

Experian Finance plc

Annual report and financial statements

for the year ended 31 March 2011

Company number 00146575

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# **Experian Finance plc**

## **Annual report and financial statements for the year ended 31 March 2011**

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# **Experian Finance plc**

## **Directors and other information**

### **Directors**

D A Robert  
P T C Brooks  
P A Atkinson  
A J W Barnes  
P J Blythe  
C B Brown  
R C Gallagher  
M E Pepper  
M Wells

### **Company secretary**

R P Hanna

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Embankment Place  
London  
WC2N 6RH

### **Registered office**

Landmark House  
Experian Way  
NG2 Business Park  
Nottingham  
NG80 1ZZ

# **Experian Finance plc**

## **Directors' report for the year ended 31 March 2011**

The directors present their report and the audited financial statements for the year ended 31 March 2011. Experian Finance plc's registered number is 00146575.

### **Principal activity**

Experian Finance plc (the 'Company') is a wholly owned subsidiary of Experian plc, which is the ultimate holding company of the Experian group of companies (the 'Group' or the 'Experian Group'). Experian plc's ordinary shares are traded on the London Stock Exchange's Regulated Market (Premium Listing).

The principal activity of the Company is to act as a holding and finance company and a provider of certain corporate services to other companies within the Experian Group.

### **Business review and future developments**

The Company has continued to bear the cost of certain corporate services within the Experian Group together with finance costs and its results are accordingly in line with the expectations of its directors. It is anticipated that the Company will continue to act as a major holding and finance company for Experian undertakings and as a provider of such corporate services. Accordingly the directors expect that the current level of performance will be maintained in the future. During the year the Company issued 4.75% Euronotes 2018 with a nominal value of £400m.

In view of the nature of the Company's activities and its role in the Experian Group, the directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of its development, performance or position. The development, performance and position of the Experian Group, including the Company and its subsidiary undertakings, is discussed on pages 23 to 54 of the annual report of Experian plc for the year ended 31 March 2011, which does not form part of this report.

### **Principal risks and uncertainties**

The principal operational risks and uncertainties facing the wider Experian Group, together with the main means by which they are managed or mitigated, are set out on pages 38 to 41 of the annual report of Experian plc. Further information on financial risk management policies and procedures is set out in note 2 to the financial statements of the Company.

### **Financial and capital risk management, objectives and policies**

Descriptions of the use of financial instruments and the Company's treasury and risk management objectives and policies are set out within the financial review on pages 42 to 49 of the annual report of Experian plc and also in note 2 to these financial statements. Sensitivity analyses in respect of financial risks are given in note 8 to the group financial statements of Experian plc.

# **Experian Finance plc**

## **Directors' report for the year ended 31 March 2011 (continued)**

### **Results and dividends**

The Company's profit and loss account on page 6 shows a profit for the financial year of US\$621m (2010 US\$194m)

The total dividends paid during the year ended 31 March 2011 amounted to US\$882m (2010 US\$739m). Interim dividends of US\$220m (US\$185m) were paid to Experian plc shareholders pursuant to the Income Access Share arrangements which were put in place as part of the demerger of Experian and Home Retail Group in October 2006. The Income Access Share arrangements are explained in the annual report of Experian plc for the year ended 31 March 2011. Further interim dividends of US\$662m (US\$554m) were paid during the year to Experian Investment Holdings Limited, which was the Company's immediate parent undertaking at the dates of payment. As the dividends are paid by reference to holdings of income access shares, the rate of dividends per income access share is US\$220m (2010 US\$185m).

Changes in the Company's share capital in the year are detailed in note 24 to the financial statements. As a consequence thereof, with effect from the dividend paid in July 2011, Experian plc shareholders who have elected to receive their dividends under the Income Access Share arrangements are to receive their dividends from Experian (UK) Finance Limited rather than from the Company as previously.

### **Going concern**

The Company financial statements have been prepared on a going concern basis, notwithstanding the net current liabilities of US\$7,131m at 31 March 2011 (2010 US\$6,928m) which have principally arisen in connection with balances with group undertakings. Experian plc has given an undertaking to support the Company for at least twelve months from the date of signing the financial statements.

### **Directors**

Save for Mr R C Gallagher who was appointed on 1 June 2010, the directors holding office since 1 April 2010 and up to the date of signing of this report are given on page 1. Mr J S Fick resigned on 1 June 2010. Of the directors holding office at 31 March 2011, Mr D A Robert and Mr P T C Brooks are also directors of Experian plc, the Company's ultimate parent undertaking.

### **Insurance and third party indemnification**

During the year and up to the date of signing of this report the Company, through its parent group, maintained liability insurance and third party indemnification provisions for its directors and the company secretary. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

### **Corporate responsibilities**

The Company's corporate responsibility reporting is included within the corporate responsibility report on pages 50 to 54 of the annual report of Experian plc. In addition the full corporate responsibility report for Experian plc is published on the Experian corporate website at [www.experiancreport.com](http://www.experiancreport.com).

These reports also include information in respect of community giving and during the year ended 31 March 2011 there was a charge of US\$1m (2010 US\$1m) in respect of charitable donations by the Company. The Company made no political donations and incurred no items of political expenditure in the year (2010 US\$nil).

### **Employment of people with disabilities**

People with disabilities have equal opportunities when applying for vacancies. In addition to complying with legislative requirements, procedures are in place to ensure that disabled employees are fairly treated and that their training and career development needs are carefully managed. The policies are considered to operate effectively. For those employees becoming disabled during the course of their employment, the Company is supportive, whether through re-training or re-deployment, so as to provide an opportunity for them to remain with the Company whenever possible.

# **Experian Finance plc**

## **Directors' report for the year ended 31 March 2011 (continued)**

### **Employee involvement**

The Company is committed to employee involvement throughout the business and is intent on motivating and keeping staff informed on matters that concern them in the context of their employment and involving them through local consultative procedures. Employees are kept well informed on matters of concern and the financial and economic factors affecting the Experian Group's performance through management channels, conferences, meetings, publications and intranet sites.

The Company continues to support employee share ownership through the provision of save as you earn and other employee share plan arrangements which are intended to align the interests of employees with those of Experian plc's shareholders.

### **Creditor payment**

The Company has no trade creditors. Its policy is to pay amounts due to all its suppliers and service providers in accordance with the agreed terms of each transaction.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 prepared the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.

