FITCH RATINGS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

Registered number: 01316230

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DIRECTORS AND ADVISERS

Directors	S Handa IC Linnell CSW Prescott DL Samuel
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

REPORT OF THE DIRECTORS
For the year ended 31 December 2019

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 2019. This annual report and financial statements are prepared under International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). A review of the business including future developments and risks and uncertainties is set out in the Strategic Report (page 4).

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:

S Handa
IC Linnell
D Netter (resigned 31 December 2019)
CSW Prescott (appointed 1 January 2020)
DL Samuel

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 £242.2m (2018: £360.4m) were paid in the year.

Branches outside the UK

Branches held by the Company and its subsidiary undertakings are included in note 32.

Political contributions

No political contributions were made in the year (2018: £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:

DL Samuel
Director
28 February 2020

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 2019 is provided in note 32 to these financial statements and details of joint ventures, associated undertakings and investments at 31 December 2019 is provided in notes 15 to 17 to these financial statements.

Review of business

Group revenue for the year ended 31 December 2019 grew by over 12.7%, reflecting an 18.3% growth in revenue from debt security issuance and an 8.3% growth in recurring revenue. The Group profit for the year ended 31 December 2019 on ordinary activities before taxation was £259.1m (2018: £282.7m, including £61.3m profit on sale of the Group's holding in China Lianhe Credit Rating Co. Ltd). After charging taxation of £61.0m (2018: £56.7m) profit for the financial year was £198.1m (2018: £226.0m). At 31 December 2019, total Group assets were £800.6m (2018: £863.1m) and total Group liabilities were £251.9m (2018: £255.9m). Results remain satisfactory and 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.

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 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's vision is to be the partner of choice for the 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 is committed to high standards of business conduct and integrity. Hence the directors have identified clients and investors, employees, shareholders and the credit rating industry regulators as key stakeholders.

(a) Clients and investors

Fitch's credit ratings relating to issuers are an opinion on the relative ability of an entity to meet 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's value is in 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 prides itself on analytical excellence and has been growing its senior analytical pool globally to ensure high standards of excellence and experience are maintained..

Fitch Solutions is a leading provider of proprietary credit intelligence to the global markets. It provides one of the largest databases of bank fundamentals in the market, economic data on sovereigns, as well as fundamental financials on insurers and corporates, all of which is delivered to subscribers via its Fitch Connect platform.

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 and the board, forming a key component of the Fitch's annual budget and strategy review.

(b) Employees

The Board believes that Fitch's 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, 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.

(c) Shareholders

The Board is committed to openly engaging with its shareholders, being the Hearst Corporation as 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. The Hearst Corporation 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

Regulation of credit rating agencies was introduced in the EU with the entering into force of Regulation (EC) No, 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. This Regulation was subsequently amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 and by Regulation (EU) No. 462/2013 of the European Parliament and of the Council of 21 May 2013. The Company was registered under the EU Regulation on 31 October 2011 along with all of its EU-based subsidiaries. As a result of the UK's withdrawal from the EU, the Company's registration will convert to the Financial Conduct Authority from the European Securities and Markets Authority, expected to be effective 31 December 2020. Outside of the EU, the Company's subsidiaries continued to obtain and maintain all necessary licences and registrations in the face of changing regulatory requirements.

Fitch has transparent communication with its credit rating industry regulators which is facilitated through its Compliance team. Any significant regulatory engagements are reported to the Board.

Developments during the period

(a) Restructuring

During 2019, as part of a group restructuring, the Company's subsidiary, Fitch Ratings Ireland Limited became a 100% shareholder of five EU subsidiaries previously directly owned by the Company, by way of share exchange, issuing in aggregate 56.7m €1 ordinary shares as consideration. To complete the restructuring, Fitch Ratings Ireland Limited has applied to the Irish High Court to undertake cross border mergers such that, subject to Court approval, the business and assets of these subsidiaries and their branches will merge into and be dedicated to new branches in each of Germany, Poland, France, Italy, Spain and Sweden. This restructuring is expected to be completed during 2020 and will ensure that Fitch is best placed to serve the needs of all market participants in the EU.

(b) Environmental, social & governance ("ESG")

Fitch recognizes that the way companies are run and their impact on their communities and on the environment is important to investors and there is a demand for greater analysis and transparency in this area. During 2019 the Board approved the launch of a new Fitch Ratings integrated scoring system that shows how ESG factors impact individual credit rating decisions. The new ESG Relevance Scores, which have been produced by Fitch's analytical teams, transparently and consistently display both the relevance and materiality of ESG elements to the rating decision. They are sector-based and entity-specific.

Our ESG approach fills a market gap by publicly disclosing how an ESG issue directly affects a company's current credit rating. Fitch is the first credit rating agency to systematically publish an opinion about how ESG issues are relevant and material to individual entity credit ratings. Fitch maintains and publishes the scores on an ongoing basis as an integrated part of its entity credit research.Since the launch of our ESG Relevance Scores, Fitch Ratings has been named Most Transparent Credit Rating Agency by Environmental Finance magazine in its 2019 Sustainable Investment Awards and ESG Rating Agency of the Year by The Asset, a leading publication in Asia..

Community and the environment

Fitch's corporate and social responsibility ("CSR") policy has continued to evolve, including the recent appointment of a Head of CSR, with the current principal focus on our people and communities:

(a) Our people

Our ability to harness the ideas, experiences and talents of Fitch's diverse and global workforce is integral to our continued success. We are committed to supporting our employees, increasing diversity and strengthening our inclusive culture where all members of the Fitch community can thrive. Our Diversity & Inclusion Steering Group, chaired by Fitch's CEO, drives programming that supports this strategy. These are focused on Inclusive Culture, Leadership Development and Diverse Recruitment.

(b) Our communities

In our communities we have developed a program that aims to empower individuals from underprivileged backgrounds to access and succeed in a broad range of learning and development opportunities. A recent UNICEF report highlights "as much as 44% of girls and 34% of boys from the poorest quintile never attended any school or dropped out in primary education". Our vision is to tackle this problem and increase those accessing education, building their skills to succeed, raising their aspirations and working with them to carve out their future pathways to success.

