

Registered number: 4111165

CRISIL IREVNA UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CRISIL IREVNA UK LIMITED

COMPANY INFORMATION

Directors Ritesh Agarwal
Stephane Besson
Kshitij Bhatia
Venkataraman Srinivasan

Company secretary Pennsec Limited

Registered number 4111165

Registered office 125 Wood Street
London
EC2V 7AW

Independent auditors haysmacintyre
26 Red Lion Square
London
WC1R 4AG

Bankers Barclays Bank Plc
London
E14 5HP

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Canada Square
Canary Wharf
London
E14 5LB

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

INTRODUCTION

The principal activity of the Company during the year was that of a sales agent for the provision of business research information services.

BUSINESS REVIEW

2016 was another year of subdued growth in the world economy. Banks focused on re-assessing front-office, middle-office and back-office activities to provide differentiated services, achieve cost efficiency and increase productivity. This opened up new opportunities for the Global Research and Analytics business ("GR&A"), especially in the Risk and Analytics vertical.

In the Financial Research vertical, we have added clients on both the buy and sell sides. A majority of the incremental business has come from new areas and new clients. There was excellent demand for our services from the buy-side, especially private equity and fixed-income research clients. We also saw positive traction from regional and mid-sized banks that were keen to partner high-end and bespoke service providers like us in order to sharpen their focus on offering differentiated services. We significantly increased our market presence by conducting more meetings with new and prospective clients, which buoyed growth in a tough business environment. We also undertook several thought leadership initiatives for hedge funds, private equity firms, investment bankers and regulators across contingents which received excellent responses and reinforced our position as an industry leader.

The Risk and Analytics vertical saw good demand as banks continued to face pressure from new regulations such as on fundamental reviews of trading book, data aggregation and reporting. Investments made in the past three years to add new work-streams in Risk and Analytics to cater to new regulatory requirements have begun paying off. We have quickly achieved scale in model development, model validation and stress-testing support, and have added many clients in these areas.

In Europe, comprehensive stress testing returned. This more stringent regulatory regime has led to a global shortage of good quality risk-management talent, especially those with risk-modelling expertise. In Corporate Research, an extensive market outreach plan coupled with a focus on productisation provided growth momentum during the year. With a balanced mix of introductory meetings and rigorous follow-ups, we have cemented relationships with existing clients, initiated fresh engagements, entered new geographies and gain traction for our products.

In terms of financial performance, turnover has increased by 26% from £28.24m in 2015 to £35.66m in the current year, and profit before tax has grown by 24% since 2015 to £3.52m. This is largely on account of an increase in the client base, combined with more deliverables than in the previous year. During 2016 the Company also received a dividend of £3.5m from its subsidiary, compared with a dividend received of £3m in 2015. The net profit after tax in 2016 of £3.39m has contributed to a stronger financial position with net assets rising to £21.8m as at 31 December 2016 (2015: £14.41m).

As at 31 December 2016 the combination of the profit generated and a decrease in trade debtors to £3.03m (2015: £3.1m) has resulted in the cash balances held by the Company increasing from £2.03m to £4.04m.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

PRINCIPAL RISKS AND UNCERTAINTIES

Demand

While the Company is uniquely poised to provide high-end research services to its clients, the business could be impacted on account of reduction in demand for its services from the financial services sector to which it caters.

Competition

Risk can arise from competition from existing and new entrants in the business. However, outsourcing of research services continues to increase from the top global financial services firms who see the arbitrage opportunity to leverage and maintain competitiveness. To address the risk of competition, the Company continues to expand and diversify its client base and revenue streams.

Treasury management and currency risk

It is the Directors' intention to continue to finance the activities and development of the Company from retained earnings. The Directors will maintain the strong financial position and operate the Company in a conservative fashion, whilst maintaining their focus on both profitability and cash flow. Cash surpluses are invested in short term deposits, with any working capital requirements being provided by cash resources.

The Company operates primarily in Sterling and aims to limit its exposure to currency fluctuations by disciplined management of payments and receipts, which are denominated in other currencies.

Brexit

There is currently much political and economic uncertainty regarding the impact of Brexit on the British economy. Whilst the extent of the effect of Brexit on the Company remains uncertain, the Directors are monitoring the situation as it continues to develop and do not anticipate any impact on the Company's business in the immediate future.