### **Statement of disclosure of information to auditors**

As at the date this report was signed, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the board



P J Blythe  
Director

31 August 2011

## **Independent auditors' report to the members of Experian Finance plc**

We have audited the financial statements of Experian Finance plc for the year ended 31 March 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on page 4, 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 Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 March 2011 and its profit 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 the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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.



Andrew Kemp (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
1 September 2011

## Experian Finance plc

### Profit and loss account for the year ended 31 March 2011

	Notes	2011 US\$m	2010 (Re-presented) (Note 1(a)) US\$m
Other operating income	4	28	23
Staff costs	5	(33)	(32)
Depreciation and other amounts written off tangible and intangible fixed assets		(7)	(1)
Other operating charges		(2)	(10)
<b>Total operating expenses (excluding exceptional income and expenses)</b>		<b>(14)</b>	<b>(20)</b>
Exceptional income/(expense)	6	5	(10)
<b>Total operating expenses (including exceptional income and expenses)</b>		<b>(9)</b>	<b>(30)</b>
Reversal of impairment of loans to subsidiary undertakings	7	-	3
<b>Operating loss and loss on ordinary activities before finance items and tax</b>	8	<b>(9)</b>	<b>(27)</b>
Interest receivable and similar income - group undertakings		704	398
Other interest receivable and similar income	11	6	6
Interest payable and similar charges – group undertakings		(18)	(106)
Other interest payable and similar charges	12	(81)	(30)
<b>Profit on ordinary activities before tax</b>		<b>602</b>	<b>241</b>
Tax on profit on ordinary activities	13	19	(47)
<b>Profit for the financial year</b>	27	<b>621</b>	<b>194</b>

All amounts relate to continuing operations

There is no material difference between the loss on ordinary activities before finance items and tax and the profit for the financial year stated above and their historical cost equivalents

### Statement of total recognised gains and losses for the year ended 31 March 2011

	2011 US\$m	2010 US\$m
Profit for the financial year	621	194
Actuarial gain/(loss) in respect of defined benefit pension plans (Note 30)	3	(7)
Movement on deferred tax relating to pension obligations (Note 23)	(1)	2
<b>Total recognised gains relating to the year</b>	<b>623</b>	<b>189</b>

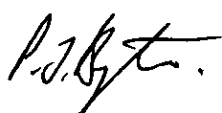


# Experian Finance plc

## Balance sheet at 31 March 2011

	Notes	2011 US\$m	2010 US\$m
<b>Fixed assets</b>			
Intangible assets	15	41	38
Tangible assets	16	-	1
Investments	17	11,710	11,710
		<b>11,751</b>	<b>11,749</b>
<b>Current assets</b>			
Debtors – amounts due within one year	18	7,778	52,188
Debtors – amounts due after more than one year	18	63	102
		<b>7,841</b>	<b>52,290</b>
Cash at bank and in hand		224	2
		<b>8,065</b>	<b>52,292</b>
<b>Current liabilities</b>			
Creditors - amounts due within one year	19	(15,196)	(59,220)
<b>Net current liabilities</b>		<b>(7,131)</b>	<b>(6,928)</b>
<b>Total assets less current liabilities</b>		<b>4,620</b>	<b>4,821</b>
Creditors - amounts due after more than one year	20	(1,971)	(1,916)
<b>Net assets excluding net retirement benefit obligations</b>		<b>2,649</b>	<b>2,905</b>
Retirement benefit obligations	30	(16)	(20)
<b>Net assets including net retirement benefit obligations</b>		<b>2,633</b>	<b>2,885</b>
<b>Capital and reserves</b>			
Called up share capital	24	507	507
Share premium account	25	99	99
Translation reserve	26	1,018	1,018
Profit and loss account	27	1,009	1,261
<b>Total shareholders' funds</b>	28	<b>2,633</b>	<b>2,885</b>

The financial statements on pages 6 to 34 were approved by the board on 31 August 2011 and were signed on its behalf by

  
P J Blythe  
Director

# **Experian Finance plc**

## **Notes to the financial statements for the year ended 31 March 2011**

### **1. Basis of preparation and significant accounting policies**

#### **(a) Basis of preparation**

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable UK accounting standards. The principal accounting policies are set out below.

In accordance with Financial Reporting Standard ('FRS') 18 'Accounting policies', the Company has conducted a review of its accounting policies and estimation techniques, which has not resulted in any change to the Company's accounting policies or estimation techniques.

#### **Reporting currency**

These financial statements are presented in US dollars, the Company's functional currency.

#### **Profit and loss account format**

In 2010 the Company's profit and loss account was prepared with reference to Format 1 of Schedule 1, Part 1, of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations'). On 19 May 2010 Experian plc announced that it intended to adopt a new format in its Group income statement for the year ended 31 March 2011 to report costs by nature rather than by function. In the light of this, the directors have reviewed the presentation of the Company profit and loss account and it is now prepared with reference to Format 2 of the Regulations. Comparative figures, which were previously prepared with reference to Format 1 of the Regulations, have been re-presented.

The classification of finance items between receivable and payable items has also been amended to more appropriately reflect the nature of the Company's financing and related hedging arrangements and comparative figures in the profit and loss account have been re-presented accordingly.

#### **Going concern**

The Company has received a letter of support from the ultimate parent undertaking, Experian plc, which confirms the intention to provide financial support for at least twelve months from the date of signing the financial statements. As a result of the continued financial support, the directors of the Company are satisfied that the going concern basis remains appropriate.

#### **Cash flow statement, group financial statements and related party disclosures**

The Company is a wholly-owned subsidiary of Experian plc and is included in its consolidated financial statements, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1, and the exemption from preparing group financial statements under the Companies Act 2006. The Company is also exempt under the terms of FRS 8 from disclosing transactions with entities that are wholly owned by the Experian Group.

#### **Financial instruments**

The Company first adopted FRS 26 'Financial instruments: Measurements' in the year ended 31 March 2006. The group financial statements of Experian plc for the year ended 31 March 2011 contain financial instrument disclosures which comply with FRS 29 'Financial instruments: Presentation'. Consequently, the Company has taken advantage of the exemption in FRS 29 and has not presented separate financial instrument disclosures.

# **Experian Finance plc**

## **Notes to the financial statements for the year ended 31 March 2011 (continued)**

### **1. Basis of preparation and significant accounting policies (continued)**

#### **(b) Significant accounting policies**

The significant accounting policies, applied on a basis consistent with previous years, are noted below

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rates in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses on translation are taken to the profit and loss account in the year in which they arise.

