, modelling and data subscription services in Europe, Middle East, Africa, Asia, Australasia and Latin America. A list of subsidiaries, and branches at 31 December 2022 is provided in note 31 to these financial statements and details of associated undertakings and investments at 31 December 2022 is provided in notes 15 to 17 to these financial statements.

Review of business

Group revenue for the year ended 31 December 2022 decreased by 18.7%, with a 20.7% decrease in Ratings revenue and a 9.5% decrease from Solutions, which was attributable primarily to the low issuance volume of debt securities in capital markets and downturn in major economies globally. The Group profit for the year ended 31 December 2022 on ordinary activities before taxation was £150.9m (2021: £298.5m). After charging taxation of £40.3m (2021: £67.8m) profit for the financial year was £110.7m (2021: £230.7m). At 31 December 2022, total Group assets were £778.9m (2021: £777.4m) and total Group liabilities were £247.6m (2021: £260.6m). The directors do not expect any significant deterioration in the Group results in the short to medium term.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The principal operating risks are changes in the volume of debt securities issued and other volatility in financial markets, competition and retention of key employees. Other operational risks include regulatory changes and any resulting implications for the Group from the UK's withdrawal from the EU, the effects of which remain uncertain. The financial risks facing the business are outlined in note 3 to the financial statements. The directors have prepared the financial statements on a going concern basis. For more detail see note 2.2 to the financial statements.

Future outlook

The Group intends to continue in the future to provide ratings, research, modelling and data subscription services in Europe, Middle East, Africa, Asia, Australasia and Latin America.

Key performance indicators

The Group's key performance indicators are revenue growth, profit growth and changes in employee numbers, as set out in the consolidated income statement and note 9 to the financial statements.

Section 172 statement

The directors are fully aware of their duty under Section 172 of the Companies Act 2006 to act in good faith to promote the success of the Company for the benefit of its shareholders but having regard amongst other matters to the following:

- the likely consequences of any decision(s) in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with clients, investors, regulators and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Stakeholder engagement

Fitch Group is a global leader in financial information services with operations in more than 30 countries. Fitch Group is comprised of: Fitch Ratings, a global leader in credit ratings and research, and Fitch Solutions, a leading provider of data, research and analytics. With dual headquarters in London and New York, Fitch Group is owned by Hearst.

Fitch Ratings' vision is to be the partner of choice to global capital markets, putting our clients and partners at the centre of our business to provide an unparalleled service based on a best-in-class reputation for analytics, research, service transparency and integrity. Fitch Ratings is committed to high standards of business conduct and integrity. Hence the directors have identified its key stakeholders as being clients and investors, employees, shareholders and the credit rating industry regulators.

(a) Clients and investors

Fitch Ratings' credit ratings relating to issuers are an opinion on the relative ability of an entity to meet its financial commitments, such as interest, preferred dividends, repayments of principal, insurance claims or counterparty obligations. Credit ratings relating to securities and obligations of an issuer can include a recovery expectation. Credit ratings are used by investors as indications of the likelihood of receiving the money owed to them in accordance with the terms on which they invested. The ratings cover the global spectrum of corporate, sovereign, financial, bank, insurance, and public finance entities (including supranational and sub-national entities) and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

Fitch Ratings adds value by being able to provide timely, insightful and transparent commentary on the creditworthiness of an issuer or issuance which combines robust analysis with a proven track record built up over many years of rating thousands of issuers from all over the world. Fitch Ratings prides itself on analytical excellence and has been growing its senior analytical resource pool globally to ensure high standards of excellence and experience are maintained.

Fitch engages in coordinated outreach to issuers, investors and research subscribers through a combination of our own hosted events and analyst participation at external industry forums, targeted campaigns led by our marketing and investor development teams, as well as "thought leadership" media commentary.

The outcomes from this outreach are discussed on a regular basis by senior management, forming a key component of Fitch's annual budget and strategy review.

(b) Employees

The Board believes that Fitch Ratings' employees are its most important asset. Ongoing training programmes, including through the Fitch Credit Academy, seek to ensure that staff build on their skills and capabilities. Internal communications are designed to ensure that all employees are informed about the business and development of the Group. These include regular briefing meetings and the use of e-mail and the Group's intranet site.

Applications for employment by disabled persons have always been and continue to be fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Increasing diversity and improving inclusiveness is critical to our company's success. By leveraging the unique backgrounds and experiences of our global workforce, we can succeed in our objective to become the first-choice provider of credit ratings, analysis, solutions and training to the global financial markets. Having more diverse teams makes us stronger, more collaborative and effective, and it also increases our employees' sense of fulfilment in their roles. At Fitch Ratings, we are fostering a culture in which we engage and inspire all of our employees to reach their fullest potential, and we can positively reflect on the successful implementation of a number of initiatives during the past few years.

As a result of the success of activities during the year, including the Fitch Credit Academy and the ACE award programme to promote analytical excellence, the Board will continue to invest in such activities.

76% of Russian employees were relocated to other parts of the business after the decision was made to suspend commercial operations in the country.

(c) Shareholders

The Board is committed to openly engaging with its shareholders, with The Hearst Corporation being its ultimate parent entity. It is important that the shareholders understand the Group's strategy and objectives, so these are clear, feedback can be received and any issues or questions raised can be properly considered. Hearst receives regular reports on the Fitch Group and meets on a regular basis with members of the Board and Fitch Group's senior management. Hence, Hearst representatives engage in discussions which include strategy, operational performance, investments and financial structure, enabling direct feedback into decisions taken by the Fitch Board.

(d) Credit rating industry regulation

Both the Company and its subsidiary Fitch Ratings CIS Ltd are registered in the United Kingdom with the Financial Conduct Authority under The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019. Since 6 April 2021, the Company is also licensed in the United Arab Emirates by the Securities & Commodities Authority to practice the activity of credit rating in accordance with the decision of the Chairman of the Board of Directors No. (18/R) for the year 2018 on organising the regulation of licensing of credit rating agencies. The Company's non-FCA registered subsidiaries have continued to obtain and maintain all their necessary regulatory licences and registrations in their country of operations.

Facilitated through its Compliance team, Fitch Ratings maintains transparent communication with rating industry regulators. Any significant regulatory engagements are reported to the Board.

Developments during the period

(a) Russia/ Ukraine

On 7 March, Fitch Ratings decided to suspend its commercial operations in Russia with immediate effect. These operations cover the credit ratings and other services Fitch Group provides in Russia through its Fitch Ratings and Fitch Solutions businesses. All credit ratings were withdrawn to comply with a European Union ban as part of international sanctions against Russia following its invasion of Ukraine.

In April, Fitch Solutions announced that it will cease the provision of its products and services to customers who are located in Russia in order to comply with European Union sanctions. The products and services include access to data feeds, services or applications and any support or training in connection with them. Additionally, Fitch Solutions requested that redistributors of its products and services similarly cease the provision of these products and services to affected parties located in Russia.
In June, Fitch Ratings made the decision to cease all remaining operations in Russia for the foreseeable future. The impact on the Group is immaterial in the greater context of the business.

(b) Appointments

In March, Fitch Group announced the appointment of Tracey Perini as its new Chief Financial Officer. Ms Perini succeeds Ted Niedermayer, who moved to a new role as President of Fitch Solutions. As a member of Fitch Group's Executive Leadership team, Ms Perini will play a key role in ensuring that Fitch continues to grow its business, building on the strong success it has experienced over the past 20 years.

(c) DEI/CSR

In June Fitch Group announced the launch of its new, updated global diversity, equity and inclusion (DEI) strategy. The new strategy further advances Fitch's DEI efforts by strengthening the accountability of all employees, increasing transparency and reinforcing a companywide commitment to gender equity and expanded opportunities for underrepresented talent.

(d) Office network

In November Fitch Group announced the expansion and relocation of its Singapore office, as part of its plans to strengthen further its business in the Asia-Pacific region (APAC).

Corporate Social Responsibility at Fitch

(a) Fitch Community: driving social impact through the skills of our people

At Fitch, we believe that Education is critical to success. It has the power to change lives, improve communities and build successful economies. In today's society despite improvements that have been made to ensure equal access to education all over the world, there are still vast gaps in the system that prevent the empowerment of those most in need. This is why we have chosen Education – specifically increasing access to education and learning opportunities for underprivileged communities – as our focus issue for our work in our communities.

Our program aims to invest the time and skills of our employees into the community to address some of these inequalities. By empowering those from deprived neighbourhoods and underprivileged backgrounds to participate and succeed in a range of learning and development opportunities, we aim to have a positive impact in three ways: Access to Education, Skills to Succeed and Pathways Forward. Our success as a business over the last decade is down to the dedication and expertise of our people which is why their skills and knowledge form the central facet of our investment. Now almost 2 years old, our global program continues to grow to offer employees a broad range of opportunities to engage with our communities all over the world. We work with expert non-profit partners to support their programs, maximise our reach and communicate back on the progress we are making to tackle this critical issue.