Fitch seeks to minimize the impact of our operations on the environment through the pursuit of good business practices and is committed to:

- continually making improvements by designing and implementation of environment management systems in its offices to reduce, reuse and recycle general waste;
- prioritise sourcing sustainable office space, including the use of renewable energy, appropriate choices in our fit-outs, re-using office furniture and switching to LED lighting where possible; and
- working collaboratively with contractors and local suppliers to reduce emissions and source locally across our offices and to address any issues, such as use of plastic packaging, and where possible implement the best sustainable solution.

Approved by the Board and signed on its behalf by:

DL Samuel
Director
28 February 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2019

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 prepared the Group and Company financial statements in accordance with IFRSs as adopted by the EU. 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 the directors are required to:

- 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.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board ("IASB");
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 of Fitch Ratings Ltd (the "Parent Company") and its subsidiaries (the "Group") 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 statement of cash flows;
- the statement of accounting policies; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union 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 ("FRC") 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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.

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.

Report on other legal and regulatory requirements

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.

William Touche (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
28 February 2020

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2019

	Note	2019	2018
		£000	£000
Continuing operations			
Revenue	6	597,298	529,803
Other income	7	416	174
Operating expenses	8	(352,273)	(322,534)
Operating profit		245,441	207,443
Gain on disposal of joint venture	16	-	61,336
Share of profits of joint ventures and associates	16, 17	1,435	1,281
Finance income	10	13,492	12,949
Finance costs	10	(1,305)	(338)
Profit before tax		259,063	282,671
Tax expense	11	(60,978)	(56,682)
Profit for the year		198,085	225,989
Profit attributable to:			
Owners of the Parent		190,088	218,892
Non-controlling interest		7,997	7,097
		198,085	225,989

The notes on pages 17 to 51 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019	2018
		£000	£000
Profit for the year		198,085	225,989
Other comprehensive income:			
Items to be subsequently reclassified in profit and loss:			
Change in value of other financial assets	18	260	905
Adoption of IFRS 15		-	(237)
Currency translation differences		(12,360)	2,824
		(12,100)	3,492
Total comprehensive income for the year		185,985	229,481
Attributable to:			
Owners of the Parent		180,052	222,599
Non-controlling interest		5,933	6,882
Total comprehensive income for the year		185,985	229,481

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 17 to 51 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Assets:			
Non-current assets			
Property, plant and equipment	12	16,718	17,292
Right-of-use assets	13	51,135	-
Intangible assets	14	8,423	9,042
Investment in associates	17	2,541	2,075
Deferred tax assets	24	14,847	14,645
Other financial assets	18	6,474	6,672
Trade and other receivables	19	194,303	207,575
		294,441	257,301
Current assets			
Trade and other receivables	19	158,675	167,618
Other financial assets	18	69,438	58,024
Current tax assets		1,461	1,488
Cash and cash equivalents	20	320,309	378,659
		549,883	605,789
Total assets		844,324	863,090
Equity and liabilities:			
Capital and reserves			
Issued capital	21	90	90
Share premium	21	1,876	1,876
Other reserves	22	6,410	16,446
Retained earnings		507,778	559,899
		516,154	578,311
Non-controlling interests		32,463	28,925
Total equity		548,617	607,236
Liabilities			
Non-current liabilities			
Trade and other payables	23	7,646	7,114
Deferred tax liabilities	24	10,672	7,747
Lease liabilities	25	41,819	-
Provisions	26	4,110	7,736
		64,247	22,597
Current liabilities			
Trade and other payables	23	199,508	217,237
Current tax liabilities		19,911	13,953
Lease liabilities	25	11,681	-
Provisions	26	360	2,067
		231,460	233,257
Total liabilities		295,707	255,854
Total equity and liabilities		844,324	863,090

The notes on pages 17 to 51 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 10 to 51 were authorised for issue by the board of directors on 28 February 2020 and were signed on its behalf.

DL Samuel
Director
Fitch Ratings Ltd
Registered no. 01316230

COMPANY STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
Assets:			
Non-current assets			
Property, plant and equipment	12	6,535	7,326
Right-of-use assets	13	29,872	-
Investment in subsidiaries	15	81,144	75,084
Investment in associates	17	495	495
Deferred tax assets	24	3,164	3,684
Other financial assets	18	-	100
Trade and other receivables	19	186,421	199,471
		307,631	286,160
Current assets			
Trade and other receivables	19	198,979	92,325
Cash and cash equivalents	20	85,358	300,408
		284,337	392,733
Total assets		591,968	678,893
Equity and liabilities:			
Capital and reserves			
Issued capital	21	90	90
Share premium	21	1,876	1,876
Other reserves	22	(175)	(187)
Retained earnings		296,398	452,154
Total equity		298,189	453,933
Liabilities			
Non-current liabilities			
Trade and other payables	23	706	1,109
Deferred tax liabilities	24	6,734	4,234
Lease liabilities	25	25,823	-
Provisions	26	3,179	5,909
		36,442	11,252
Current liabilities			
Trade and other payables	23	248,532	210,099
Current tax liabilities		2,839	2,723
Lease liabilities	25	5,769	-
Provisions	26	197	886
		257,337	213,708
Total liabilities		293,779	224,960
Total equity and liabilities		591,968	678,893

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 £86.5m (2018: £207.5m) and revenue for the Parent Company for the year was £132.3m (2018: £130.0m).

The notes on pages 17 to 51 are an integral part of these consolidated financial statements. The consolidated financial statements on pages 10 to 51 were authorised for issue by the board of directors on 28 February 2020 and were signed on its behalf.