#### **Investments in group undertakings**

Investments in group undertakings are stated at cost less any provisions necessary for permanent diminution in value. Trade accounts receivable from subsidiaries in the normal course of business and other amounts advanced on commercial terms and conditions are included in debtors.

#### **Intangible fixed assets – computer software**

Such intangible fixed assets are held at cost less accumulated amortisation and any impairment in value. Amortisation is charged on a straight line basis over seven years on the basis of an assessment of the anticipated economic life of such assets.

Costs are capitalised as intangible assets provided that a number of criteria are satisfied. These include the technical feasibility of completing the asset so that it is available for use or sale, the availability of adequate resources to complete the development and to use or sell the asset and how the asset will generate probable future economic benefit.

Other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

#### **Tangible fixed assets**

Property, plant and equipment is held at cost less accumulated depreciation and any impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Plant and equipment is depreciated by equal annual instalments over two to ten years according to the estimated life of the asset.

#### **Impairment of fixed assets**

Where there is an indication of impairment, fixed assets are subject to review for impairment in accordance with FRS 11 'Impairment of fixed assets and goodwill'. Any impairment is recognised in the year in which it occurs.

#### **Cash at bank and in hand**

Cash includes cash in hand, term and call deposits held with banks and other short-term highly liquid investments.

#### **Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost except where they are hedged by an effective fair value hedge, in which case the carrying value is adjusted to reflect the fair value movements associated with the hedged risk.

Borrowings are classified as due after more than one year to the extent that the Company has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

Incremental transaction costs which are directly attributable to the issue of debt are capitalised and amortised over the expected life of the borrowing using the effective interest rate method. All other borrowing costs are expensed in the year in which they are incurred.

#### **Derivative financial instruments and hedging activities**

The Company uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates, interest rates and certain obligations, including social security obligations, relating to share-based payments. Derivative instruments utilised by the Company include interest rate swaps, cross currency swaps, foreign exchange contracts and equity swaps. These are recognised as assets or liabilities as appropriate.

# **Experian Finance plc**

## **Notes to the financial statements for the year ended 31 March 2011 (continued)**

### **1. Basis of preparation and significant accounting policies (continued)**

#### **(b) Significant accounting policies (continued)**

##### **Derivative financial instruments and hedging activities (continued)**

Derivative financial instruments are initially recognised at their fair value at the date a contract is entered into, and are subsequently remeasured at their fair value. Depending on the type of the derivative financial instrument, fair value calculation techniques include, but are not limited to, quoted market value, present value of estimated future cash flows (of which the valuation of interest rate swaps is an example) and exchange rates at the balance sheet date (of which the valuation of foreign exchange contracts is an example). The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedge relationship. The Company's derivatives are designated as fair value hedges, being hedges of the fair value of recognised assets or liabilities or a firm commitment.

The Company documents the relationship between hedging instruments and hedged items at the hedge inception, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items. This effectiveness testing is performed at every reporting date throughout the life of the hedge to confirm that the hedge has remained and will continue to remain highly effective. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting.

Derivative assets and liabilities are classified as due after more than one year unless they mature within one year after the balance sheet date.

Amounts payable or receivable in respect of interest rate swaps are taken to other interest payable over the period of the contracts, together with the interest differentials reflected in foreign exchange contracts.

##### ***Fair value hedges***

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The ineffective portion of a fair value hedge is recognised in other interest receivable and similar income and other interest payable and similar charges as appropriate in the profit and loss account.

##### ***Non-hedging derivatives***

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit and loss account. Amounts in respect of derivatives entered into in connection with social security obligations on employee share incentive plans, other than those of a financing nature, are included within staff costs, other amounts and changes in the fair value of such derivatives are included within financing fair value gains and losses.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in the profit and loss account.

##### **Deferred tax**

Deferred tax has been recognised as an asset or liability if transactions have occurred at the balance sheet date that give rise to a right to pay less tax, or an obligation to pay more tax, in the future. A deferred tax asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

##### **Other operating income**

Other operating income is recognised on an accruals basis.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 1. Basis of preparation and significant accounting policies (continued)

#### (b) Significant accounting policies (continued)

##### Employee benefits

##### *Pensions and other post retirement benefits*

##### *Defined benefit pension arrangements – funded plans*

The retirement benefit assets and obligations recognised in the balance sheet in respect of funded plans comprise the fair value of plan assets less the present value of the related defined benefit obligation at the balance sheet date, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields available at the assessment date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the estimated average term of the related pension liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised immediately in the statement of total recognised gains and losses.

Past service costs are recognised immediately in the profit and loss account, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over that period.

The pension cost recognised in the profit and loss account comprises the cost of benefits accrued plus interest on the defined benefit obligation less the expected return on the plan assets over the year. Service and finance costs are recognised separately in the profit and loss account.

##### *Defined benefit pension arrangements – unfunded plans*

Unfunded pension obligations are determined and accounted for in accordance with the principles used in respect of the funded arrangements.

##### *Defined contribution pension arrangements*

The assets of defined contribution plans are held separately from those of the company in independently administrative funds. The pension cost recognised in the profit and loss account represents the contributions payable by the Company to such plans in respect of the year.

##### *Post-retirement healthcare obligations*

Obligations in respect of post-retirement healthcare plans are calculated annually by independent qualified actuaries using an actuarial methodology similar to that for the funded defined benefit pension arrangements.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses. The pension cost recognised in the profit and loss account only comprises interest on the defined benefit obligation.

##### *Share-based payments*

The Experian Group has a number of equity settled, share-based employee incentive plans in which the Company's employees participate. The fair value of options and awards granted is recognised as an expense in the profit and loss account on a straight line basis over the vesting period, after taking into account the best estimate of the number of options and awards expected to vest. The Company revises the vesting estimate at each balance sheet date. Non-market performance conditions are included in the vesting estimates. Expenses are incurred over the vesting period. Fair value is measured at the date of grant using whichever of the Black-Scholes model, Monte Carlo model and closing market price is most appropriate to the award. Market-based performance conditions are included in the fair value measurement on grant date and are not revised for actual performance.