Since inception, Fitch Community has established multiple partners ranging from TutorMate and Handson Hong Kong to visit.org and iMentor. These partnerships have helped us to grow employee volunteering to over 25% worldwide through one off and regular volunteer activities. Each year we mobilise our workforce to recognise and celebrate volunteerism through our Global Volunteer Week which will place hundreds of employees across more than 30 activities in multiple countries this year. Through our new Global Giving Platform we have also extended our matching scheme to employees globally, offering them a personal allowance of $10,000 USD in matching funds for their donations as well as easy to access opportunities to give back. The pandemic continues to present challenges for our company and our people but the growth of our Community activities and the ongoing commitment of our people to support our program demonstrates the power of Fitch Community and promises even more positive impact in the months and years ahead *(b) Environment: operating with an ethos of Reduce, Reuse & Recycle across our operations and locations*

We recognise that our business and operations have an impact on the local, regional and global environment. It is our goal to minimize this impact by integrating responsible environmental principles into our strategies, policies and procedures. By applying our Reduce, Reuse, Recycle ethos we are building an ethical and responsible response to the environment. We aim to do this by:

- Working collaboratively with contractors to address key environmental issues;
- Prioritising suppliers with shared values and environmental policies;
- Investing in technology to reduce travel;
- Sourcing sustainable materials, reducing paper use, preventing waste and increasing recycling; and
- Use of green renewable energy, PIR sensors for lighting etc., wherever possible in our buildings.

Diversity, Equity and Inclusion

Diversity, Equity & Inclusion (DEI) are core values at Fitch. We believe that diverse teams achieve better results by leveraging a broad set of ideas and perspectives. Our ability to harness the ideas, experiences and talents of Fitch's diverse and global workforce is integral. We are committed to increasing diversity, ensuring equal opportunity for all and strengthening our inclusive culture where all members of the Fitch community can thrive.

Our definition of diversity is broad and encompassing of everyone, and we are committed to representation of all groups in our employee base. The foundation of our strategy is simple – attract, retain, develop and advance diverse talent at Fitch. Our DEI initiatives and programming – championed by our Group CEO - all align to support this strategy.

A range of initiatives support our strategy:

- Our talent pipeline programs include CreditPath (transition/return to work training program), ForwardPath (women's leadership development program) and TalentPath (leadership development program for under-represented diverse talent);
- Our Us.U.All campaign raises awareness about inclusivity, inspires us to confront our bias and behaviors, helps us understand the impact we have on others and enables us to commit to making a change;
- Established new partnerships with Black Young Professionals Network (BYP), Jopwell and National Black MBA Association (NBMBAA) signifying our commitment to increasing our visibility to, and connection with, diverse talent; and
- Our seven Employee Resource Groups support and connect our employees, drive constructive DEI dialog, broaden awareness and education of DEI issues, contribute to professional development, enhance our brand and promote an inclusive environment that acknowledges and celebrates culture.

Awards

Fitch Ratings won multiple awards over the course of the year, including seven Rating Agency of the Year awards from The Asset, a leading Asian financial market publication. Awards included ESG Rating Agency of the Year for the Asia-Pacific and North America regions, and best international CRA for Islamic Finance. Fitch Ratings was named the best international ratings agency in China for the fifth consecutive year by FinanceAsia magazine, and was also named the most transparent credit rating agency (CRA) for ESG for the fourth successive year by key industry publication Environmental Finance in its 2022 Sustainable Investment Awards. Additionally, Fitch Ratings won an Islamic Finance industry award from the Global Islamic Finance Awards.

Fitch Group confirmed its status as one of the world's most accurate economic forecasters – receiving a total of 181 accolades for Fitch Solutions and Fitch Ratings in the annual FocusEconomics 2022 Analyst Forecast Awards.

Approved by the Board and signed on its behalf by:

IC Linnell
Director
9 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2022

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the UK. 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 Group and the Company and of the profit or loss of the Group for that year.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the International Accounting Standards (IAS) Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FITCH RATINGS LTD
For the year ended 31 December 2022

Opinion

In our opinion:

- the financial statements of Fitch Ratings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and applicable tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included relevant regulations for credit rating agencies.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Material misstatements of revenue as a result of inappropriate manual adjustments to revenue balance: we tested the design and implementation of controls in place to mitigate the risk of material misstatement and we profiled all manual journals to revenue and selected a risk focused sample to agree to supporting documentation, assessing whether the entries showed appropriate business rationale and were not indicative of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FITCH RATINGS LTD (continued)
For the year ended 31 December 2022

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 respect of these matters.

Use of our report

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

Helen Burridge

Helen Burridge (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
9 March 2023

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Continuing operations			
Revenue	6	545,597	671,006
Other income	7	84	80
Operating expenses	8	(407,161)	(380,159)
Operating profit		138,520	290,927
Share of profits of joint ventures and associates	16	813	1,395
Finance income	10	12,877	7,178
Finance costs	10	(1,283)	(1,003)
Profit before tax		150,927	298,497
Tax expense	11	(40,261)	(67,804)
Profit for the year		110,666	230,693
Profit attributable to:			
Owners of the Parent		101,935	222,351
Non-controlling interest		8,731	8,342
		110,666	230,693

The notes on pages 20 to 52 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Profit for the year		110,666	230,693
Other comprehensive income:			
Items not subsequently reclassified in profit and loss:			
Change in value of other financial assets	17	4,340	(1,668)
Items to be subsequently reclassified in profit and loss:			
Currency translation differences		23,181	(16,855)
		27,521	(18,523)
Total comprehensive income for the year		138,187	212,170
Attributable to:			
Owners of the Parent		127,009	206,659
Non-controlling interest		11,178	5,511
Total comprehensive income for the year		138,187	212,170

Items in the statement above are disclosed net of tax. The tax credit or expense relating to each component of other comprehensive income is disclosed in note 11.

The notes on pages 20 to 52 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Assets:			
Non-current assets			
Property, plant and equipment	12	16,323	16,930
Right-of-use assets	13	37,499	36,774
Intangible assets	14	8,402	7,981
Investment in associates	16	1,560	1,899
Deferred tax assets	23	20,604	20,542
Other financial assets	17	13,588	7,575
Trade and other receivables	18	147,772	156,885
		245,748	248,586
Current assets			
Trade and other receivables	18	107,847	96,238
Current tax assets		8,812	2,100
Cash and cash equivalents	19	416,470	430,452
		533,129	528,790
Total assets		778,877	777,376
Equity and liabilities:			
Capital and reserves			
Issued capital	20	90	90
Share premium account	20	1,876	1,876
Other reserves	21	21,345	(3,729)
Retained earnings		473,230	485,166
		496,541	483,403
Non-controlling interests		34,708	33,390
Total equity		531,249	516,793
Liabilities			
Non-current liabilities			
Trade and other payables	22	10,642	9,295
Deferred tax liabilities	23	13,486	12,384
Lease liabilities	24	26,087	26,990
Current tax liabilities		1,362	-
Provisions	25	5,364	5,866
		56,941	54,535
Current liabilities			
Trade and other payables	22	177,259	180,865
Current tax liabilities		-	13,670
Lease liabilities	24	13,428	11,513
		190,687	206,048
Total liabilities		247,628	260,583
Total equity and liabilities		778,877	777,376

The notes on pages 20 to 52 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 13 to 52 were authorised for issue by the board of directors on 9 March 2023 and were signed on its behalf.

IC Linnell
Director
Fitch Ratings Ltd
Registered no. 01316230

COMPANY STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Assets:			
Non-current assets			
Property, plant and equipment	12	4,940	4,149
Right-of-use assets	13	15,163	19,683
Investment in subsidiaries	15	78,983	88,695
Investment in associates	16	495	495
Deferred tax assets	23	2,903	4,218
Trade and other receivables	18	140,350	149,851
		242,834	267,091
Current assets			
Trade and other receivables	18	90,820	68,037
Current tax assets		8,736	2,546
Cash and cash equivalents	19	127,944	99,815
		227,500	170,398
Total assets		470,334	437,489
Equity and liabilities:			
Capital and reserves			
Issued capital	20	90	90
Share premium	20	1,876	1,876
Other reserves		342	(194)
Retained earnings		295,837	275,187
Total equity		298,145	276,959
Liabilities			
Non-current liabilities			
Trade and other payables	22	1,147	1,409
Deferred tax liabilities	23	4,951	4,452
Lease liabilities	24	9,624	15,080
Current tax liabilities		42	-
Provisions	25	3,932	4,076
		19,696	25,017
Current liabilities			
Trade and other payables	22	146,395	130,002
Lease liabilities	24	6,098	5,511
		152,493	135,513
Total liabilities		172,189	160,530
Total equity and liabilities		470,334	437,489

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement.