DL Samuel
Director
Fitch Ratings Ltd
Registered no. 01316230

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Note	Attributable to owners of the Parent						Non-controlling Interest	Total Equity
		Ordinary Shares £000	Share Premium £000	Currency Translation Reserve £000	Revaluation Reserve	Retained Earnings £000	Total £000	£000	£000
Balance at 31 December 2017	21, 22	90	1,876	10,837	1,666	704,326	718,795	27,729	746,524
Profit for the year		-	-	-	-	218,892	218,892	7,097	225,989
Other comprehensive income:									
Change in value of other financial assets	22	-	-	-	905	-	905	-	905
Adoption of IFRS 15		-	-	-	-	(237)	(237)	-	(237)
Currency translation differences	22	-	-	3,038	-	-	3,038	(215)	2,823
		-	-	3,038	905	(237)	3,706	(215)	3,491
Total comprehensive income for the year		-	-	3,038	905	218,655	222,598	6,882	229,480
Dividends		-	-	-	-	(360,392)	(360,392)	(4,783)	(365,175)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	-	(360,392)	(360,392)	(4,783)	(365,175)
Purchase of Non-Controlling Interest		-	-	-	-	(2,690)	(2,690)	(903)	(3,593)
Total transactions with owners of the Parent, recognised directly in equity		-	-	-	-	(2,690)	(2,690)	(903)	(3,593)
Balance at 31 December 2018	21, 22	90	1,876	13,875	2,571	559,899	578,311	28,925	607,236
Profit for the year		-	-	-	-	190,088	190,088	7,997	198,085
Other comprehensive income:									
Change in value of other financial assets	22	-	-	-	260	-	260	-	260
Currency translation differences	22	-	-	(10,296)	-	-	(10,296)	(2,064)	(12,360)
		-	-	(10,296)	260	-	(10,036)	(2,064)	(12,100)
Total comprehensive income for the year		-	-	(10,296)	260	190,088	180,052	5,933	185,985
Dividends		-	-	-	-	(242,209)	(242,209)	(2,395)	(244,604)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	-	(242,209)	(242,209)	(2,395)	(244,604)
Purchase of Non-Controlling Interest		-	-	-	-	-	-	-	-
Total transactions with owners of the Parent, recognised directly in equity		-	-	-	-	-	-	-	-
Balance at 31 December 2019	21, 22	90	1,876	3,579	2,831	507,778	516,154	32,463	548,617

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

		Attributable to owners of the Parent				
	Note	Ordinary Shares £000	Share Premium £000	Currency Translation Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 31 December 2017	21	90	1,876	(153)	605,055	606,868
Profit for the year		-	-	-	207,491	207,491
Other comprehensive income:						
Currency translation differences		-	-	(34)	-	(34)
		-	-	(34)	-	(34)
Total comprehensive income for the year		-	-	(34)	207,491	207,457
Dividends		-	-	-	(360,392)	(360,392)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	(360,392)	(360,392)
Balance at 31 December 2018	21	90	1,876	(187)	452,154	453,933
Profit for the year		-	-	-	86,453	86,453
Other comprehensive income:						
Currency translation differences		-	-	12	-	12
		-	-	12	-	12
Total comprehensive income for the year		-	-	12	86,453	86,465
Dividends		-	-	-	(242,209)	(242,209)
Total contributions by and distributions to owners of the Parent, recognised directly in equity		-	-	-	(242,209)	(242,209)
Balance at 31 December 2019	21	90	1,876	(176)	296,398	298,189

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Note	Consolidated 2019 £000	Consolidated 2018 £000	Company 2019 £000	Company 2018 £000
Cash flows from operating activities					
Cash generated from operations	27	228,564	227,122	(410)	172,130
Interest paid		(372)	(339)	365	-
Tax paid		(52,313)	(58,393)	(5,917)	(15,710)
Net cash generated from operating activities		175,879	168,390	(5,962)	156,420
Cash flows from investing activities					
Investment in subsidiary, net of cash acquired		-	-	(6,060)	(1,620)
Proceeds from sale of joint ventures		-	78,361	-	78,361
Purchases of property, plant and equipment	12	(5,140)	(6,341)	(1,051)	(1,646)
Proceeds from sale of property, plant and equipment		16	17	4	-
Proceeds from sale of other financial assets	18	94,238	95,320	100	-
Purchases of other financial assets	18	(109,804)	(94,067)	-	-
Repayments of loan by related party	30	35,954	1,000	35,954	1,000
Interest received		13,492	1,430	9,821	1,430
Dividends received		968	1,178	-	-
Net cash generated in investing activities		29,724	76,898	38,768	77,525
Cash flows from financing activities					
Acquisition of non-controlling interests		-	(3,593)	-	-
Payment of lease liabilities		(13,071)	-	(5,802)	-
Dividends paid to Company's shareholders		(242,209)	(360,392)	(242,209)	(360,392)
Dividends paid to non-controlling interests		(2,395)	(4,783)	-	-
Net cash used in financing activities		(257,675)	(368,768)	(248,011)	(360,392)
Net decrease in cash and cash equivalents		(52,072)	(123,480)	(215,205)	(126,447)
Cash, cash equivalents and bank overdrafts at beginning of year		378,659	501,820	300,408	431,443
Exchange gains on cash and cash equivalents		(6,278)	319	155	(4,588)
Cash and cash equivalents at end of year		320,309	378,659	85,358	300,408

The notes on pages 17 to 51 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 with IFRS as adopted by the EU, the Companies Act 2006 that applies to companies reporting under IFRS and International Financial Reporting Interpretations Committee ("IFRS IC") interpretations. The Group and Company financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets. 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, marketable securities and the availability of funding through credit facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, 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. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.3 Adoption of new and revised Standards

From 1 January 2019 the Group and the Company has adopted the following applicable new and amended IFRSs and IFRIC interpretations:

- IFRS 16, "Leases";
- IFRIC 23, "Uncertainty over Income Tax Treatments";
- Amendments to IAS 28, "Long-term Interests in Associates and Joint Ventures";
- Annual Improvements to IFRS Standards 2015-2017;

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods except IFRS 16 which replaced IAS 17 "Leases". The adoption of this new Standard has resulted in the Group recognising a right-of-use assets and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach and therefore the prior year comparatives have not been restated.

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

- Amendments to IFRS 3, "Definition of Business";
- Amendments to IAS 1 and IAS 8, "Definition of Material";
- Amendments to IFRS 10 and IAS 28, "Sale of Contribution of Assets between an Investor and its Associate or Joint Venture";
- Amendments to References to the Conceptual Framework in IFRS standards;

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.