##### *Dividend distribution*

Interim dividends are recognised in the Company's financial statements when they are paid. Other dividend distributions are recognised in the Company's financial statements in the year in which the dividends are approved in general meeting by the Company's shareholders.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 2 Financial risk management

#### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's financial risk management focuses on the unpredictability of financial markets and seeks to minimise potentially adverse effects on the Company's and the Experian Group's financial performance. The Company seeks to reduce its exposure to financial risks and uses derivative financial instruments to hedge certain risk exposures. The Company also ensures surplus funds are managed and controlled in a prudent manner which will protect capital sums invested and ensure adequate short-term liquidity, whilst maximising returns.

#### *Market risk*

##### *Foreign exchange risk*

The Experian Group operates internationally and is exposed to foreign exchange risk from future commercial transactions, recognised assets and liabilities and investments in, and loans between, undertakings with different functional currencies. The Experian Group manages such risk, primarily within the Company and other undertakings whose functional currencies are the US dollar, by borrowing in the relevant currencies and using forward foreign exchange contracts. The principal transaction exposures are to sterling and the euro.

##### *Interest rate risk*

The Company's interest rate risk arises principally from its net debt and the portions thereof at variable rates which expose the Company to such risk.

The Experian Group has a policy of normally maintaining between 30% and 70% of net debt at rates that are fixed for more than six months and the profile of the Company's net debt is determined in the light of this policy. Net debt is calculated as total debt less cash at bank and in hand and other highly liquid bank deposits with original maturities greater than three months. Total debt includes loan and borrowings (and the fair value of derivatives hedging loans and borrowings) and overdrafts. Accrued interest is excluded from net debt. The Company's interest rate exposure is managed by the use of fixed and floating rate borrowings and by the use of interest rate swaps and cross currency interest rate swaps to adjust the balance of fixed and floating rate liabilities. The Company also mixes the duration of its borrowings to smooth the impact of interest rate fluctuations.

#### *Credit risk*

In the case of derivative financial instruments and deposits, the Company is exposed to credit risk, which would result from the non-performance of contractual agreements on the part of the contracted party.

This credit risk is minimised by a policy under which the Company only enters into such contracts with banks and financial institutions with strong credit ratings, within limits set for each organisation. Dealing activity is closely controlled and counterparty positions are monitored regularly. The general credit risk on derivative financial instruments utilised by the Company is therefore not considered to be significant. The Company does not anticipate that any losses will arise from non-performance by these counterparties.

#### *Liquidity risk*

The Company maintains long-term committed borrowing facilities to ensure it has sufficient funds available for operations and planned expansions. The Company monitors rolling forecasts of projected cash flows to ensure that it will have adequate undrawn committed facilities available.

#### Fair value estimation

The fair value of derivative financial instruments and other financial assets and liabilities is determined by using market data and established estimation techniques such as discounted cash flow and option valuation models. The fair value of foreign exchange contracts is based on a comparison of the contractual and year end exchange rates. The fair values of other derivative financial instruments are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end. Movements in fair values are recognised in the profit and loss account.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 3 Segmental information

The Company operates in one business and only in the UK. Accordingly no additional segmental information is provided within these financial statements.

### 4. Other operating income

	2011 US\$m	2010 US\$m
Income from services provided to fellow group undertakings	28	20
Profit on disposal of property	-	3
	<b>28</b>	<b>23</b>

### 5. Staff costs

	Notes	2011 US\$m	2010 (Re-presented) (Note 1(a)) US\$m
Wages and salaries		19	24
Social security costs		2	2
Share-based payments	29(c)	8	4
Pension costs – principally in respect of defined benefit plans	30	2	1
Employee benefit costs		31	31
Other staff costs		2	1
Staff costs as reported in the profit and loss account		33	32
Credit in respect of past service costs	6	(5)	-
Total staff costs		<b>28</b>	<b>32</b>

Other staff costs include costs in respect of external contractors, outsourcing costs and costs relating to the recruitment, development and training of employees.

### 6. Exceptional income/(expense)

The exceptional income of US\$5m in the year ended 31 March 2011 arose in respect of the Company's defined benefit pension plan as a consequence of a change by the UK Government to the index required to be used in determining pension increases for benefits accrued in respect of past service (Note 30).

Exceptional costs in respect of the year ended 31 March 2010 comprised restructuring costs of US\$10m in connection with the Experian Group's strategic programme of cost efficiency measures.

### 7 Reversal of impairment of loans to subsidiary undertakings

A credit of US\$3m arose in the year ended 31 March 2010 being a reversal of an earlier charge in respect of the impairment of loans to subsidiary undertakings following a review of their recoverability in accordance with the requirements of FRS 11. The credit arose following the completion of the balance sheet restructuring of a subsidiary undertaking prior to its liquidation.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 8. Operating loss and loss on ordinary activities before finance items and tax

Operating loss and loss on ordinary activities before finance items and tax are stated after charging/(crediting)

	Notes	2011 US\$m	2010 US\$m
Staff costs	5	33	32
Exceptional (income)/expense	6	(5)	10
Reversal of impairment of loans to subsidiary undertakings	7	-	(3)
Amortisation of intangible fixed assets	15	6	1
Depreciation of tangible fixed assets	16	1	-
Profit on disposal of property		-	(3)

Fees in respect of non-audit services in the year ended 31 March 2011 amounted to US\$2m (2010 US\$2m) and these principally related to tax services

The Company's audit fee for the year ended 31 March 2011 was US\$0.5m (2010 US\$0.4m) and audit fees borne by the Company in connection with the audit of the financial statements of other group undertakings was US\$0.2m (2010 US\$0.4m)

### 9. Directors' emoluments

	2011 US\$m	2010 US\$m
Aggregate emoluments	11	11
Aggregate value of Company contributions to defined contribution pension arrangements	-	-

Retirement benefits are accruing to seven directors holding office at the end of the year (2010 seven directors) under defined benefit pension arrangements. Retirement benefits are accruing to three directors holding office at the end of the year (2010 three directors) under defined contribution pension arrangements.

A number of former directors receive pensions from the Company under unfunded arrangements and such pensions paid in the year totalled US\$0.8m (2010 US\$0.9m).

During the year ended 31 March 2011, eight directors (2010 four directors) exercised options over the ordinary shares of Experian plc. During the year ended 31 March 2011, awards were released to six (2010 nine) directors in respect of ordinary shares of Experian plc under long-term incentive plans.

Highest paid director	2011 US\$m	2010 US\$m
Total amount of emoluments and amounts (excluding shares receivable under long-term incentive plans)	4.6	4.9
Defined benefit pension arrangement - accrued pension at year end	0.5	0.4

The highest paid director in the year ended 31 March 2011 and the year ended 31 March 2010 was Mr D A Robert, who is a director of Experian plc. Further details of his remuneration are given in the financial statements of that company.