The profit for the Parent Company for the year was £134.5m (2021: £231.0m) and revenue for the Parent Company for the year was £115.2m (2021: £153.6m).

The notes on pages 20 to 52 are an integral part of these financial statements. The financial statements on pages 13 to 52 were authorised for issue by the board of directors on 9 March 2023 and were signed on its behalf.

IC Linnell
Director
Fitch Ratings Ltd
Registered no. 01316230

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Note	Attributable to owners of the Parent							
		Ordinary Shares £000	Share Premium £000	Currency Translation Reserve £000	Revaluation Reserve £000	Retained Earnings £000	Total £000	Non-controlling Interest £000	Total Equity £000
Balance at 1 January 2021	20	90	1,876	6,049	5,914	551,884	565,813	32,487	598,300
Profit for the year		-	-	-	-	222,351	222,351	8,342	230,693
Other comprehensive income:									
Change in value of other financial assets	17	-	-	-	(1,668)	-	(1,668)	-	(1,668)
Currency translation differences	21	-	-	(14,024)	-	-	(14,024)	(2,831)	(16,855)
		-	-	(14,024)	(1,668)	-	(15,692)	(2,831)	(18,523)
Total comprehensive income for the year		-	-	(14,024)	(1,668)	222,351	206,659	5,511	212,170
Dividends		-	-	-	-	(289,069)	(289,069)	(4,556)	(293,625)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	-	(289,069)	(289,069)	(4,556)	(293,625)
Disposal of Non-Controlling Interest		-	-	-	-	-	-	(52)	(52)
Total transactions with owners of the Parent, recognised directly in equity		-	-	-	-	-	-	(52)	(52)
Balance at 31 December 2021	20, 21	90	1,876	(7,975)	4,246	485,166	483,403	33,390	516,793
Profit for the year		-	-	-	-	101,935	101,935	8,731	110,666
Other comprehensive income:									
Change in value of other financial assets	17	-	-	-	4,340	-	4,340	-	4,340
Currency translation differences	21	-	-	20,734	-	-	20,734	2,447	23,181
		-	-	20,734	4,340	-	25,074	2,447	27,521
Total comprehensive income for the year		-	-	20,734	4,340	101,935	127,009	11,178	138,187
Dividends		-	-	-	-	(113,871)	(113,871)	(9,860)	(123,731)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	-	(113,871)	(113,871)	(9,860)	(123,731)
Balance at 31 December 2022	20, 21	90	1,876	12,759	8,586	473,230	496,541	34,708	531,249

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Note	Ordinary Shares £000	Share Premium £000	Currency Translation Reserve £000	Retained Earnings £000	Total Equity £000
		Attributable to owners of the Parent				
Balance at 1 January 2021	20	90	1,876	(193)	333,264	335,037
Profit for the year		-	-	-	230,992	230,992
Other comprehensive income:						
Currency translation differences		-	-	(1)	-	(1)
		-	-	(1)	-	(1)
Total comprehensive income for the year		-	-	(1)	230,992	230,991
Dividends		-	-	-	(289,069)	(289,069)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	(289,069)	(289,069)
Balance at 31 December 2021	20	90	1,876	(194)	275,187	276,959
Profit for the year		-	-	-	134,521	134,521
Other comprehensive income:						
Currency translation differences		-	-	536	-	536
		-	-	536	-	536
Total comprehensive income for the year		-	-	536	134,521	135,057
Dividends		-	-	-	(113,871)	(113,871)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	(113,871)	(113,871)
Balance at 31 December 2022	20	90	1,876	342	295,837	298,145

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	Note	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
		£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	26	149,037	333,471	144,788	270,966
Tax paid		(58,537)	(71,808)	(3,841)	(7,920)
Net cash generated from operating activities		90,500	261,663	140,947	263,046
Cash flows from investing activities					
Investment in subsidiary, net of cash acquired	15	-	-	(4,647)	(7,551)
Proceeds from sale of subsidiaries		-	170	-	-
Purchases of property, plant and equipment & intangibles	12, 14	(6,236)	(5,724)	(2,427)	(685)
Proceeds from sale of property, plant and equipment		2	10	-	-
Proceeds from sale of other financial assets	17	-	670	-	-
Repayments of loan by related party	29	9,500	11,570	9,500	11,570
Interest received		11,780	14,437	5,820	12,621
Dividends received		1,211	855	-	-
Net cash generated from investing activities		16,257	21,988	8,246	15,955
Cash flows from financing activities					
Payment of lease liabilities	24	(13,230)	(13,065)	(5,829)	(5,954)
Dividends paid to Company's shareholders		(113,871)	(289,069)	(113,871)	(289,069)
Dividends paid to non-controlling interests		(9,860)	(4,556)	-	-
Net cash used in financing activities		(136,961)	(306,690)	(119,700)	(295,023)
Net (decrease)/ increase in cash and cash equivalents		(30,204)	(23,039)	29,493	(16,022)
Cash, cash equivalents and bank overdrafts at beginning of year		430,452	465,738	99,815	114,483
Exchange (losses)/ gains on cash and cash equivalents		16,222	(12,247)	(1,364)	1,354
Cash and cash equivalents at end of year		416,470	430,452	127,944	99,815

The notes on pages 21 to 52 are an integral part of these consolidated financial statements.

1. General Information

The Group provides ratings, research, modelling and data subscription services in Europe, Middle East, Africa, Asia, Australasia and Latin America. The Company is a private company limited by shares, incorporated and domiciled in England and Wales. The address of its registered office is 30 North Colonnade, London E14 5GN. The Company's immediate parent undertaking is Fitch Ratings, Inc. which is incorporated in the United States of America. Fitch Group, Inc., incorporated in the United States of America, is the parent company of the smallest group of undertakings to consolidate these financial statements. The financial statements of Fitch Group, Inc. are available from its registered office at 33 Whitehall Street, New York, NY 10004. The Hearst Corporation is the ultimate parent undertaking and is the parent company of the largest group of undertakings to consolidate into these financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance United Kingdom adopted International accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards. The Group and Company financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Going Concern

The Group meets its day-to-day working capital requirements through its cash, deposits and the availability of funding from parent undertakings. The Group's current performance, taking account of reasonably possible changes in trading including variations arising from capital market volatility, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This is a period of 12 months from the date of approval of the financial statements. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

2.3 Adoption of new and revised Standards

From 1 January 2022 the Group and the Company has adopted the following applicable new and amended IFRSs and IFRIC interpretations:

- Amendments to IFRS 16, "Property, Plant and Equipment – Proceeds before Intended Use",
- Annual Improvements to IFRS Standards 2018-2020;
- Amendments to IFRS 3, "Reference to the Conceptual Framework";
- Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract".

The amendments listed above did not have any impact in prior or current period and not expected to in future periods.

The following standards, amendments and interpretations applicable to the Company are not yet effective and have not been adopted early:

- Amendments to IFRS 16, "Covid-19 Related Rent Concessions beyond 30 June 2021";
- IFRS 17, "Insurance Contacts";
- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current";
- Amendments to IFRS 4, "Extension of the Temporary Exemption from applying IFRS 9";
- Amendments to IAS 1 and IFRS Practice Statement 2, "Disclosure of accounting policies";
- Amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction",
- Amendments to IAS 8, "Definition of accounting estimates", and
- Amendments to IFRS 17, "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"

2.4 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured and recognised on the statement of financial position as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Gains and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, being as transactions with the owners in their capacity as owners.. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposals of subsidiaries

When the Group ceases to have control of a subsidiary, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

2.4 Consolidation (continued)

(d) Associates and joint arrangements

The Group's interests in jointly controlled entities are accounted for as joint ventures using the equity method. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in joint ventures and associates includes goodwill identified on acquisition. If the ownership interest is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in a joint venture or associate equals or exceeds its interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture or associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value and recognises the amount adjacent to "Share of profit/(loss) of joint ventures and associates" in the income statement. Dilution gains and losses arising in investments in joint ventures and associates are recognised in the income statement.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is sterling (£). The consolidated financial statements are presented in sterling (£), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity, and translated at the year-end closing rate. Exchange differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost for leasehold improvements also includes as appropriate the estimated cost of removal at the end of the lease.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings - the shorter of the period of the lease or estimated useful life
- Leasehold improvements - the shorter of the period of the lease or estimated useful life
- Office equipment - 5 years
- Other - 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Other intangible assets

Other intangible assets acquired in a business combination such as client lists, licences and intellectual property are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 5 to 10 years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped into CGUs being the lowest levels for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:
- those to be measured at Fair Value through Other Comprehensive Income ("FVOCI"); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, any transaction costs are included in the measurement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instrument

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

Amortised cost: 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(b) Equity instrument

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. These instruments are not held for trading.