FINANCIAL KEY PERFORMANCE INDICATORS

	2016 £	2015 £	2014 £	2013 £
Turnover	35,657,647	28,235,245	22,296,755	21,387,398
Gross profit	2,322,218	2,503,194	1,626,186	1,014,005
Profit before tax	3,518,391	2,835,936	5,908,659	(190,430)

Profit/(loss) of the Company includes dividend income from Coalition Development Limited of £3,500,000 in 2016, £3,004,685 in 2015, £6,322,067 in 2014 and £1,000,980 in 2013.

This report was approved by the board on 24 January 2017 and signed on its behalf.

Ritesh Agarwal
Director

CRISIL IREVNA UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £3,385,091 (2015: £2,881,410).

The Board of Directors have not proposed the payment of a dividend during the year (2015: £NIL).

Directors

The Directors who served during the year were:

Ritesh Agarwal
Stephane Besson
Kshitij Bhatia (appointed 5 December 2016)
Venkataraman Srinivasan (appointed 23 August 2016)

Gurpreet Chhatwal (resigned 23 August 2016)
Pankaj Jain (appointed 23 August 2016, removed 5 December 2016)
Raman Uberoi (resigned 23 August 2016)

Future developments

The Company will continue to offer a comprehensive range of business research information services.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Disclosure of information to auditors

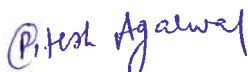
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 January 2017 and signed on its behalf.



Ritesh Agarwal
Director

**THE MODERN SLAVERY ACT 2015 STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

This statement is published by CRISIL Limited ("CRISIL") with regards to its subsidiaries, including in particular CRISIL Irevna UK Limited and Coalition Development Limited ("CRISIL Subsidiaries"), which are subject to the Modern Slavery Act 2015 ("The Act"). CRISIL and CRISIL Subsidiaries together constitute the "CRISIL Entities". This statement is made pursuant to section 54(1) of the The Act and constitutes our slavery and human trafficking statement for the financial year ending 2016.

Introduction

Forced, bonded or compulsory labour, human trafficking and other kinds of slavery signify some of the severest forms of human rights abuse. We are committed to improving our practices to combat slavery and human trafficking.

Organisation's structure

We are a provider of ratings, research, and risk and policy advisory services in the knowledge process and business process outsourcing sector. Our ultimate parent company is S&P Global Inc. CRISIL Limited has its registered office in Mumbai, India. We have approximately 4000 employees worldwide and operate in India, China, Singapore, England, Poland, Argentina and the United States of America. Our global annual turnover in excess of £36 million.

Our business

Our business is organised into 7 business units: Ratings, Global Research and Analytics, India Research, Infrastructure Advisory, Risk Solutions, Global Analytical Centre and Global Data Services.

Our supply chains

Our supply chains include consultants, advisors, IT (hardware and software) and other office equipment suppliers, professional services from our lawyers, accountants and other advisers, security, catering, office cleaning and other office facilities services, staffing companies etc.

We require all of our suppliers to conduct business in a lawful and ethical manner as part of our supplier on-boarding process and in accepting our trading terms and conditions.

Our policies on slavery and human trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our Modern Slavery Act 2015 Policy reflects our commitment to acting ethically and with integrity in all our business relationships, and to implementing and enforcing effective systems and controls to ensure that slavery and human trafficking is not taking place anywhere in our supply chains.

Due diligence processes for slavery and human trafficking

As part of our initiative to identify and mitigate risk we have in place systems to:

- Identify and assess potential risk areas in our supply chains;
- Mitigate the risk of slavery and human trafficking occurring in our supply chains;
- Monitor potential risk areas in our supply chains;
- Protect whistle blowers; and,
- Where possible, build long standing relationships with local suppliers and make clear our expectations of business behaviour;

Supplier adherence to our values

We have zero tolerance towards slavery and human trafficking. To ensure that all of those in our supply chain and contractors comply with our values and ethics.