The accrued pension under defined pension arrangements represents the deferred pension to which Mr Robert would have been entitled had he left the Company at 31 March 2011 and 31 March 2010 respectively.

In the year ended 31 March 2011, Mr Robert exercised options over ordinary shares in Experian plc. In the year ended 31 March 2010, Mr Robert did not exercise any such options. In the year ended 31 March 2011 and the year ended 31 March 2010, awards were released to Mr Robert in respect of the ordinary shares of Experian plc under long-term incentive plans.



# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 10. Employee information

The Company employed a monthly average of 184 (2010: 194) employees, including executive directors, during the year. All the Company's employees were employed in administrative roles.

### 11. Other interest receivable and similar income

	2011	2010 (Re-presented) (Note 1(a))
	US\$m	US\$m
Interest income		
Bank deposits and short-term investments	-	1
Expected return on pension plan assets (Note 30)	6	5
<b>Other interest receivable and similar income</b>	<b>6</b>	<b>6</b>

### 12. Other interest payable and similar charges

	2011	2010 (Re-presented) (Note 1(a))
	US\$m	US\$m
Interest expense		
Bank loans and overdrafts	4	13
Eurobonds and notes	66	41
Commitment and facility utilisation fees	5	2
Interest differentials on derivatives	10	29
Interest expense on pension plan liabilities (Note 30)	6	6
Effect of restriction of pension asset (Note 30)	1	-
<b>Interest expense</b>	<b>92</b>	<b>91</b>
Financing fair value (gains)/losses		
Fair value (gains)/losses on borrowings attributable to interest rate risk	(22)	4
Fair value losses/(gains) on borrowings attributable to currency risk	38	(16)
Losses/(gains) on interest rate swaps – fair value hedges	9	(3)
(Gains)/losses on cross currency swaps – fair value hedges	(6)	22
Fair value gains on non-hedging derivatives	(28)	(45)
Foreign exchange gains on financing activities	(2)	(23)
<b>Financing fair value gains</b>	<b>(11)</b>	<b>(61)</b>
<b>Other interest payable and similar charges</b>	<b>81</b>	<b>30</b>

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 13. Tax on profit on ordinary activities

#### (a) Analysis of (credit)/charge for the year

	2011 US\$m	2010 US\$m
Current tax		
Corporation tax on result for the year	(1)	(10)
Adjustments in respect of prior years	(18)	-
Total current tax for the year	(19)	(10)
Deferred tax		
Origination and reversal of timing differences	(1)	33
Impact of change in the rate	1	-
Adjustments in respect of prior years	-	24
Total deferred tax for the year	-	57
<b>Total tax (credit)/charge</b>	<b>(19)</b>	<b>47</b>

The adjustments in respect of prior years of US\$18m in the year ended 31 March 2011 arose on the determination of earlier current tax liabilities. The adjustments in respect of prior years of US\$24m in the year ended 31 March 2010 arose principally on the de-recognition of tax losses previously recognised.

#### (b) Factors affecting the total current tax (credit)/charge for the year

The current tax for the year is at a rate which is lower (2010: lower) than the standard rate of UK corporation tax of 28% (2010: 28%). The reconciliations for both years are set out below.

	2011 US\$m	2010 US\$m
Profit on ordinary activities before tax	602	241
Tax on profit on ordinary activities calculated at the standard rate of UK corporation tax	169	67
Effects of		
Translation of tax balances denominated in sterling	(1)	(10)
Utilisation of losses	(35)	(47)
Operating expenses and exceptional costs not deductible for UK corporation tax	3	(5)
Tax losses claimed from fellow subsidiary undertakings without consideration	(136)	(19)
Movement in short term and other timing differences	(1)	4
Adjustments in respect of prior years	(18)	-
<b>Current tax credit for the year</b>	<b>(19)</b>	<b>(10)</b>

The directors have considered the tax effect of UK to UK transfer pricing legislation on non-interest bearing intra-group loans and are satisfied that any associated tax charge/(credit) arising will be offset by compensating adjustments from other group companies such that no additional tax asset or liability should arise. Therefore no entries in respect of these items have been reflected within these financial statements as the net impact on both the tax (credit)/charge and net assets is US\$nil (2010: US\$nil).

#### (c) Factors affecting future tax liabilities

In the foreseeable future, the Company's tax balances will continue to be influenced by the nature of its income and expenditure and arrangements with fellow group undertakings for the surrender of UK tax profits and losses. Equally the Company's tax balances could be affected by changes in UK tax law. The main rate of UK corporation tax has been reduced from 28% to 26% with effect from 1 April 2011. A reduction to 25% with effect from 1 April 2012 was substantively enacted on 5 July 2011. Further proposed reductions to the main rate will reduce it by 1% per annum to 23% by 1 April 2014 but each of these further proposed reductions are expected to be separately enacted and have not yet been substantively enacted. Accordingly, the calculation of the Company's deferred tax balance at 31 March 2011 has not reflected any of the expected reductions still to be substantively enacted by that date and was based on a 26% rate, and the calculation of the Company's deferred tax balance at 31 March 2010 was based on the 28% rate. If the deferred tax balances had reflected the changes outlined above, it would have resulted in an immaterial reduction in the Company's deferred tax assets at the balance sheet dates.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 14. Dividends

	2011 US\$m	2010 US\$m
Interim dividends paid pursuant to the Income Access Share arrangements	220	185
Interim dividends paid to Experian Investment Holdings Limited	662	554
Ordinary dividends paid	882	739

During the year ended 31 March 2011, interim dividends of US\$220m (2010 US\$185m) were paid to Experian plc shareholders pursuant to the Income Access Share arrangements which were put in place as part of the demerger and which are explained in the group financial statements of Experian plc. Further interim dividends of US\$662m (2010 US\$554m) were paid during the year to Experian Investment Holdings Limited, which was the Company's immediate parent undertaking at the dates of payment. As the dividends are paid by reference to holdings of income access shares, the rate of dividends per income access share is US\$220m (2010 US\$185m).

With effect from the dividend paid in July 2011, Experian plc shareholders who have elected to receive their dividends under the Income Access Share arrangements received their dividends from Experian (UK) Finance Limited, and not the Company as previously.