2.10 Financial liabilities

The Group initially recognises its financial liabilities at fair value and subsequently they are measured at amortised cost using the effective interest rate method.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Trade receivables

Trade receivables are amounts due from clients for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost..

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Current and deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services supplied, stated net of discounts, returns and value added taxes ("VAT"). The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met in accordance with IFRS 15, *Revenue from contracts with customers*, for each of the Group's activities, as described below. Revenue is recognised on an accruals basis in respect of services which have been completed and excludes VAT. Revenue attributed to ratings of issued securities is recognised when the rating is issued or when milestones are achieved for which a fee would become due should the issue not proceed. Revenue attributable to monitoring of issuers or issued securities is recognised over the period in which the monitoring is performed. Revenue from subscriptions is recognised over the related subscription period. Amounts billed in advance of providing these products and services are deferred and revenue is recognised when earned.

2.20 Employee benefits

(a) Pension obligations

Group companies operate various defined contribution pension schemes, under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment obligations

Some Group companies provide post-employment benefits. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age or the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

(c) Bonus plans

Bonus awards are determined annually and are entirely discretionary. The decision to award a bonus is based on a number of factors which include Group financial results, relative employee performance and prospective staff retention. An accrual is made at the end of each financial period to record the amount payable.

(d) Long-term incentive plan

Under the Fitch Group, Inc. Long Term Incentive Plan, two types of units are issued to participants: Performance Stock ("PS") and Restricted Stock Units ("RSU"). The PS units vest at the end of a three year period, subject to employees continued service, and are non-transferable. The dollar value per unit to each participant payable after vesting is determined by the percentage growth rate in the adjusted pre-tax income of the Corporation or business units as appropriate over the three year vesting period. The RSUs vest over a three year period with one third vesting in each of the three years, subject to employees continued service, and are non-transferable. The vested portion for each year over the three year vesting period is calculated based on the growth rate in the adjusted pre-tax income of the Corporation or business units as appropriate in the preceding year(s).

2.21 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.22 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract with effect from 1 January 2019. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

2.22 Leases (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate of change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measure under IAS 37. The costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use assets reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2.23 Dividend income

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

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, interest rates, credit risk and liquidity risk. The Group's risk management policies seek to minimise the potential adverse effects on these risks on the Group's financial performance.

(i) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, including the transaction risk relating to commercial transactions, recognised assets and liabilities in currencies other than reporting currency and translation risk in respect of the operations and net assets of investments in foreign operations. The Group manages its exposure to risk through utilising its multi-currency facilities and by minimising excess funds held in non-functional currencies.

(ii) *Interest rate risk*

The Group's profit and operating cash flows from cash and cash equivalents and deposits with banks are not significantly affected by changes in market interest rates. No loans are payable to external parties.

(iii) *Credit risk*

Credit risk is managed on a Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of its new clients, taking into account financial position, past experience and other factors, before standard payment and delivery terms and conditions are offered. Credit risk arising from cash and cash equivalents and deposits with banks is limited as the funds are held with leading financial institutions. Credit exposure to third parties, including outstanding receivables, is limited as exposure is spread over a large number of clients and geographical markets. This exposure does not significantly affect the Group's profit and operating cash flows.

(iv) *Liquidity risk*

The Group actively monitors cash, deposits, marketable securities and the availability of funding through either an adequate amount of credit facilities or loans from parent undertakings to ensure the Group has sufficient available funds.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Capital is calculated as 'Total equity' as shown in the consolidated statement of financial position.

In order to maintain its capital, the Company will consider the amount of dividends paid to shareholders together with levels of cash, cash equivalents and debt in the Group.

4. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group has made no critical accounting judgments or key sources of estimation uncertainty.

5 **Segment information**

IFRS 8 "Operating segments" does not apply to the Company, as its equity or debt instruments are not traded in a public market and it does not issue any class of instruments in a public market. Therefore, the Company is exempt from disclosing the segmental information as set out in IFRS 8.

6 **Revenue**

Disaggregation of revenue

In accordance with IFRS 15, the Group disaggregates revenue from contracts with customers into geographical regions, and major service lines. The Group determines that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Management evaluates the performance of these service lines separately to individually monitor different factors affecting financial performance.

The following is a disaggregated summary of the Group's revenue by service line and geographical regions:

	2022	2021
	£000	£000
Europe, Middle East & Africa	229,450	310,984
Asia Pacific	168,888	197,336
Americas	39,017	43,075
Fitch Ratings	437,355	551,395
Europe, Middle East & Africa	90,657	103,274
Asia Pacific	14,582	13,395
Americas	3,003	2,942
Fitch Solutions	108,242	119,611
	545,597	671,006

	2022	2021
	£000	£000
Over-Time	252,939	240,626
Point-in-Time	184,416	310,770
Fitch Ratings	437,355	551,395
Fitch Solutions	108,242	119,611
	545,597	671,006

Nature of services and timing of revenue recognition

Fitch Ratings enters into contracts to provide credit ratings and surveillance/monitoring services. A rating is the issuance of relative opinions upon evaluation of the creditworthiness of issuers or the credit quality of an individual debt issue and the likelihood that the issue may default. These opinions are primarily intended to provide investors and market participants with information about the relative credit risk of issuers and individual debt issues that the Group rates. For credit ratings, transaction fees are billed on issuance occurrence, delivery of rating, or on break-up of transaction. Surveillance fees are generally billed annually in advance or arrears and are normally invoiced annually within three months of the maintenance and review period. Transaction revenue is recognised at the point in time when the performance obligation is satisfied by issuing a rating on the customer instrument, customer creditworthiness and when the Group has the right to payment and the customer can benefit from the significant risks and rewards of ownership. For non-transaction revenue related to Rating's surveillance services, the Group continuously monitors factors that impact the creditworthiness of an issuer over the contractual term, with the revenue recognised to the extent that the performance obligation is progressively fulfilled over the term of the contract. Because surveillance services are continuously provided throughout the term of the contract, the measure of progress towards fulfilment of the Group's obligation to monitor a rating is a time-based output measure with revenue recognised ratably over the term of the contract. For one-time surveillance fees or implicit surveillance fees, the average life of the issue is used to amortise the implicit surveillance fee with start date being the closing/service data and the end date being based on the calculated average lives for each product line.

6. **Revenue (continued)**

Fitch Solutions subscription services are primarily derived from distribution of data, analytics, third party research, and credit intelligence primarily through Fitch Connect. Subscription services that generally provided a continuous access to dynamic data sets and analytics for a defined period are billed in advance at the beginning of the subscription period and revenue is recognised ratably as the Group's performance obligation to provide access to the data and analytics that is progressively fulfilled over the stated term of the contract.

Contract balances

Contracts billed in advance, are recorded by the Group as a contract liability (deferred revenue) until the performance obligations are satisfied. As of 31 December 2022 and 31 December 2021, contracts liabilities were £90.2m and £87.2m respectively and are included in current and non-current liabilities.

Contract assets represent arrangements in which surveillance fees are billed in arrears or revenue is accrued on break fees set up at milestones where the Group has unconditional right to payment. As of 31 December 2022 and 31 December 2021, contracts assets were £22.7m and £16.4m respectively and are included in trade and other receivables.

The difference between the opening and closing balances of the Group's contract assets and contract liabilities primarily results from the timing difference between the Group's performance obligations being satisfied and the customer's billings. Other changes from cumulative catch up adjustments arising from contract modifications as well as variances with the estimate of the transaction price may occur but estimated to be immaterial overall compared to the total change during the period.

Performance obligations

At contract inception, the Group assesses the services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service (or bundle of services) that is distinct. To identify the performance obligations, the Group considers all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.. Remaining performance obligations represent the transaction price of contracts for work that has not yet been performed. As of 31 December 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation was £90.2m. (2021: £87.2m)

Discounts, variable consideration, payment terms and contract costs

The Group does not offer cash discounts for prompt payment. Discounts for bundled services are allocated proportionally to all performance obligations.

The Group has the right, at any time before issuing a rating and without a penalty, to cease the provision of services requested, in which cases, the payment of the services would not be enforced. The Group's performance does not create an asset with an alternative use. Some contracts include a general breakup fee clause for reimbursement by the customer of reasonable costs upon customer cancellation or non-issuance. Other contracts include specific breakup fee clauses upon completion of certain milestone stages in the rating process. For such contracts, the Group has an enforceable right to payment for performance completed to date and revenue is recognised as the breakup stages defined in the contract are completed.

Fitch Ratings requires customers to pay on receipt of invoice, while Fitch Solutions requires customers to pay invoices within 30 days of being invoiced. Contracts with payment in arrears are recognised as receivables. The Group establishes provision for estimated credit notes.