CRISIL IREVNA UK LIMITED

**THE MODERN SLAVERY ACT 2015 STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our staff.

Our effectiveness in combating slavery and human trafficking

The Act is relatively new legislation and few companies, including CRISIL Entities, have any experience of seeking out, let alone detecting, slavery or trafficking among their own staff or among those of their suppliers. To date, CRISIL Entities are yet to detect or suspect that any CRISIL Entities or their suppliers employ persons who may be enslaved or trafficked, and so key performance indicators can only be set in respect of reasonable due diligence efforts once experience of the initial outputs of such exercises are collated and analysed.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CRISIL IREVNA UK LIMITED

We have audited the financial statements of CRISIL Irevna UK Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

CRISIL IREVNA UK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CRISIL IREVNA UK LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Gareth Ogden (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

26 Red Lion Square
London
WC1R 4AG

24 January 2017

CRISIL IREVNA UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	35,657,647	28,235,245
Cost of sales		(33,335,429)	(25,732,051)
GROSS PROFIT		<u>2,322,218</u>	<u>2,503,194</u>
Administrative expenses		(1,702,011)	(1,893,789)
OPERATING PROFIT	4	<u>620,207</u>	<u>609,405</u>
Income from fixed assets investments		3,500,000	3,004,685
Interest receivable and similar income	9	166	249
Interest payable and expenses	10	(601,982)	(778,403)
PROFIT BEFORE TAX		<u>3,518,391</u>	<u>2,835,936</u>
Tax on profit	11	(133,300)	45,474
PROFIT FOR THE YEAR		<u><u>3,385,091</u></u>	<u><u>2,881,410</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 12 to 27 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	12	964,026	1,662,161
Tangible assets	13	12,096	8,391
Investments	14	30,850,352	30,850,352
		<u>31,826,474</u>	<u>32,520,904</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	5,386,695	4,969,445
Cash at bank and in hand	16	4,035,903	2,032,494
		<u>9,422,598</u>	<u>7,001,939</u>
Creditors: amounts falling due within one year	17	(11,064,521)	(9,223,383)
NET CURRENT LIABILITIES		<u>(1,641,923)</u>	<u>(2,221,444)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,184,551</u>	<u>30,299,460</u>
Creditors: amounts falling due after more than one year	18	(8,388,900)	(11,888,900)
NET ASSETS		<u><u>21,795,651</u></u>	<u><u>18,410,560</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	5,514,100	5,514,100
Profit and loss account	21	16,281,551	12,896,460
		<u><u>21,795,651</u></u>	<u><u>18,410,560</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 January 2017.



Ritesh Agarwal

Director

The notes on pages 12 to 27 form part of these financial statements.

CRISIL IREVNA UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	5,514,100	12,896,460	18,410,560
Profit for the year	-	3,385,091	3,385,091
AT 31 DECEMBER 2016	<u>5,514,100</u>	<u>16,281,551</u>	<u>21,795,651</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	5,514,100	10,015,050	15,529,150
Profit for the year	-	2,881,410	2,881,410
AT 31 DECEMBER 2015	<u>5,514,100</u>	<u>12,896,460</u>	<u>18,410,560</u>

The notes on pages 12 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

CRISIL Irevna UK Limited is a private company (registered number: 04111165), limited by shares, registered in England and Wales. The registered office is:

125 Wood Street
London
EC2V 7AW

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied.

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of CRISIL Limited as at 31 December 2016 and these financial statements may be obtained from CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai, 400 076, India.

1.3 Going concern

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 5 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight line basis to the Statement of Comprehensive income over their useful economic life of 7 years.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	- 10 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments (continued)

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except where a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity. In such cases the charge is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In the process of applying its accounting policies, the Company is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The following paragraphs detail the estimates and judgements the Company believes to have the most significant impact on the annual results under FRS 102.

Property, plant and equipment (PPE)

The estimated useful economic lives of PPE are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Variations between actual and estimated useful economic lives could impact operating results both positively and negatively, although historically few changes to estimated useful economic lives have been required.

The Company is required to evaluate the carrying values of PPE for impairment whenever circumstances indicate, in management's judgement, that the carrying value of such assets may not be recoverable. An impairment review requires management to make subjective judgements concerning the cash flows, growth rates and discount rates of the cash generating units under review.

Impairment of goodwill and intangible assets

The annual impairment assessment in respect of goodwill and acquisition intangibles requires estimates of the value in use (or fair value less costs to sell) of cash-generating units to which goodwill and acquisition intangibles have been allocated. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows. The carrying value of goodwill is £595,413 (2015: £893,119).