### 15. Intangible fixed assets

	Computer software US\$m
Cost	
At 1 April 2010	39
Additions	9
<b>At 31 March 2011</b>	<b>48</b>
Accumulated amortisation and impairment losses	
At 1 April 2010	1
Charge for the year	6
<b>At 31 March 2011</b>	<b>7</b>
Net book value at 31 March 2010	38
<b>Net book value at 31 March 2011</b>	<b>41</b>

### 16. Tangible fixed assets

	Plant and equipment US\$m
Cost	
<b>At 1 April 2010 and 31 March 2011</b>	<b>1</b>
Accumulated depreciation	
At 1 April 2010	-
Charge for the year	1
<b>At 31 March 2011</b>	<b>1</b>
Net book value at 31 March 2010	1
<b>Net book value at 31 March 2011</b>	<b>-</b>

## Experian Finance plc

### Notes to the financial statements for the year ended 31 March 2011 (continued)

#### 17. Investments

	Shares in group undertakings US\$m
Cost and net book value	
At 1 April 2010 and 31 March 2011	11,710

The principal subsidiary undertakings of the Company at 31 March 2011 are set out below. The directors believe that the carrying value of these investments is supported by their underlying net assets.

	Country of incorporation	Nature of business
Experian Holdings Limited	England and Wales	Holding company
Experian Limited	England and Wales	Information services
GUS 2000 Finance Limited	England and Wales	Finance company
QAS Limited	England and Wales	Marketing services
Serasa SA	Brazil	Information services
ConsumerInfo.com Inc	USA	Interactive business
Experian Holdings, Inc	USA	Holding Company
Experian Information Solutions Inc	USA	Information services
Experian Marketing Solutions Inc	USA	Marketing services
Experian Services Corporation	USA	Administrative services
LIM Holdings Inc	USA	Interactive business
LMB Mortgage Service Inc	USA	Interactive business
PriceGrabber.com, Inc	USA	Interactive business

The Company directly holds the whole of the issued ordinary shares of GUS 2000 Finance Limited. The Company holds indirect interests in the whole of the issued ordinary shares of the other undertakings apart from Serasa SA, in which its interest is 70%.

During the year ended 31 March 2011, the Company provided services to Serasa SA and recharged US\$4m (2010 nil) in this connection.

In April 2010, Experian plc received notice from The First American Corporation of the exercise of its buy-out option over Experian's interest in First American Real Estate Solutions LLC and in connection with this cash consideration of some US\$314m was received by a subsidiary undertaking of the Company during the year.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 18. Debtors

	Due within one year	Due after more than one year	Due within one year	Due after more than one year
	2011 US\$m	2011 US\$m	2010 US\$m	2010 US\$m
Amounts owed by group undertakings	7,722	-	52,141	-
Tax recoverable	28	-	21	-
Deferred tax asset (Note 23)	-	15	-	14
Prepayments and accrued income	8	9	7	-
Other financial assets (Note 22)	20	39	19	88
	7,778	63	52,188	102

All amounts owed by group undertakings are unsecured and include amounts on which interest is earned with interest rates determined on the basis of the currency and term of such amounts

The Company is responsible for the settlement of UK corporation tax liabilities on behalf of fellow subsidiary undertakings of Experian plc and the balance of tax recoverable accordingly includes amounts recoverable on behalf of such companies

At the balance sheet dates, there are no material amounts recoverable in respect of the Company's defined contribution pension arrangements

### 19 Creditors – amounts due within one year

	2011 US\$m	2010 US\$m
Loans and overdrafts (Note 21)	-	3
Amounts owed to group undertakings	15,152	59,163
Tax and social security	7	7
Other creditors	5	6
Accruals	19	21
Other financial liabilities (Note 22)	13	20
	15,196	59,220

None of the above amounts are secured

Amounts owed to group undertakings include amounts on which interest is borne with interest rates determined on the basis of the currency and term of such amounts

At the balance sheet dates, there are no material amounts payable in respect of the Company's defined contribution pension arrangements

### 20. Creditors – amounts due after more than one year

	2011 US\$m	2010 US\$m
Loans (Note 21)	1,920	1,831
Other financial liabilities (Note 22)	51	85
	1,971	1,916

None of the above amounts are secured

## Experian Finance plc

### Notes to the financial statements for the year ended 31 March 2011 (continued)

#### 21. Loans and overdrafts

	2011 US\$m	2010 US\$m
£334m 5 625% Euronotes 2013	576	552
£400m 4 75% Euronotes 2018	643	-
€500m 4 75% Euronotes 2020	701	681
Bank loans	-	598
Overdrafts	-	3
	<b>1,920</b>	<b>1,834</b>

Loans and overdrafts are repayable as follows

	2011 US\$m	2010 US\$m
Within one year	-	3
Between two and five years	576	1,150
In more than five years	1,344	681
	<b>1,920</b>	<b>1,834</b>

During the year ended 31 March 2011, the Company issued bonds with a nominal value of £400m. During the year ended 31 March 2010, the Company issued bonds with a nominal value of €500m and redeemed bonds with a nominal value of £203m.

At 31 March 2011, the Company had undrawn committed borrowing facilities of US\$1,700m, of which US\$1,640m expires in December 2015 and US\$60m expires in March 2016. At 31 March 2010, the Company's undrawn committed borrowing facilities were \$1,932m and these facilities were replaced during the current year. Such facilities are for general corporate purposes, including the financing of acquisitions.

The effective interest rate for bonds approximates to the coupon rate indicated above.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 22. Other financial assets and liabilities

	Due within one year	Due after more than one year	Due within one year	Due after more than one year
	2011 US\$m	2011 US\$m	2010 US\$m	2010 US\$m
<b>Other financial assets</b>				
Bank deposits	14	-	-	44
Derivative financial instruments				
Fair value hedge of borrowings - interest rate swaps	-	37	-	43
Derivatives used for hedging	-	37	-	43
Non-hedging derivatives - equity swaps	5	-	17	1
Non-hedging derivatives - interest rate swaps	-	2	-	-
Non-hedging derivatives - foreign exchange contracts	1	-	2	-
Assets at fair value through the profit and loss account	6	2	19	1
Derivative financial assets	6	39	19	44
<b>Total other financial assets</b>	<b>20</b>	<b>39</b>	<b>19</b>	<b>88</b>

Bank deposits comprise amounts held with an A rated counterparty as collateral against derivative contracts