Incremental costs of obtaining a contract related to commissions in Fitch Solutions are not recognised as an asset as the Group adopts the practical expedient that permits to expense immediately such contract acquisitions costs if the amortisation period would be one year or less.

7. **Other income**

	2022	2021
	£000	£000
Dividend income on other financial assets	84	80

8. Operating expenses

Operating profit is after charging:

	2022 £000	2021 £000
Employee benefit expense (note 9)	261,406	266,979
Other premises costs	14,869	13,883
Depreciation and amortisation (notes 12 to 14)	19,355	18,477
Non-recoverable travel expenses	5,510	819
Marketing	5,232	2,519
Auditor remuneration	1,539	1,247
Recharges between related parties (note 29)	59,472	43,237
Net foreign exchange (gains)/ losses	(38)	(417)
Other operating expenses	39,816	33,415
	407,161	380,159

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for the audit of Parent company and consolidated financial statements	470	366
Fees payable to the Company's auditor and its associates for the audit of Company's subsidiaries' financial statements.	1,069	881
	1,539	1,247

9. Employees benefit expense

	2022 £000	2021 £000
Wages and salaries	214,212	221,142
Social security costs	23,484	24,713
Other pension costs	13,112	12,292
Other employment benefits	10,598	8,832
	261,406	266,979

	12 months to 31 December 2022	12 months to 31 December 2021
	No.	No.
Monthly average number of people (including executive directors) employed:		
(all employed in the principal activities of the Group)		
- UK Parent	662	603
- UK subsidiaries	59	79
- Overseas	1,676	1,589
	2,397	2,271

10. Finance income and costs

	2022 £000	2021 £000
Finance income:		
- Interest income on short-term bank deposits	8,439	2,120
- Interest income on related party receivables	4,373	4,913
- Other interest receivable and similar income	65	145
Finance income	12,877	7,178
Finance cost:		
- Bank overdraft	(395)	(212)
- Unwinding of discount on lease liabilities	(702)	(629)
- Unwinding of discount on provisions	(114)	(103)
- Other interest payable and similar charges	(72)	(59)
Finance costs	(1,283)	(1,003)
Net finance income	11,594	6,175

11. Tax expense

	2022 £000	2021 £000
Current tax:		
Current tax on profits for the year	39,672	69,297
Adjustments in respect of prior years	1	725
Total current tax	39,673	70,022
Deferred tax (note 23):		
Origination and reversal of temporary differences	768	(1,472)
Adjustments in respect of prior years	264	(473)
Impact of change in tax rates	(444)	(273)
Total deferred tax	588	(2,218)
Tax expense	40,261	67,804

11. Tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2022 £000	2021 £000
Profit before tax	150,927	298,497
Tax calculated at domestic tax rates applicable to profits in the respective countries	37,090	67,122
Tax effects of:		
- Adjustment in respect of prior years	265	252
- Income not subject to tax	(1,163)	(1,620)
- Irrecoverable withholding tax	1,593	985
- Expenses not deductible for tax purposes	4,327	1,150
- Deferred taxation on unremitted retained earnings	(1,005)	640
- Tax on associates	(402)	(452)
- Impact of changes in tax rates	(444)	(273)
Tax expense	40,261	67,804

The weighted average applicable tax rate was 26.68% (2021: 22.72%).

The main rate of UK corporation tax will increase from the current rate of 19% to 25% from 1 April 2023. As such, UK deferred tax expected to reverse from 1 April 2023 onwards has been measured at 25%. UK deferred tax expected to reverse prior to this continues to be measured at 19%.

The tax charge relating to components of other comprehensive income is as follows:

	Before tax £000	Deferred tax charge £000	After tax £000
At 1 January 2021	7,768	(1,717)	6,051
Fair value losses:			
- Other financial assets	(2,139)	471	(1,668)
At 31 December 2021	5,629	(1,246)	4,383
Fair value losses:			
- Other financial assets	5,040	(1,068)	3,972
At 31 December 2022	10,669	(2,314)	8,355

12. Property, plant and equipment

CONSOLIDATED	Land and buildings £000	Leasehold improvements £000	Office equipment £000	Other £000	Total £000
Cost					
At 1 January 2021	3,804	17,857	24,433	5,108	51,202
Exchange differences	(185)	(197)	(1,116)	(146)	(1,644)
Additions	-	757	4,691	266	5,714
Disposals	-	(367)	(2,037)	(196)	(2,600)
At 31 December 2021	3,619	18,050	25,971	5,032	52,672
Exchange differences	426	475	1,272	217	2,390
Additions	-	1,970	3,664	601	6,235
Disposals	-	(1,483)	(1,354)	(371)	**(3,208)**
At 31 December 2022	4,045	19,012	29,553	5,479	58,089
Accumulated amortisation and impairment					
At 1 January 2021	(1,340)	(11,047)	(16,688)	(4,062)	(33,137)
Disposals	-	346	2,022	183	2,551
Exchange differences	82	134	700	118	1,034
Depreciation Charge (note 8)	(119)	(1,673)	(4,007)	(391)	(6,190)
At 31 December 2021	(1,377)	(12,240)	(17,973)	(4,152)	(35,742)
Disposals	-	880	1,253	226	2,359
Exchange differences	(165)	(397)	(945)	(181)	(1,688)
Depreciation Charge (note 8)	(109)	(1,675)	(4,523)	(388)	**(6,695)**
At 31 December 2022	(1,651)	(13,432)	(22,188)	(4,495)	(41,766)
Net book value					
At 31 December 2021	2,242	5,810	7,998	880	16,930
At 31 December 2022	2,394	5,580	7,365	984	16,323

Leasehold improvements include landlords improvements and other includes office furniture.

12. Property, plant and equipment (continued)

COMPANY	Leasehold improvements	Office equipment	Other	Total
	£000	£000	£000	£000
Cost				
At 1 January 2021	10,679	5,912	1,885	18,476
Exchange differences	2	1	-	3
Additions	108	501	76	685
At 31 December 2021	10,789	6,414	1,961	19,164
Exchange differences	12	23	(3)	32
Additions	815	1,445	167	2,427
At 31 December 2022	11,616	7,882	2,125	21,623
Accumulated amortisation and impairment				
At 1 January 2021	(6,819)	(4,876)	(1,733)	(13,428)
Exchange differences	(2)	1	-	(1)
Depreciation Charge (note 8)	(780)	(730)	(76)	(1,586)
At 31 December 2021	(7,601)	(5,605)	(1,809)	(15,015)
Exchange differences	(26)	(21)	(3)	(50)
Depreciation Charge (note 8)	(799)	(731)	(88)	(1,618)
At 31 December 2022	(8,426)	(6,357)	(1,900)	(16,683)
Net book value				
At 31 December 2021	3,188	809	152	4,149
At 31 December 2022	3,190	1,525	225	4,940

Leasehold improvements include landlords improvements and other includes office furniture.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2022

13. Right-of-use assets

	Consolidated	Company
OFFICE PREMISES	£000	£000
At 1 January 2021		
Cost	67,930	35,236
Accumulated depreciation	(23,321)	(10,583)
Net book amount	44,609	24,653
Year ended 31 December 2021		
Opening net book amount	44,609	24,653
Exchange differences	(631)	1
Additions	5,821	471
Disposals	(738)	(147)
Depreciation charge (note 8)	(12,287)	(5,295)
Closing net book amount	36,774	19,683
At 31 December 2021		
Cost	70,672	35,464
Accumulated depreciation	(33,898)	(15,781)
Net book amount	36,774	19,683
Year ended 31 December 2022		
Opening net book amount	36,774	19,683
Exchange differences	871	(24)
Additions	13,327	783
Disposals	(813)	-
Depreciation charge (note 8)	(12,660)	(5,279)
Closing net book amount	37,499	15,163
At 31 December 2022		
Cost	81,440	36,221
Accumulated depreciation	(43,941)	(21,058)
Net book amount	37,499	15,163

All right-of-use assets relate to office premises under IFRS 16 with effect from 1 January 2019, including the Company's leased office in London from North Colonnade Ltd, owned by Fimalac (80%) and the Hearst Corporation (20%).

14. Intangible assets

CONSOLIDATED	Goodwill	Intellectual Property	Customer Lists	Total
	£000	£000	£000	£000
Cost				
At 1 January 2021	8,287	2,071	8,673	19,031
Exchange differences	(645)	(24)	(676)	(1,345)
Additions	-	10	-	10
Disposals	-	(5)	-	(5)
At 31 December 2021	7,642	2,052	7,997	17,691
Exchange differences	401	18	420	839
Additions	-	2	-	2
At 31 December 2022	8,043	2,072	8,417	18,532
Accumulated amortisation and impairment				
At 1 January 2021	-	1,715	8,672	10,387
Exchange differences	-	(1)	(676)	(677)
At 31 December 2021	-	1,714	7,996	9,710
Exchange differences	-	-	420	420
At 31 December 2022	-	1,714	8,416	10,130
Net book value				
At 31 December 2021	7,642	338	1	7,981
At 31 December 2022	8,043	358	1	8,402

Impairment tests were carried out on goodwill and no impairment was required (note 4)..