The carrying value of acquisition intangibles is £368,613 (2015: £769,042). Following the annual impairment review, no impairment charge has been recorded against goodwill or acquisition intangibles.

Changes in respect of commercial outcomes around sales volumes, prices, margins and discount rates can impact the recoverable value. Management do not believe that any reasonably possible changes to the key assumptions would produce an impairment in the forthcoming year.

Revenue recognition and allowance for doubtful receivables

The Company recognises revenue generally at the time of service delivery and when collection of the resulting receivable is reasonably assured. When the Company considers that the criteria for revenue recognition are not met for a transaction, revenue recognition is delayed until such time as collectability is reasonably assured. Payments received in advance of revenue recognition are recorded as deferred income. At each reporting date, the Company evaluate the recoverability of trade receivables and record allowances for doubtful receivables based on experience. These allowances are based on, amongst other things, a consideration of actual collection history. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
International research	35,657,647	28,235,245
	<u>35,657,647</u>	<u>28,235,245</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	28,611,117	24,984,676
Rest of Europe	3,049,869	682,053
Rest of the world	3,996,661	2,568,516
	<u>35,657,647</u>	<u>28,235,245</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets	7,144	5,979
Amortisation of intangible assets, including goodwill	698,135	907,868
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	15,000	15,850
Exchange differences	(520,376)	(116,149)
Defined contribution pension cost	75,965	-
	<u>75,965</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15,000	15,850
FEES PAYABLE TO THE COMPANY'S AUDITOR IN RESPECT OF:		
Other services relating to taxation	10,995	8,425
All other services	800	550
	<u>26,795</u>	<u>24,825</u>

6. EMPLOYEES

Staff costs, including Directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	5,826,261	5,331,116
Social security costs	667,845	550,649
Cost of defined contribution scheme	75,965	-
	<u>6,570,071</u>	<u>5,881,765</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2016 No.	2015 No.
Sales and administration	<u>79</u>	<u>75</u>

7. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	478,656	332,143
Company contributions to defined contribution pension schemes	4,287	-
	<u>482,943</u>	<u>332,143</u>

The highest paid Director received remuneration of £478,656 (2015 - £332,143).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £4,287 (2015 - £NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. INCOME FROM INVESTMENTS

	2016 £	2015 £
Dividends received from subsidiary	3,500,000	3,004,685

9. INTEREST RECEIVABLE

	2016 £	2015 £
Other interest receivable	166	249

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Loan interest payable	601,982	778,403

11. TAXATION

	2016 £	2015 £
CURRENT TAX		
Group taxation relief	(16,700)	(45,474)
	(16,700)	(45,474)
TOTAL CURRENT TAX	(16,700)	(45,474)
DEFERRED TAX		
Origination and reversal of timing differences	141,666	-
Changes to tax rates	8,334	-
TOTAL DEFERRED TAX	150,000	-
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	133,300	(45,474)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	3,518,391	2,835,936
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	703,678	574,277
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,149	1,360
Other timing differences leading to an increase (decrease) in taxation	11,935	-
Non-taxable income	(700,000)	(608,346)
Other differences leading to an increase (decrease) in the tax charge	-	29,069
Deferred tax not recognised	115,538	(41,834)
TOTAL TAX CHARGE/(CREDIT) FOR THE YEAR	133,300	(45,474)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The change to UK corporation tax rates from the current rate of 20% to 19% as of 1 April 2017 and 17% as of 1 April 2020 will affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

12. INTANGIBLE ASSETS

	Customer relationships £	Goodwill £	Total £
COST			
At 1 January 2016	2,802,998	1,759,436	4,562,434
At 31 December 2016	2,802,998	1,759,436	4,562,434
AMORTISATION			
At 1 January 2016	2,033,956	866,317	2,900,273
Charge for the year	400,429	297,706	698,135
At 31 December 2016	2,434,385	1,164,023	3,598,408
NET BOOK VALUE			
At 31 December 2016	368,613	595,413	964,026
At 31 December 2015	769,042	893,119	1,662,161