	Due within one year	Due after more than one year	Due within one year	Due after more than one year
	2011 US\$m	2011 US\$m	2010 US\$m	2010 US\$m
<b>Other financial liabilities</b>				
Derivative financial instruments				
Fair value hedge of borrowings - cross currency swaps	-	31	-	35
Derivatives used for hedging	-	31	-	35
Non-hedging derivatives - foreign exchange contracts	5	-	5	-
Non-hedging derivatives - interest rate swaps	8	20	15	50
Liabilities at fair value through the profit and loss account	13	20	20	50
<b>Total other financial liabilities</b>	<b>13</b>	<b>51</b>	<b>20</b>	<b>85</b>

Additional disclosures in respect of the derivative financial instruments of the Company are included within the group financial statements of Experian plc, the Company's ultimate parent undertaking

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 23 Deferred tax asset

	Retirement benefit obligations - deferred tax asset US\$m	Other deferred tax asset US\$m
At 1 April 2010	8	14
Profit and loss account	(1)	1
Statement of total recognised gains and losses	(1)	-
<b>At 31 March 2011</b>	<b>6</b>	<b>15</b>

Deferred tax is recognised in full on retirement benefit obligations. The other deferred tax asset recognised has arisen on other short term timing differences.

The Company has not recognised a deferred tax asset of US\$77m at 31 March 2011 (2010 US\$102m) in respect of losses that can be carried forward against future taxable income on the basis that their future utilisation is uncertain. Similarly the Company has not recognised a deferred tax asset of US\$3m (2010 US\$3m) in respect of capital losses that can be carried forward against future taxable gains. These losses are available indefinitely.

### 24. Called up share capital

	2011 US\$	2010 US\$
Allotted and fully paid		
878,689,185 (2010 878,689,185) ordinary shares of 29 3/43pence each	507,304,414	507,304,414
Nil (2010 1) deferred share of 29 3/43pence	-	0.58
Nil (2010 4) income access shares of 29 3/43pence each	-	2.31

On the adoption of the US dollar as the Company's functional currency with effect from 1 April 2009 an exchange rate of £1 = US\$1.99 was used to translate the sterling amount of share capital into US dollars, being the exchange rate at 31 March 2008.

During the year ended 31 March 2011, the Company repurchased its deferred share and redeemed its four income access shares.

### 25. Share premium account

The share premium account is not available for distribution. On the adoption of the US dollar as the Company's functional currency with effect from 1 April 2009 an exchange rate of £1 = US\$1.99 was used to translate the sterling amount of the share premium account into US dollars, being the exchange rate at 31 March 2008.

### 26. Translation reserve

The translation reserve was recognised on the change in the Company's functional currency from sterling to the US dollar, with effect from 1 April 2009, and principally arose as a result of the strengthening of sterling against the US dollar in the year ended 31 March 2009. During that year the sterling to US dollar exchange rate changed from £1 = US\$1.99 to £1 = US\$1.43.



# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 27 Profit and loss account

	US\$m
At 1 April 2010	1,261
Profit for the financial year	621
Dividends paid during the year (Note 14)	(882)
Actuarial gain in respect of defined benefit pension plan (Note 30)	3
Credit in respect of share incentive plans (Note 29(c))	7
Tax charge in respect of items taken to the statement of total recognised gains and losses	(1)
<b>At 31 March 2011</b>	<b>1,009</b>

### 28. Reconciliation of movement in total shareholders' funds

	2011 US\$m	2010 US\$m
Profit for the financial year	621	194
Difference on exchange	-	(1)
Dividends paid during the year (Note 14)	(882)	(739)
Actuarial gain/(loss) in respect of defined benefit pension plan (Note 30)	3	(7)
Credit in respect of share incentive plans (Note 29(c))	7	5
Tax (charge)/credit in respect of items taken to the statement of total recognised gains and losses	(1)	2
Net decrease in total shareholders' funds in the financial year	(252)	(546)
Opening total shareholders' funds	2,885	3,431
<b>Closing total shareholders' funds</b>	<b>2,633</b>	<b>2,885</b>

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 29. Share-based payment arrangements

The following information relates to options and awards held by the Company's employees in respect of shares in Experian plc

#### (a) Share options

##### (1) Summary of arrangements

*Experian Share Option Plan and Experian Sharesave Plan*

	Experian Share Option Plan	Experian Sharesave Plan
Nature of arrangement	Grant of options	'Save as you earn' plan
Vesting conditions		
- Service period	3 years <sup>1</sup>	3 or 5 years
- Performance/Other	n/a <sup>2</sup>	Saving obligation over the vesting period
Maximum term	10 years	3 5 or 5 5 years
Method of settlement	Share distribution	Share distribution
Expected departures (at grant date)	5%	3 years <sup>3</sup> – 30% 5 years <sup>3</sup> – 50%
Option exercise price calculation <sup>2</sup>	Market price over the 3 dealing days preceding the grant	20% discount to market price over 3 dealing days preceding the grant

1 Options with a four year service period were granted at demerger and vested in October 2010

2 Options granted to certain directors of the Company after 1 April 2009 have been subject to performance conditions based on the growth in Benchmark earnings per share reported in the group financial statements of Experian plc ('Benchmark EPS') Benchmark EPS is reported as a non-GAAP measure in those financial statements and is defined as Benchmark earnings divided by a weighted average number of Experian plc ordinary shares Benchmark earnings is reported as a non-GAAP measure in the group financial statements of Experian plc and represents Benchmark PBT less attributable tax and non-controlling interests Benchmark PBT is reported as a non-GAAP measure in the group financial statements of Experian plc and is defined as profit before amortisation of acquisition intangibles, acquisition expenses, goodwill impairments, adjustments to contingent consideration, charges in respect of the demerger-related equity incentive plans, exceptional items, financing fair value remeasurements, tax and discontinued operations

3 Such expected departures include an assumption about participants who will not meet the savings requirement of the plan

4 Three day averages are calculated by taking middle market quotations of an Experian plc share from the London Stock Exchange daily official list

5 In addition, fully vested options exist under The North America Stock Option Plan, a former GUS share option plan, and these had a maximum term of six years from the date of grant

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 29. Share-based payment arrangements (continued)

#### (ii) Information relating to option valuation techniques

For the above plans Black-Scholes models are used to determine an appropriate value of the option grants and inputs into the models are calculated as follows

*Expected volatility* - Calculated as an average over the expected life with an assumption made for volatility in each year of the expected life. Volatility in the first year is assumed to be the same as implied volatility on grant date. Volatility for year 4 and beyond is assumed to remain at the long run historic volatility. Linear interpolation is assumed for years 2 and 3.