Amortisation is charged to operating expenses within the income statement.

Annual assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates.

The principal carrying value of goodwill is in respect of the Company's holding in Korea Ratings Corporation and, based on management estimates, this carrying value of goodwill has not been impaired. If the projected EBITDA operating margin used in the value-in-use calculation for Korea Ratings Corporation had been reduced by over 110% then the value of goodwill would still not be impaired. In addition, if the estimated cost of capital used in determining the post-tax discount rate for the Korea Ratings Corporation CGU had been in excess of 80% higher than management's estimate of 8.5%, then the Group would still not be required to recognise an impairment against goodwill.

15. Investment in subsidiaries

COMPANY	Cost of shares £000	Provision for diminution in value £000	Net book value £000
At 1 January 2022	91,849	(3,154)	88,695
Additions	4,647	-	4,647
Disposals	(951)		(951)
Movement in provision	-	(13,408)	(13,408)
At 31 December 2022	95,545	(16,562)	78,983

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid. The carrying amount of the investment in group undertakings has been reduced to its recoverable amount through provision for diminution in value against cost of shares. During the year, as the result of the loss making Fitch (China) Bohua Credit Ratings Limited, the Company carried out a review of the recoverable amount of that subsidiary. The review led to the recognition of an impairment loss of £14.1m, which has been recognised in profit or loss.A list of subsidiaries can be found in note 31..

16. Investment in associates

	Consolidated		Company	
	2022 £000	*2021* £000	*2022* £000	*2021* £000
At beginning of year	1,899	1,851	495	495
Share of profit	813	1,395	-	-
Share of dividends received	(1,211)	(855)	-	-
Exchange differences	59	(492)	-	-
At end of year	1,560	1,899	495	495

The Group's share of the results of its principal associates, who are involved in ratings and are strategic to the Group, and its share of aggregated assets (including goodwill) and liabilities are as follows:

Name	Country of Incorporation/ Registered Office	Assets	Liabilities	Revenues	Profit	Interest held
		£000	*£000*	*£000*	*£000*	%
31 December 2022:						
- Fitch Ratings (Thailand) Ltd	Thailand	1,640	(475)	1,415	488	49.9%
- FIX SCR S.A	Argentina	-	-	-	-	30%
- Fitch Colombia SA	Colombia	938	(714)	1,528	262	30%
- Apoyo & Asociados y Cia Ltda	Peru	146	(73)	286	57	20%
- AESA Ratings SA	Bolivia	185	(87)	268	6	25%
		2,909	(1,349)	3,497	813	
31 December 2021:						
- Fitch Ratings (Thailand) Ltd	Thailand	1,310	(370)	1,144	329	49.9%
- FIX SCR S.A	Argentina	-	-	-	-	30%
- Fitch Colombia SA	Colombia	1,883	(1,052)	1,974	990	30%
- Apoyo & Asociados y Cia Ltda	Peru	118	(73)	260	46	20%
- AESA Ratings SA	Bolivia	173	(90)	225	30	25%
		3,484	(1,585)	3,603	1,395	

The Group holds ordinary shares in these associates.

17. Other financial assets

	Consolidated		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
At beginning of year	7,575	11,244	-	-
Exchange differences	607	(860)	-	-
Additions	-	-	-	-
Disposals	-	(670)	-	-
Movement in fair value	5,406	(2,139)	-	-
At end of year	13,588	7,575	-	-
Less non-current portion	(13,588)	(7,575)	-	-
Current portion	-	-	-	-

Other financial assets represents the following:

CONSOLIDATED	2022 £000	2021 £000
Unlisted securities - Asia	13,588	7,575

The directors believe that the carrying value of the other financial assets described above is supported by their underlying net assets.

Other financial assets are denominated in the following currencies:

CONSOLIDATED	£000	£000
UK pound	-	-
Other currencies	13,588	7,575
	13,588	7,575
	2021	**2020**

Other financial assets recorded at fair value

The Group's other financial assets carried at fair value have been categorised as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

17. Other financial assets (continued)

The Group's other financial assets carried at fair value, being the Group's holding in unlisted securities in Korea Credit Bureau Co Ltd, have been categorised as follows:

	2022 £000	2021 £000
Level 3	13,580	7,567

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available, minimising entity specific estimates. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Details of changes in Level 3 fair value measured on recurring basis were as follows:

	2022 £000	2021 £000
At beginning of year	7,567	10,560
Gains and losses recognised in other comprehensive income	5,406	(2,139)
Exchange differences	607	(854)
At end of year	13,580	7,567

There were no additions or disposals in the year.

The fair value of the Group's holding in Korea Credit Bureau Co Ltd was evaluated using a reasonable appraisal model. The appraiser used an income-based approach of the discounted cash flow ("DCF") model and market-value approach of the comparable company analysis ("CCA") model to estimate the stock price distribution curve and to determine fair value. The DCF model uses expected future free cash flow projections and discounts them using the weighted average cost of capital to arrive at a present value, which is used to evaluate the fair value. The CCA model is a process used to evaluate the value of a company using the metrics of other businesses under multiple assumptions such as (1) existence of businesses sharing similar business models, structures, earnings and risks in the same industry; and (2) those businesses are being evaluated using those metrics. The appraisal for 2022 was carried out by MS Value.

The following valuation technique and input variables were used for fair value measurement of the Group's holding in Korea Credit Bureau Co Ltd at 31 December 2022 categorised within Level 3 of the fair value hierarchy:

Valuation technique	*Level 3 input*	*Input value*
DCF Model	Industry beta	0.61
	Industry average debt ratio	6.70%
	Unlevered company beta	0.59
	Levered company beta	0.62
	Risk-free rate	4.20%
	Market risk premium	10.40%
	Cost of equity	12.70%
	After-tax cost of debt	4.50%
	Weighted average cost of capital	12.20%
	Projection period	4 years
	Average revenue growth during the projection period	6.60%
	Perpetual Growth Rate	0.00%
CCA Model	P/E Ratio	13.9 times

Sensitivity analysis on financial instruments measures favourable and unfavourable changes in fair value pursuant to changes in unobservable input variables using statistical techniques. If the fair value is affected by two or more input variables, sensitivity analysis is performed based on most favourable (£2.2m for 2022, £1.2m for 2021) and most unfavourable amounts (£1.6m for 2022, £0.6m for 2021).

18. Trade and other receivables

	Consolidated		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade receivables	74,815	70,641	35,327	29,136
Less: allowance for doubtful debts	(3,626)	(2,731)	(1,403)	(1,187)
Trade receivables - net	71,189	67,910	33,924	27,949
Prepayments	5,134	4,152	3,471	2,509
Accrued income	22,652	16,422	14,969	10,906
Rent and other deposits	8,770	7,414	376	78
Receivables from related parties (note 29)	143,999	154,683	178,131	176,374
Other receivables	3,875	2,542	299	72
	255,619	253,123	231,170	217,888
Less non-current portion:				
Rent and other deposits	(7,412)	(7,020)	-	-
Receivables from related parties (note 29)	(140,350)	(149,850)	(140,350)	(149,851)
Other receivables	(10)	(15)	-	-
Non-current portion	(147,772)	(156,885)	(140,350)	(149,851)
Current portion	107,847	96,238	90,820	68,037

All non-current receivables are due within five years from the end of the reporting period. The effective interest rate on non-current receivables from related parties was 3% (2021: 3%).

As of 31 December 2022, the ageing of net receivables is as follows:

	Consolidated		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Less than 60 days	50,004	50,794	22,651	20,323
61-90 days	7,093	5,571	4,005	2,309
Over 90 days	14,092	11,545	7,268	5,317
	71,189	67,910	33,924	27,949

As of 31 December 2022, the analysis of the ageing of the Group's provision against trade receivables is as follows:

	2022	2021
	£000	£000
Less than 60 days	-	-
61-90 days	-	-
Over 90 days	3,626	2,731
	3,626	2,731

The carrying amount of trade receivables are denominated in the following currencies:

	Consolidated		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
UK pound	9,269	6,003	9,220	5,833
Euros	27,326	29,296	13,832	12,010
US dollar	16,102	17,166	10,668	10,106
Other currencies	18,492	15,445	204	-
	71,189	67,910	33,924	27,949

The movement of the impairment provision is as follows:

	2022	2021
	£000	£000
At beginning of year	2,731	2,613
Decrease/ (increase) in allowance	714	174
Exchange differences	181	(56)
At end of period	3,626	2,731

19. Cash and cash equivalents

CONSOLIDATED	2022 £000	2021 £000
Cash at bank and in hand	316,678	337,785
Short-term bank deposits	99,792	92,667
Cash and cash equivalents	416,470	430,452

COMPANY	2022 £000	2021 £000
Cash at bank and in hand	127,944	99,815
Cash and cash equivalents	127,944	99,815

20. Share capital and share premium account

Authorised, issued and fully paid:	Number of shares	Ordinary shares at £1 each £000	Share premium £000	Total £000
At 31 December 2022 and 2021	90,392	90	1,876	1,966

The dividends paid in 2022 and 2021 were £113.9m (£1,260 per share) and £289.1m (£3,200 per share) respectively.