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 merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), 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 for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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.

2.20 Employee benefits (continued)

(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;
- 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 shareholders.

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 estimates and judgements

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 critical judgement that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is addressed below.

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 80% 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 27% higher than management's estimate of 9.15%, then the Group would still not be required to recognise an impairment against goodwill.

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:

	2019	2018
	£000	£000
Europe, Middle East & Africa	242,052	214,978
Asia Pacific	197,491	169,540
Americas	34,322	33,825
Fitch Ratings	473,865	418,343
Europe, Middle East & Africa	109,416	99,304
Asia Pacific	12,083	10,433
Americas	1,934	1,723
Fitch Solutions	123,433	111,460
	597,298	529,803

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.

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.

6. Revenue (continued)

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 2019 and 31 December 2018, contracts liabilities were £70.4m and £122.7m 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 2019 and 31 December 2018, contracts assets were £17.3m and £19.2m respectively and are included in accounts receivable and other current assets.

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 2019, the aggregate amount of the transaction price allocated to the remaining performance obligation was £70.4m.

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.

Both Fitch Ratings and Fitch Solutions require 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

	2019	2018
	£000	£000
Dividend income on other financial assets	416	174

8. Operating expenses

Operating profit is after charging:

	2019	2018
	£000	£000
Employee benefit expense (note 9)	241,237	220,735
Operating lease payments	-	12,826
Other premises costs	13,403	11,788
Depreciation and amortisation (notes 12 to 14)	17,368	4,213
Non-recoverable travel expenses	12,814	11,892
Marketing	3,772	3,657
Auditor remuneration	1,174	1,019
Recharges between related parties (note 30)	32,796	27,994
Net foreign exchange losses	699	711
Other operating expenses	29,010	27,699
	352,273	322,534

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

	2019	2018
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of Parent company and consolidated financial statements	345	289
Fees payable to the Company's auditor and its associates for other services:		
- The audit of Company's subsidiaries financial statements	829	730
	1,174	1,019

9. Employees benefit expense

	2019	2018
	£000	£000
Wages and salaries	197,859	180,621
Social security costs	21,679	20,469
Other pension costs	10,431	8,998
Other employment benefits	11,268	10,647
	241,237	220,735

	No.	No.
Monthly average number of people (including executive directors) employed:		
(all employed in the principal activities of the Group)		
- UK Parent	574	523
- UK subsidiaries	105	97
- Overseas	1,511	1,386
	2,190	2,006

10. Finance income and costs

	2019	2018
	£000	£000
Finance income:		
- Interest income on short-term bank deposits	6,897	4,488
- Interest income on related party receivables	6,588	8,403
- Other interest receivable and similar income	7	58
Finance income	13,492	12,949
Finance cost:		
- Bank overdraft	(224)	(191)
- Unwinding of discount on lease liabilities	(933)	-
- Unwinding of discount on provisions	(42)	(95)
- Other interest payable and similar charges	(106)	(52)
Finance costs	(1,305)	(338)
Net finance income	12,187	12,611

11. Tax expense

	2019	2018
	£000	£000
Current tax:		
Current tax on profits for the year	57,883	55,810
Adjustments in respect of prior years	558	42
Total current tax	58,441	55,852
Deferred tax (note 24):		
Origination and reversal of temporary differences	2,195	664
Adjustments in respect of prior years	85	70
Impact of change in tax rates	257	96
Total deferred tax	2,537	830
Tax expense	60,978	56,682

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:

	2019 £000	2018 £000
Profit before tax	259,063	282,693
Tax calculated at domestic tax rates applicable to profits in the respective countries	57,679	60,279
Tax effects of:		
- Adjustment in respect of prior years	642	112
- Income not subject to tax	(1,564)	(13,623)
- Irrecoverable withholding tax	504	8,018
- Expenses not deductible for tax purposes	1,096	857
- Deferred taxation on unremitted retained earnings	2,894	964
- Tax on associates	(530)	(516)
- Additional branch tax	-	494
- Impact of changes in tax rates	257	97
Tax expense	60,978	56,682

The weighted average applicable tax rate was 23.54% (2018: 20.05%).

As a result of the reductions to the UK tax rate whereby the tax rate will reduce to 17% from 1 April 2020, the UK deferred tax expected to reverse from March 2020 has been measured using 17%.

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

	Before tax £000	Deferred tax charge £000	After tax £000
At 31 December 2017	2,302	(499)	1,803
Fair value gains:			
- Other financial assets	1,160	(255)	905
At 31 December 2018	3,462	(754)	2,708
Fair value gains:			
- Other financial assets	347	(87)	260
At 31 December 2019	3,809	(841)	2,968

12. Property, plant and equipment

CONSOLIDATED	Land and buildings	Leasehold improvements	Office equipment	Other	Total
	£000	£000	£000	£000	£000
At 1 January 2018					
Cost	3,899	15,420	15,400	4,403	39,122
Accumulated depreciation	(1,058)	(8,092)	(11,358)	(3,493)	(24,001)
Net book amount	2,841	7,328	4,042	910	15,121
Year ended 31 December 2018					
Opening net book amount	2,841	7,328	4,042	910	15,121
Exchange differences	117	39	20	17	193
Additions	-	1,637	3,821	883	6,341
Disposals	(2)	(79)	(55)	(15)	(151)
Depreciation charge (note 8)	(114)	(1,492)	(2,269)	(337)	(4,212)
Closing net book amount	2,842	7,433	5,559	1,458	17,292
At 31 December 2018					
Cost	4,052	16,718	18,288	4,886	43,944
Accumulated depreciation	(1,210)	(9,285)	(12,729)	(3,428)	(26,652)
Net book amount	2,842	7,433	5,559	1,458	17,292
Year ended 31 December 2019					
Opening net book amount	2,842	7,433	5,559	1,458	17,292
Exchange differences	(72)	(98)	(250)	(52)	(472)
Additions	7	1,009	3,960	163	5,139
Disposals	-	(29)	(23)	(4)	(56)
Depreciation charge (note 8)	(121)	(1,767)	(2,893)	(404)	(5,185)
Closing net book amount	2,656	6,548	6,353	1,161	16,718
At 31 December 2019					
Cost	3,940	16,853	20,860	4,869	46,522
Accumulated depreciation	(1,284)	(10,305)	(14,507)	(3,708)	(29,804)
Net book amount	2,656	6,548	6,353	1,161	16,718

Leasehold improvements include landlords improvements and other includes motor vehicles and office furniture.