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
COST			
At 1 January 2016	4,776	93,140	97,916
Additions	-	10,910	10,910
Disposals	(3,858)	(58,812)	(62,670)
At 31 December 2016	918	45,238	46,156
DEPRECIATION			
At 1 January 2016	4,268	85,257	89,525
Charge for the period on owned assets	168	6,976	7,144
Disposals	(3,798)	(58,812)	(62,610)
At 31 December 2016	638	33,421	34,059
NET BOOK VALUE			
At 31 December 2016	280	11,817	12,097
At 31 December 2015	508	7,883	8,391

14. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST	
At 1 January 2016	30,850,352
At 31 December 2016	30,850,352
NET BOOK VALUE	
At 31 December 2016	30,850,352
At 31 December 2015	30,850,352

CRISIL IREVNA UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. FIXED ASSET INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Ordinary share holding	Principal activity
CRISIL Irevna US LLC	USA	100 %	Provision of business research information
CRISIL Irevna Poland sp. z.o.o	Poland	100 %	Provision of financial research and data analytic services
Coalition Development UK Limited	UK	100 %	Provision of financial research and data analytic services

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
CRISIL Irevna US LLC	1,072,789	457,348
CRISIL Irevna Poland sp. z.o.o.	492,285	143,747
Coalition Development Limited	6,253,639	6,393,555

15. DEBTORS

	2016 £	2015 £
Trade debtors	3,026,981	3,102,471
Amounts owed by group undertakings	522,972	22,584
Other debtors	106,699	96,774
Prepayments and accrued income	1,730,043	1,597,616
Deferred taxation	-	150,000
	<u>5,386,695</u>	<u>4,969,445</u>

A provision of £71,277 (2015: £74,185) has been recognised against trade debtors.

16. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	<u>4,035,903</u>	<u>2,032,494</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	8,420,179	6,379,560
Other taxation and social security	1,350,291	1,549,369
Other creditors	344,063	189,499
Accruals and deferred income	949,988	1,104,955
	<u>11,064,521</u>	<u>9,223,383</u>

18. CREDITORS: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	<u>8,388,900</u>	<u>11,888,900</u>

19. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets that are debt instruments measured at amortised cost	<u>5,367,288</u>	<u>4,818,682</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(17,172,549)</u>	<u>(19,432,849)</u>

Financial assets measured at amortised cost comprise unbilled revenue, amounts due from group companies, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group companies, trade creditors, other creditors and accruals.

20. DEFERRED TAXATION

	2016 £	2015 £
At beginning of year	150,000	150,000
Utilised in year	<u>(150,000)</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

20. DEFERRED TAXATION (CONTINUED)

The deferred tax asset is made up as follows:

	2016 £	2015 £
Tax losses carried forward	-	150,000
	<u>-</u>	<u>150,000</u>

21. RESERVES

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

22. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
5,514,100 Ordinary shares of £1 each	<u>5,514,100</u>	<u>5,514,100</u>

23. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amount to £75,965 (2015: £NIL). As at 31 December 2015 contributions totalling £10,830 (2015: £NIL) were payable to the fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings		
Not later than 1 year	120,000	33,000
Later than 1 year and not later than 5 years	480,000	-
Later than 5 years	720,645	-
	<u>1,320,645</u>	<u>33,000</u>

During the year the Company recognised an expense of £118,949 (2015: £76,800) in respect of operating leases.

25. RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of CRISIL Limited.

CRISIL Irevna US LLC, CRISIL Irevna Poland sp. z.o.o. and Coalition Development Limited are wholly owned subsidiaries of CRISIL Irevna UK Limited. Coalition Development Limited owns 100% of shares in Coalition Development Singapore Pte Limited, which is an indirect subsidiary of CRISIL Irevna UK Limited.

CRISIL Irevna Argentina S.A., CRISIL Irevna Information & Technology (hanzhou) Co. Limited, CRISIL Risk & Infrastructure Solutions Limited, Pipal Research Analytics & Information Services (I) Private Limited, Coalition Development Systems (India) Private Limited and Mercator Info-Services India Private Limited are associated companies of CRISIL Irevna UK Limited as they are under common control.

The total remuneration payable to key management personnel during the year was £482,943 (2015: £332,143).

26. CONTROLLING PARTY

The Directors consider that CRISIL Limited controls CRISIL Irevna UK Limited. The ultimate controlling party is S&P Global Inc.