21. Other reserves

CONSOLIDATED	Revaluation Reserve £000	Currency Translation Reserve £000	Total £000
At 1 January 2021	5,914	6,049	11,963
Revaluation of other financial assets, gross	(2,139)	-	(2,139)
Revaluation of other financial assets, tax	471	-	471
Currency translation differences - group	-	(14,024)	(14,024)
At 1 January 2022	4,246	(7,975)	(3,729)
Revaluation of other financial assets, gross	5,406	-	5,406
Revaluation of other financial assets, tax	(1,066)	-	(1,066)
Currency translation differences - group	-	20,734	20,734
At 31 December 2022	8,586	12,759	21,345

22. Trade and other payables

	Consolidated		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade payables	3,478	2,865	1,749	1,318
Amounts due to related parties (note 29)	5,518	1,247	84,399	66,613
Accrued expenses	56,678	65,508	24,915	27,423
Deferred revenue	90,243	87,232	27,478	26,657
Social security and other taxes	12,196	15,618	4,888	6,217
Other payables	19,788	17,690	4,113	3,183
	187,901	190,160	147,542	131,411
Less non-current portion:				
Deferred revenue	(3,899)	(3,729)	-	-
Social security and other taxes	(1,811)	(2,390)	(1,147)	(1,409)
Other payables	(4,932)	(3,176)	-	-
Non-current portion	(10,642)	(9,295)	(1,147)	(1,409)
Current portion	177,259	180,865	146,395	130,002

23. Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

CONSOLIDATED				
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	8,774	6,794	1,527	1,286
- Deferred tax assets to be recovered within 12 months	11,830	13,748	1,376	2,932
	20,604	20,542	2,903	4,218
Deferred tax liabilities:				
- Deferred tax assets to be recovered after more than 12 months	5,070	3,721	-	-
- Deferred tax liabilities to be recovered within 12 months	8,416	8,663	4,951	4,452
	13,486	12,384	4,951	4,452
Net deferred tax assets/ (liabilities)	7,118	8,158	(2,048)	(234)

The gross movement on the deferred tax account is as follows:

	CONSOLIDATED		*COMPANY*	
	2022	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**
At beginning of year	8,158	5,726	(234)	(1,419)
Exchange differences	616	(257)	-	-
Income statement charge (note 11)	(588)	2,218	(1,814)	1,185
Tax charged directly to equity (note 11)	(1,068)	471	-	-
At end of year	7,118	8,158	(2,048)	(234)

The movement in Group deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Depn. in excess of capital allowances	**Bad debts, deferred income and other provisions**	**Leases**	**Total**
	£000	**£000**	**£000**	**£000**
Deferred tax assets				
At 1 January 2022	1,111	15,480	3,951	20,542
Credited to the income statement	410	(2,045)	1,438	(197)
Exchange difference	-	259	-	259
At 31 December 2022	1,521	13,694	5,389	20,604

23. Deferred tax (continued)

	Accel. tax depn. £000	Fair value gains £000	Future tax on unremitted earnings £000	Leases £000	Other £000	Total £000
Deferred tax liabilities						
At 1 January 2022	2	1,188	7,412	3,722	60	12,384
Charged to the income statement	36	-	(1,005)	1,310	50	391
Charged to other comprehensive income	-	1,068	-	-	-	1,068
Exchange difference	-	106	(463)	-	-	(357)
At 31 December 2022	38	2,362	5,944	5,032	110	13,486

Deferred tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of trading losses amounting to £16.0m (2021: £10.6m) where they are not expected to be utilised in the foreseeable future. Deferred tax liabilities of £5.9m (2021: £7.4m) have been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are expected to be remitted in the foreseeable future. Unremitted earnings totalled £642m at 31 December 2022 (2021: £574m).

24. Lease liabilities

	Consolidated		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts due for settlement within 12 months	13,428	11,513	6,098	5,511
Amounts due for settlement after 12 months	26,087	26,990	9,624	15,080
	39,515	38,503	15,722	20,591

	2022 £000	2021 £000	2022 £000	2021 £000
Maturity analysis:				
-Not later than 1 year	13,428	11,513	6,098	5,511
-Later than 1 year and no later than 5 years	24,812	25,216	9,624	15,080
-Later than 5 years	1,275	1,774	-	-
	39,515	38,503	15,722	20,591

Movement of lease liabilities

	Consolidated		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Opening Balance	38,503	46,462	20,591	25,953
Additions	13,223	5,133	783	339
Disposals	(744)	-	-	-
Cash Payments	(13,230)	(13,065)	(5,829)	(5,954)
Unwinding of discount	702	629	199	251
Exchange differences	1,061	(656)	(22)	2
	39,515	38,503	15,722	20,591

25. Provisions

	Consolidated		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
At beginning of year	5,866	4,503	4,076	3,415
Charged/(credited) to the income statement:				
- Additional provisions	519	1,636	266	511
- Unused amounts reversed	(1,098)	(235)	(410)	150
Exchange differences	77	(38)	-	-
At end of year	5,364	5,866	3,932	4,076
	2022	2021	2022	2021
	£000	£000	£000	£000
Analysed as:				
-Non-current	5,364	5,866	3,932	4,076
-Current	-	-	-	-
	5,364	5,866	3,932	4,076

The provisions principally relate to the cost of removal of leasehold improvements and dilapidations at the end of the lease, with terms ranging from 1 to 15 years.

26. Cash generated from operations

	Consolidated		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Profit before tax	150,927	298,497	134,030	236,658
Adjustments for:				
- Depreciation and amortisation	19,355	18,477	6,898	6,881
- Loss on disposal of property, plant and equipment plant and equipment	325	33	-	-
- Loss on disposal of intangibles	(2)	-	-	-
- Loss on disposal of subsidiary	-	-	259	-
- Loss on closure of Rusian branch	1,975	(169)	-	-
- Finance income – net	(11,594)	(6,175)	(6,106)	(4,625)
- Share of profit from associates	(813)	(1,395)	-	-
- Foreign exchange (gains)/ losses in operating activities	(38)	(417)	13,762	(389)
Increase in provision against investment in subsidiaries	-	-	14,100	-
(Decrease)/Increase changes in working capital (excluding exchange differences on consolidation):				
- Trade and other receivables	(6,211)	8,836	(33,836)	8,529
- Provisions	(693)	1,298	(247)	563
- Trade and other payables	(4,194)	14,486	15,928	23,349
Cash generated from operations	149,037	333,471	144,788	270,966

27. Contingencies

The Company has provided a letter of support to certain of its subsidiary undertakings. There are claims arising in the normal course of trading which involve, or may involve, litigation. In addition, various regulatory bodies make, from time to time, enquiries and conduct investigations concerning compliance with applicable laws and regulations. All amounts that are considered as becoming payable on account of such claims or enquiries and can be estimated reliably have been accrued.

28. Capital commitments

The Group has no capital commitments at 31 December 2022 (2021: nil).

29. Related-party transactions

Consolidated

(a) Recharge of operating costs to related parties

	2022 £000	2021 £000
Recharges of operating costs to related parties:		
- Immediate parent	57,604	63,596
- Ultimate parent	43	261
- Fellow subsidiaries of the ultimate parent	37,517	33,195
	95,164	97,052

Operating costs recharged include shared services and management fees.

(b) Recharge of operating costs from related parties

	2022 £000	2021 £000
Recharges of operating costs from related parties:		
- Immediate parent	91,782	94,325
- Ultimate parent	15,919	14,624
- Fellow subsidiaries of the ultimate parent	46,935	31,340
	154,636	140,289

Operating costs recharged include shared services and management fees.

(c) Key management compensation

Key management includes directors (executive and non-executive), the Chief Operating Officer and the Head of Revenue Management. The compensation paid or payable to key management for employee services is shown below.