12. Property, plant and equipment (continued)

COMPANY	Leasehold improvements £000	Office equipment £000	Other £000	Total £000
At 1 January 2018				
Cost	10,200	3,670	1,688	15,558
Accumulated depreciation	(4,267)	(2,710)	(1,494)	(8,471)
Net book amount	5,933	960	194	7,087
Year ended 31 December 2018				
Opening net book amount	5,933	960	194	7,087
Exchange differences	5	1	1	7
Additions	418	1,040	188	1,646
Depreciation charge (note 8)	(775)	(562)	(77)	(1,414)
Closing net book amount	5,581	1,439	306	7,326
At 31 December 2018				
Cost	10,623	4,715	1,878	17,216
Accumulated depreciation	(5,042)	(3,276)	(1,572)	(9,890)
Net book amount	5,581	1,439	306	7,326
Year ended 31 December 2019				
Opening net book amount	5,581	1,439	306	7,326
Exchange differences	(6)	(3)	-	(9)
Additions	71	968	12	1,051
Depreciation charge (note 8)	(1,004)	(746)	(83)	(1,833)
Closing net book amount	4,642	1,658	235	6,535
At 31 December 2019				
Cost	10,687	5,677	1,886	18,250
Accumulated depreciation	(6,045)	(4,019)	(1,651)	(11,715)
Net book amount	4,642	1,658	235	6,535

Leasehold improvements include landlords improvements and other includes office furniture.

13. Right-of-use assets

CONSOLIDATED	Office Premises
	£000
At 1 January 2019	
Cost	-
Accumulated depreciation	-
Net book amount	-
Year ended 31 December 2019	
Opening net book amount	-
Transition to IFRS 16	60,658
Exchange differences	(823)
Additions	4,275
Disposals	(792)
Depreciation charge (note 8)	(12,183)
Closing net book amount	51,135
At 31 December 2019	
Cost	62,446
Accumulated depreciation	(11,311)
Net book amount	51,135

COMPANY	Office Premises
	£000
At 1 January 2019	
Cost	-
Accumulated depreciation	-
Net book amount	-
Year ended 31 December 2019	
Opening net book amount	-
Transition to IFRS 16	34,264
Additions	729
Depreciation charge (note 8)	(5,121)
Closing net book amount	29,872
At 31 December 2019	
Cost	34,993
Accumulated depreciation	(5,121)
Net book amount	29,872

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 2018	8,539	2,591	8,933	20,063
Exchange differences	130	-	139	269
Disposals	-	(520)	-	(520)
At 31 December 2018	8,669	2,071	9,072	19,812
Exchange differences	(593)	(9)	(621)	(1,223)
Disposals				-
At 31 December 2019	8,076	2,062	8,451	18.589
Accumulated amortisation and impairment				
At 1 January 2018	-	1,698	8,933	10,631
Exchange differences	-	-	139	139
At 31 December 2018	-	1,698	9,072	10,770
Exchange differences		17	(621)	(604)
At 31 December 2019	-	1,715	8,451	10,166
Net book value				
Cost	8,669	2,071	9,072	19,812
Accumulated amortisation and impairment	-	(1,698)	(9,072)	(10,770)
At 31 December 2018	8,669	373	-	9,042
Cost	8,076	2,062	8,451	18,589
Accumulated amortisation and impairment	-	(1,715)	(8,451)	(10,166)
At 31 December 2019	8,076	347	-	8,423

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

Amortisation is charged to operating expenses within the income statement.

15. Investment in subsidiaries

COMPANY	Cost of shares	Provision for diminution in value	Net book value
	£000	£000	£000
At 31 December 2018	78,238	(3,154)	75,084
Additions	6,060	-	6,060
Movement in provision	-	-	-
At 31 December 2019	84,298	(3,154)	81,144

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. The additions in the year relate to the further investment into Fitch (China) Bohua Credit Rating Ltd, incorporated in 2018.

16. Investment in joint venture

	Consolidated		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
At beginning of year	-	17,025	-	8,486
Share of profit	-	-	-	-
Share of dividends received	-	-	-	-
Disposals	-	(17,025)	-	(8,486)
Exchange differences	-	-	-	-
At end of year	-	-	-	-

In January 2018 the Company completed the sale of its 49% holding in China Lianhe Credit Rating Co. Ltd for £78.4m resulting in a profit before tax of £61.3m after deducting legal and other transactional expenses.

There are no contingent liabilities relating to the Group's interest in the joint venture.

17. Investment in associates

	Consolidated		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
At beginning of year	2,075	1,905	495	495
Share of profit	1,435	1,281	-	-
Share of dividends received	(968)	(1,178)	-	-
Exchange differences	(1)	67	-	-
At end of year	2,541	2,075	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 2019:						
- Fitch Ratings (Thailand) Ltd	Thailand	1,704	(416)	1,602	594	49.9%
- FIX SCR S.A	Argentina	704	(704)	21	21	30%
- Fitch Colombia SA	Colombia	2,191	(1,049)	2,434	744	30%
- Apoyo & Asociados y Cia Ltda	Peru	103	(66)	317	34	20%
- AESA Ratings SA	Bolivia	145	(71)	237	42	25%
		4,847	(2,306)	4,611	1,435	
31 December 2018:						
- Fitch Ratings (Thailand) Ltd	Thailand	1,296	(266)	1,160	351	49.9%
- FIX SCR S.A	Argentina	-	-	257	257	30%
- Fitch Colombia SA	Colombia	2,293	(1,357)	2,294	630	30%
- Apoyo & Asociados y Cia Ltda	Peru	104	(57)	312	35	20%
- AESA Ratings SA	Bolivia	137	(75)	208	8	25%
		3,830	(1,755)	4,231	1,281	

The Group holds ordinary shares in these associates.

18. Other financial assets

	Consolidated		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
At beginning of year	64,696	63,670	100	100
Exchange differences	(4,598)	1,119	-	-
Additions	109,804	94,067	-	-
Disposals	(94,238)	(95,320)	(100)	-
Movement in fair value	247	1,160	-	-
At end of year	75,912	64,696	-	100
Less non-current portion	(6,474)	(6,672)	-	(100)
Current portion	69,438	58,024	-	-

18. Other financial assets (continued)

Other financial assets include the following:

CONSOLIDATED	2019 £000	2018 £000
Deposits in excess of 3 months - Asia	69,438	58,024
Unlisted securities - Asia	6,474	6,672
	75,912	64,696

COMPANY	2019 £000	2018 £000
Unlisted securities - Asia	-	100

The cost of the deposits approximate to their fair value. The Company's unlisted investment in Malaysia, RAM Holdings, was disposed of during 2019.

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

None of these financial assets is either past due or impaired.

Other financial assets are denominated in the following currencies:

CONSOLIDATED	2019 £000	2018 £000
UK pound	-	100
Other currencies	75,912	64,596
	75,912	64,696

COMPANY	2019 £000	2018 £000
UK pound	-	100

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).

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:

	2019 £000	2018 £000
Level 3	6,462	6,560

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.

18. Other financial assets (continued)

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

	2019 £000	2018 £000
At beginning of year	6,560	5,309
Gains and losses recognised in other comprehensive income	260	905
Gains and losses recognised in deferred tax	87	255
Exchange differences	(445)	91
At end of year	6,462	6,560

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 2019 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 2019 categorised within Level 3 of the fair value hierarchy:

Valuation technique	Level 3 input	Input value
DCF Model	Industry beta	0.92
	Industry average debt ratio	0.00%
	Unlevered company beta	0.92
	Levered company beta	0.92
	Risk-free rate	1.70%
	Market risk premium	9.90%
	Cost of equity	12.80%
	After-tax cost of debt	0.00%
	Weighted average cost of capital	12.80%
	Projection period	4 years
CCA Model	P/E Ratio	13.4 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 (£1.0m for 2019, £0.6m for 2018) and most unfavourable amounts (£0.8m for 2019, £0.5m for 2018).

19. Trade and other receivables

CONSOLIDATED	2019 £000	2018 £000
Trade receivables	67,948	104,009
Less: allowance for doubtful debts	(2,926)	(2,691)
Trade receivables - net	65,022	101,318
Prepayments	3,995	5,793
Accrued income	17,325	19,249
Rent and other deposits	8,264	8,158
Receivables from related parties (note 30)	253,397	235,451
Other receivables	4,975	5,224
	352,978	375,193
Less non-current portion:		
Rent and other deposits	(7,566)	(7,627)
Receivables from related parties (note 30)	(186,421)	(199,466)
Other receivables	(316)	(482)
Non-current portion	(194,303)	(207,575)
Current portion	158,675	167,618

COMPANY	2019 £000	2018 £000
Trade receivables	28,444	30,755
Less: allowance for doubtful debts	(821)	(808)
Trade receivables - net	27,623	29,947
Prepayments	2,348	3,034
Accrued income	11,306	11,648
Rent and other deposits	173	51
Receivables from related parties	342,925	246,042
Other receivables	1,025	1,074
	385,399	291,796
Less non-current portion:		
Rent and other deposits	-	(5)
Receivables from related parties (note 30)	(186,421)	(199,466)
Non-current portion	(186,421)	(199,471)
Current portion	198,979	92,325

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 4% (2018: 4%).

Consolidated

As of 31 December 2019, the Group's trade receivables of £65.0m (2018: £101.3m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2019 £000	2018 £000
Less than 60 days	41,990	76,556
61-90 days	9,414	6,712
Over 90 days	13,618	18,050
	65,022	101,318

As of 31 December 2019, the Group's trade receivables of £2.9m (2018: £2.7m) were impaired. The ageing of these receivables is as follows:

	2019 £000	2018 £000
Less than 60 days	-	-
61-90 days	-	-
Over 90 days	2,926	2,691
	2,926	2,691

19. Trade and other receivables (continued)

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

	2019	2018
	£000	£000
UK pound	4,995	30,525
Euros	22,749	26,292
US dollar	17,343	23,933
Other currencies	19,935	20,568
	65,022	101,318

Movements on the Group's provision for impairment of trade receivables are as follows:

	2019	2018
	£000	£000
At beginning of year	2,691	2,681
Increase/ (decrease) in allowance	323	(272)
Exchange differences	(89)	282
At end of period	2,926	2,691

Company

As of 31 December 2019, Company trade receivables of £27.6m (2018: £29.9m) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2019	2018
	£000	£000
Less than 60 days	20,314	20,260
61-90 days	3,110	3,005
Over 90 days	4,199	6,682
	27,623	29,947

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	2019	2018
	£000	£000
UK pound	4,926	7,871
Euros	14,099	10,583
US dollar	8,465	11,316
Other currencies	133	177
	27,623	29,947

20. Cash and cash equivalents

	2019	2018
CONSOLIDATED	£000	£000
Cash at bank and in hand	261,330	121,484
Short-term bank deposits	58,979	257,175
Cash and cash equivalents	320,309	378,659

	2019	2018
COMPANY	*£000*	*£000*
Cash at bank and in hand	45,358	60,408
Short-term bank deposits	40,000	240,000
Cash and cash equivalents	85,358	300,408

21. Share capital and share premium

Authorised, issued and fully paid:	Number of shares	Ordinary shares at £1 each £000	Share premium £000	Total £000
At 31 December 2019 and 2018	90,392	90	1,876	1,966

The dividends paid in 2019 and 2018 were £242.2m and £360.4m respectively.