	2022 £000	2021 £000
Salaries and other short-term employee benefits	4,506	3,391
Post-employment benefits	31	31
Other long-term benefits	873	2,334
	5,410	5,756

(d) Directors

	2022 £000	2021 £000
Directors' emoluments:		
Aggregate emoluments	4,088	3,018
Aggregate amounts receivable under long-term incentive schemes	787	1,807
Company contributions to money purchase pension scheme	32	-
	4,907	4,825
The above includes £0.7m in relation to compensation for loss of office		
Highest paid director:		
Aggregate emoluments	3,176	2,115
Aggregate amounts receivable under long-term incentive schemes	568	1,425
	3,744	3,540

29. Related-party transactions (continued)

(e) Year-end balances arising from loans and operating recharges to/from related parties

	2022 £000	2021 £000
Receivables from related parties (note 18):		
- Immediate parent	4,197	3,929
- Fellow subsidiaries of the ultimate parent	139,802	150,754
Payables to related parties (note 22):		
- Ultimate parent	-	(992)
- Fellow subsidiaries of the ultimate parent	(5,518)	(255)
	138,481	153,436

Unless otherwise stated, current related party balances are non-interest bearing.

(f) Year-end balances arising from loans to related parties

	2022 £000	2021 £000
Loan to fellow subsidiary of the ultimate parent		
At beginning of year	149,850	169,036
Loan repayments during year	(9,500)	(11,570)
Interest received during the year	(3,736)	(12,529)
Interest charged	4,373	4,913
Foreign exchange gain	-	-
At end of year	140,987	149,850
Interest receivable included in current assets	(637)	-
Non-Current Portion	140,350	149,850

The carrying value of the loans approximates to fair value, terms are between 4 and 5 years, and the effective interest rate of the loans is 3%.

30. Financial instruments by category

	31 December 2022		
CONSOLIDATED	Financial assets at amortised cost	FVOCI	Total
	£000	£000	£000
Assets as per statement of financial position			
Other financial assets	-	13,588	13,588
Trade and other receivables excluding prepayments	250,485	-	250,485
Cash and cash equivalents	416,470	-	416,470
	666,955	13,588	680,543

	Financial liabilities at amortised cost	Total
CONSOLIDATED	£000	£000
Liabilities as per statement of financial position		
Trade and other payables excluding non-financial liabilities	97,658	97,658
	97,658	97,658

	31 December 2021		
CONSOLIDATED	Financial assets at amortised cost	FVOCI	Total
	£000	£000	£000
Assets as per statement of financial position			
Other financial assets	-	7,575	7,575
Trade and other receivables excluding prepayments	248,971	-	248,971
Cash and cash equivalents	430,452	-	430,452
	679,423	7,575	686,998

	Financial liabilities at amortised cost	Total
CONSOLIDATED	£000	£000
Liabilities as per statement of financial position		
Trade and other payables excluding non-financial liabilities	102,928	102,928
	102,928	102,928

The carrying value of the assets and liabilities approximate to their fair value.

30. Financial instruments by category (continued)

	31 December 2022	
COMPANY	**Financial assets at amortised cost**	**Total**
	£000	£000
Assets as per statement of financial position		
Trade and other receivables excluding prepayments	227,699	227,699
Cash and cash equivalents	127,944	127,944
	355,643	355,643

COMPANY	**Other financial liabilities at amortised cost**	**Total**
	£000	£000
Liabilities as per statement of financial position		
Trade and other payables excluding non-financial liabilities	120,064	120,064
	120,064	120,064

	31 December 2021	
COMPANY	**Loans and receivables**	**Total**
	£000	£000
Assets as per statement of financial position		
Trade and other receivables excluding prepayments	215,379	215,379
Cash and cash equivalents	99,815	99,815
	315,194	315,194

COMPANY	**Other financial liabilities at amortised cost**	**Total**
	£000	£000
Liabilities as per statement of financial position		
Trade and other payables excluding non-financial liabilities	104,754	104,754
	104,754	104,754

31. Subsidiaries

Name	Address	Country of incorporation	Proportion of ordinary shares held by Parent (%)	Proportion of ordinary shares held by the Group (%)
EMEA				
Fitch Solutions Ltd	30 North Colonnade, Canary Wharf, London, E14 5GN	UK	100%	100%
Fitch Ratings CIS Limited	30 North Colonnade, Canary Wharf, London, E14 5GN	UK	100%	100%
Inter Arab Rating Company	Office 302, Building 111, Road 385, Block 304, Manama, Kingdom of Bahrain	Bahrain	100%	100%
Fitch North Africa SA	17, Avenue Mongi Slim, El Menzah 5, Ariana	Tunisie	nil	100%
Fitch Solutions Deutschland GmbH	Neue Mainzer Strasse 46-50, D-60311, Frankfurt	Germany	nil	100%
Fitch Ratings Ireland Limited	39/40 Mount Street Upper, Dublin 2, DO2PR89, Ireland	Ireland	99.33% (i)	99.33% (i)
ASIA				
Fitch Australia Pty Limited	Level 15, 77 King Street, Sydney, NSW 2000	Australia	100%	100%
Fitch (Hong Kong) Limited	19/F Man Yee Building, 68 Des Voeux Road Central	Hong Kong	100%	100%
India Ratings & Research Private Limited (ii)	Wockhart Tower, West Wing, Level 4, Bandra Kurla Complex, Mumbai Maharashtra 400051	India	71.9% (i)	71.9% (i)
Fitch India Services Private Ltd (ii)	Wockhart Tower, West Wing, Level 4, Bandra Kurla Complex, Mumbai Maharashtra 400051	India	100.00%	100.00%
Korea Ratings Corporation	9F Kyobo Securities Building, 97 Uisadang-daero, Yeongeungpo-Gu, Seoul 07327	Korea	74.86%	74.86%
e-Credible Ltd	9F Kyobo Securities Building, 97 Uisadang-daero, Yeongeungpo-Gu, Seoul 07327	Korea	nil	67.77%
e-Credible Networks Co Ltd	9F Kyobo Securities Building, 97 Uisadang-daero, Yeongeungpo-Gu, Seoul 07327	Korea	nil	100.00%
Fitch Ratings Singapore Pte Limited	1 Raffles Quay #22-11, South Tower, Singapore, 048583	Singapore	100%	100%
Fitch Ratings (Beijing) Limited	1903, 19/F, PICC Tower, 2 Jianguomenwai Avenue, Chaoyang District, Beijing 100022	China	100%	100%
PT Fitch Ratings Indonesia	DBS Bank Tower 24th Floor, JL Prof.Dr. Satrio Kav 3-5, 12940 Jakarta	Indonesia	100%	100%
Fitch Ratings Japan Ltd	Kojimachi Crystal City East Wing 3rd Floor, 4-8 Kojimachi, Chiyoda-ku, Tokyo 102-0083	Japan	100%	100%
Fitch Solutions Asia Pte Ltd	1 Raffles Quay #22-11, South Tower, Singapore, 048583	Singapore	nil	100%
Fitch Solutions India Advisory Services Pvt L	Wockhart Tower, West Wing, Level 4, Bandra Kurla Complex, Mumbai Maharashtra 400051	India	nil	100%
Fitch (China) Bohua Credit Ratings Ltd	Room 1531, 15/F, No.3 Building, No. 2 Yard, Jianguomenwai Avenue, Chaoyang District, Beijing	China	100%	100%
LATIN AMERICA				
Fitch Ratings Brasil Limitada	Praça XV de Novembro, 20, Sala 401-B, Centro, Rio de Janeiro - RJ, RJ Cep 20.010-010	Brazil	100%	100%
Fitch Chile Holding SA	Alcantara 200, Of. 202, Las Condes, Santiago	Chile	100%	100%
Fitch Chile Clasificadora de Riesgo Limitada	Alcantara 200, Of. 202, Las Condes, Santiago	Chile	nil	81.68% (i)
Fitch Mexico SA	Blvd. Manuel Avila Camacho No. 88, Edificio Picasso, Piso 10, Col. Lomas de Chapultepec, Mexico City 11950	Mexico	100%	100%

(i) Denotes balance of shares owned by parent or fellow subsidiary undertaking

(ii) Denotes subsidiary undertaking whose financial period end is not 31 December 2021 due to local statutory requirements

31. Subsidiaries (continued)

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent do not differ from the proportion of ordinary and preference shares held.

Group holdings in associates are set out in note 16.

All trading subsidiaries, joint ventures and associated undertakings are principally involved in the provision of ratings, research, modelling and data subscription services.

In addition to the above, the Company and its subsidiary undertakings also have branches located and operating in Spain, Italy, Germany, France, Poland, Sweden, Saudi Arabia, Taiwan, Korea, Dubai and China.

The non-controlling interest share of Korea Ratings Corporation net profits was £3.2m (2021: £3.6m) and the total non-controlling interest balance is £18.8m (2021: £16.0m).