22. Other reserves

CONSOLIDATED	Other financial assets £000	Translation £000	Total £000
At 31 December 2018	2,571	13,875	16,446
Revaluation of other financial assets, gross	247	-	247
Revaluation of other financial assets, tax	24	-	24
Currency translation differences - group	(11)	(10,296)	(10,307)
At 31 December 2019	2,831	3,579	6,410

23. Trade and other payables

CONSOLIDATED	2019 £000	2018 £000
Trade payables	3,147	3,306
Amounts due to related parties (note 30)	3,875	2,070
Accrued expenses	55,020	64,024
Deferred revenue	117,024	125,038
Social security and other taxes	9,152	13,617
Other payables	18,936	16,296
	207,154	224,351
Less non-current portion:		
Trade payables	-	-
Deferred revenue	(2,895)	(2,357)
Social security and other taxes	(1,534)	(2,009)
Other payables	(3,217)	(2,748)
Non-current portion	(7,646)	(7,114)
Current portion	199,508	217,237

COMPANY	2019 £000	2018 £000
Trade payables	900	1,187
Amounts due to related parties (note 30)	198,560	157,426
Accrued expenses	21,226	26,090
Deferred revenue	21,695	19,868
Social security and other taxes	2,133	2,606
Other payables	4,725	4,031
	249,239	211,208
Less non-current portion:		
Social security and other taxes	(706)	(1,109)
Non-current portion	(706)	(1,109)
Current portion	248,533	210,099

24. Deferred tax

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

	2019	2018
	£000	£000
CONSOLIDATED		
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	2,271	2,765
- Deferred tax assets to be recovered within 12 months	12,576	11,880
	14,847	14,645
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	388	201
- Deferred tax liabilities to be recovered within 12 months	10,284	7,546
	10,672	7,747
Net deferred tax assets	4,175	6,898
COMPANY		
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	694	1,488
- Deferred tax assets to be recovered within 12 months	2,470	2,196
	3,164	3,684
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	102	128
- Deferred tax liabilities to be recovered within 12 months	6,632	4,106
	6,734	4,234
Net deferred tax liabilities	(3,570)	(550)

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

	Consolidated		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
At beginning of year	6,898	7,851	(550)	414
Exchange differences	(110)	143	-	-
Income statement charge (note 11)	(2,537)	(829)	(3,020)	(964)
Tax charged directly to equity (note 11)	(76)	(267)	-	-
At end of year	4,175	6,898	(3,570)	(550)

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
	£000	£000	£000
Deferred tax assets			
At 31 December 2018	559	14,086	-
Credited to the income statement	28	68	429
Exchange difference	-	(323)	-
At 31 December 2019	587	13,831	429

24. Deferred tax (continued)

	Accel. tax depn.	Fair value gains	Future tax on unremitted earnings	Leases	Other
	£000	£000	£000	£000	£000
Deferred tax liabilities					
At 31 December 2018	201	863	6,382	-	301
Charged to the income statement	(38)	-	2,894	225	(18)
Charged to other comprehensive income	-	76	-	-	-
Exchange difference	-	(47)	(167)	-	-
At 31 December 2019	163	892	9,109	225	283

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of trading losses amounting to £3.8m (2018: £0.8m) and capital losses amounting to £0.0m (2018: £0.1m) where they are not expected to be utilised in the foreseeable future. These capital losses may be utilised in the future.

Deferred tax liabilities of £9.1m (2018: £6.4m) 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 £626m at 31 December 2019 (2018: £643m).

25. Lease liabilities

CONSOLIDATED	2019	2018
	£000	£000
Amounts due for settlement within 12 months	11,681	-
Amounts due for settlement after 12 months	41,819	-
	53,500	-

	2019	2018
	£000	£000
Maturity analysis:		
-Not later than 1 year	11,681	-
-Later than 1 year and no later than 5 years	36,872	-
-Later than 5 years	4,947	-
	53,500	-

COMPANY	2019	2018
	£000	£000
Amounts due for settlement within 12 months	5,769	-
Amounts due for settlement after 12 months	25,823	-
	31,592	-

	2019	2018
	£000	£000
Maturity analysis:		
-Not later than 1 year	5,769	-
-Later than 1 year and no later than 5 years	22,403	-
-Later than 5 years	3,420	-
	31,592	-

26. Provisions

CONSOLIDATED	2019	2018
	£000	£000
At beginning of year	9,803	8,517
Charged/(credited) to the income statement:		
- Additional provisions	672	2,567
- Unused amounts reversed	(1,464)	(2,444)
- Reversed on application of IFRS 16	(4,420)	-
Exchange differences	(121)	1,163
At end of year	4,470	9,803

The Group provisions principally relate to the cost of removal of leasehold improvements and dilapidations at the end of the lease. The current and non-current balances being:

	2019	2018
	£000	£000
Analysed as:		
-Non-current	4,110	7,736
-Current	360	2,067
	4,470	9,804

COMPANY	2019	2018
	£000	£000
At beginning of year	6,796	6,824
Charged/(credited) to the income statement:		
- Additional provisions	185	132
- Reversed on application of IFRS 16	(3,460)	-
- Unused amounts reversed	(145)	(161)
At end of year	3,376	6,795

The Company provisions principally relate to the cost of removal of leasehold improvements and dilapidations at the end of the lease, the current and non-current balances being:

	2019	2018
	£000	£000
Analysed as:		
-Non-current	3,179	5,909
-Current	197	886
	3,376	6,795

27. Cash generated from operations

	Consolidated		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Profit before tax	259,063	282,671	89,445	222,474
Adjustments for:				
- Depreciation and amortisation	17,368	4,212	6,955	1,414
- Loss on disposal of property, plant and equipment	41	125	(4)	-
- Loss on disposal of intangibles	-	520	-	-
- Profit on disposal of joint venture	-	(61,336)	-	(69,875)
- Finance income – net	(12,186)	(12,611)	(8,234)	(10,097)
- Share of profit from associates	(1,435)	(1,281)	-	-
- Foreign exchange losses/(gains) in operating activities	4,653	(2,073)	1,711	4,594
(Decrease)/Increase changes in working capital (excluding exchange differences on consolidation):				
- Trade and other receivables	(19,458)	(40,849)	(125,477)	(20,287)
- Provisions	(820)	1,226	40	(28)
- Trade and other payables	(18,662)	56,518	35,154	43,935
Cash generated from operations	228,564	227,122	(410)	172,130

28. 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.

29. Capital commitments

The Group has no capital commitments at 31 December 2019 (2018: nil)

30. Related-party transactions

Consolidated

(a) Recharge of operating costs to related parties

	2019	2018
	£000	£000
Recharges of operating costs to related parties:		
- Immediate parent	55,124	44,601
- Ultimate parent	637	268
- Fellow subsidiaries of the ultimate parent	29,416	29,276
	85,177	74,145

Operating costs recharged include shared services and management fees.

30. Related-party transactions (continued)

(b) Recharge of operating costs from related parties

	2019 £000	2018 £000
Recharges of operating costs from related parties:		
- Immediate parent	78,760	69,295
- Ultimate parent	9,762	8,011
- Fellow subsidiaries of the ultimate parent	29,451	24,833
	117,973	102,139

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.

	2019 £000	2018 £000
Salaries and other short-term employee benefits	3,622	2,812
Post-employment benefits	43	45
Other long-term benefits	2,058	2,468
	5,723	5,325

(d) Directors

	2019 £000	2018 £000
Directors' emoluments:		
Aggregate emoluments	2,549	1,990
Aggregate amounts receivable under long-term incentive schemes	1,475	1,877
	4,024	3,867
Highest paid director:		
Aggregate emoluments	1,740	1,191
Aggregate amounts receivable under long-term incentive schemes	1,046	1,425
	2,786	2,616

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

	2019 £000	2018 £000
Receivables from related parties (note 19):		
- Immediate parent	7,702	3,227
- Fellow subsidiaries of the ultimate parent	245,695	232,224
Payables to related parties (note 23):		
- Immediate parent	-	-
- Fellow subsidiaries of the ultimate parent	(3,875)	(2,070)
	249,522	233,381

These balances include, from 1 January 2019, Fitch Solutions Group Ltd, a fellow subsidiary of the Fitch Group, becoming the billing and collection agent for Fitch Solutions Ltd, a subsidiary of the Company that is consolidated in these financial statements.

30. Related-party transactions (continued)

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

	2019	2018
	£000	£000
Loan to fellow subsidiary of the ultimate parent		
At beginning of year	228,032	222,059
Loans advanced during the year	-	-
Loan repayments during year	(42,542)	(2,430)
Interest charged	6,588	8,395
Foreign exchange gain	-	8
At end of year	192,078	228,032

The carrying value of the loans approximates to fair value and the effective interest rate of the loans is 4%.

31. Financial instruments by category

	31 December 2019		
CONSOLIDATED	**Financial assets at amortised cost**	**FVOCI**	**Total**
	£000	£000	£000
Assets as per balance sheet			
Other financial assets	-	75,912	75,912
Trade and other receivables excluding prepayments	348,983	-	348,983
Cash and cash equivalents	320,309	-	320,309
	669,292	75,912	745,204

CONSOLIDATED	**Financial liabilities at amortised cost**	**Total**
	£000	£000
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	89,770	89,770
	89,770	89,770

	31 December 2018		
CONSOLIDATED	**Loans and receivables**	**FVOCI**	**Total**
	£000	£000	£000
Assets as per balance sheet			
Other financial assets	-	64,697	64,697
Trade and other receivables excluding prepayments	511,007	-	511,007
Cash and cash equivalents	378,659	-	378,659
	889,666	64,697	954,363

CONSOLIDATED	**Financial liabilities at amortised cost**	**Total**
	£000	£000
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	240,919	240,919
	240,919	240,919

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

31. Financial instruments by category (continued)

	31 December 2019		
COMPANY	Financial assets at amortised cost	FVOCI	Total
	£000	£000	£000
Assets as per balance sheet			
Other financial assets	-	-	-
Trade and other receivables excluding prepayments	383,052	-	383,052
Cash and cash equivalents	85,358	-	85,358
	468,410	-	468,410

COMPANY	Other financial liabilities at amortised cost	Total
	£000	£000
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	227,544	227,544
	227,544	227,544

	31 December 2018		
COMPANY	Loans and receivables	FVOCI	Total
	£000	£000	£000
Assets as per balance sheet			
Other financial assets	-	100	100
Trade and other receivables excluding prepayments	377,863	-	377,863
Cash and cash equivalents	300,408	-	300,408
	678,272	100	678,372

COMPANY	Other financial liabilities at amortised cost	Total
	£000	£000
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	280,441	280,441
	280,441	280,441

32. Subsidiaries

Name	Address	Country of incorporation	Proportion of ordinary shares held by Parent (%)	Proportion of ordinary shares held by the Group (%)
EMEA				
Fitch France SA	60 rue de Monceau, 75008, Paris	France	nil	99.33% (i)
Fitch Deutschland Gmbh.	Neue Mainzer Strasse 46-50, D-60311, Frankfurt	Germany	nil	99.33% (i)
Fitch Italia SPA	Via Morigi, 6 Ingresso Via Privata Maria Teresa, 8, 29123 Milan	Italy	nil	99.33% (i)
Fitch Ratings Espana SA	Av. Diagonal 601, 2nd Floor, 80029 Barcelona	Spain	nil	99.33% (i)
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%
Fitch Polska SA	Krolewska 16, 00-103, Warsaw	Poland	nil	99.33% (i)
Fitch Southern Africa (Pty) Limited	Sturdee House - 1st Floor, 9 Sturdee Avenue, Rosebank, Gauteng, 2196	South Africa	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	Tunisia	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%
IRR Advisory Services Private Ltd (ii)	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%
Fitch Venezuela Sociedad Calificadora de Riesgo SA (ii)	Edif Seguros Mercantil, Av Fco Solano, Piso 7, ofic 7-1, Caracas 1050	Venezuela	60%	85% (i)

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

(ii) Denotes subsidiary undertaking whose financial period end is not 31 December 2019 due to local statutory requirements

32. 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 joint ventures are set out in note 16 and associates are set out in note 17.

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 Sweden, Saudi Arabia, Taiwan, Korea, Russia, Dubai and China.