*Expected dividend yield* - Yields are based on the current consensus analyst forecast figures at the time of grant. The inputs utilised are an average of the forecasts over the next three financial years.

*Risk-free rate* - Rates are obtained from the UK Government Debt Management Office website which details historical prices and yields for gilt strips.

*Expected option life to exercise* - Options under the Experian Share Option Plan vest after 3 years and their expected life is 4 years. Options under the Experian Sharesave Plan have expected lives of either 3 or 5 years.

*Share price on grant date* - The closing price on the day the options were granted.

*Option exercise price* - Exercise price as stated in the terms of each award.

#### (iii) Inputs into the Black-Scholes models and the weighted average estimated fair values

	Experian Share Option Plan <sup>1</sup>		Experian Sharesave Plan	
	2011	2010	2011	2010
Share price on grant date (£)		4.66	6.14	4.39
Exercise price (£)		4.66	4.85	3.51
Expected volatility (%)		39.6	24.5	40.8
Expected dividend yield (%)		2.7	2.8	2.8
Risk-free rate (%)		2.9	1.7	3.2
Expected option life to exercise (years)		4	3.6	3.8
Fair value (£)	n/a	1.30	1.50	1.54

1 No such options were granted in the year ended 31 March 2011.

#### (iv) Movement in number of options and weighted average exercise price

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2011	2011	2010	2010
	million	£	million	£
Options outstanding at 1 April	3	4.52	5	4.45
New grants	-	4.85	1	4.64
Forfeitures <sup>1</sup>	-	3.97	-	3.43
Cancellations	-	3.51	-	5.01
Exercised options	-	5.31	(2)	4.29
Expired options	-	3.70	-	3.90
Other movements	-	4.76	(1)	4.61
Options outstanding at 31 March	3	4.40	3	4.52
Options exercisable at 31 March	1	5.24	-	4.70

1 For arrangements which are 'Save as you earn' in nature, this includes non-leavers who have not completed the savings requirement.

2 The weighted average share price of options exercised during the year was £5.31 (2010: £4.29).

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 29. Share-based payment arrangements (continued)

#### (v) Details of options outstanding

At 31 March 2011				
Range of exercise prices £	Number	Weighted average exercise price £	Weighted average remaining lives	
	million		Expected years	Contractual years
3-4	1	3.30	1.1	7.4
4-5	1	4.67	1.8	7.2
5-6	1	5.39	0.2	5.1
	3	4.40		

At 31 March 2010				
Range of exercise prices £	Number	Weighted average exercise price £	Weighted average remaining lives	
	million		Expected years	Contractual years
3-4	1	3.32	2.1	8.3
4-5	1	4.67	1.8	8.2
5-6	1	5.43	0.9	6.8
	3	4.52		

The weighted average remaining lives at 31 March 2010 in respect of options with an exercise price of £3 to £4 have been re-presented from 2.7 contractual years to 8.3 contractual years. This has no effect on the results for the current or prior years.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 29. Share-based payment arrangements (continued)

#### (b) Share awards

##### (i) Summary of arrangements

	Experian Co-Investment Plan	Experian Reinvestment Plan	Experian Performance Share Plan	Experian UK Approved All-Employee Plan
Nature of arrangement	Grant of shares <sup>1</sup>	Grant of shares <sup>1</sup>	Grant of shares	Grant of shares
Vesting conditions				
- Service period	4 years	3 to 5 years	3 to 5 years	3 years
- Performance	50% Benchmark PBT performance of Experian Group assessed against specified targets <sup>2</sup> 50% - cumulative operating cash flow of Experian Group <sup>2</sup>	50% - Benchmark PBT performance of Experian Group assessed against specified targets <sup>3</sup> 50% - n/a	50% or 75% - Benchmark PBT performance of Experian Group assessed against specified targets <sup>3</sup> 50% or 25% - Distribution percentage determined by ranking the Experian Group's Total Shareholder Return ('TSR') relative to a comparator group <sup>4</sup>	n/a
Expected outcome of meeting performance criteria (at grant date)	Benchmark PBT - 100% Cumulative operating cash flow - 100%	Benchmark PBT - 92% Unconditional - 100%	Benchmark PBT - 91% TSR - range from 30% to 61%	n/a
Maximum term	4 years	5 years	5 years	3-5 years
Method of settlement	Share distribution	Share distribution	Share distribution	Share distribution
Expected departures (at grant date)	5%	5%	5%	15%

1 The grant date is the start of the financial year in which performance is assessed. This is before the number of shares to be awarded is determined but the underlying value of the award is known, subject to the outcome of the performance condition. The value of the awarded shares reflects the performance outcome at the date of their issue to participants.

2 The Benchmark PBT performance condition for the Experian Co-investment Plan required growth in Benchmark PBT reported in the group financial statements of Experian plc to exceed 6% per annum over a 3 year period for the 2008 award and 3% per annum over a 3 year period for the 2009 award. For the 2010 award, the Benchmark PBT performance condition only attaches to 50% of the award and requires Benchmark PBT growth to exceed 5% per annum over a 3 year period with the condition fully satisfied if Benchmark PBT growth is 11% per annum. The performance condition for the balance of the award is based on a cumulative operating cash flow conversion target of 90% over a three year period. The period of assessment commences at the beginning of the financial year of grant. This is not a 'market-based' performance condition as defined by FRS 20 'Share based payments'. As indicated above, Benchmark PBT is reported as a non-GAAP measure in the group financial statements of Experian plc. Operating cash flow is also reported as a non-GAAP measure in those financial statements and is calculated as cash generated from operations adjusted for outflows and inflows in respect of the purchase and disposal of property, plant and equipment and other intangible assets and adding dividends from continuing associates but excluding any cash inflows and outflows in respect of exceptional items. It is defined as EBIT less changes in working capital, plus depreciation, amortisation and losses on the sale of fixed assets, less capital expenditure, less profit or loss retained in continuing associates.

## Experian Finance plc

### Notes to the financial statements for the year ended 31 March 2011 (continued)

#### 29. Share-based payment arrangements (continued)

##### (b) Share awards

###### (i) Summary of arrangements (continued)

- 3 The Benchmark PBT performance condition for the Experian Reinvestment Plan and Experian Performance Share Plan awards made prior to 31 March 2009 required Benchmark PBT growth to exceed 7% over a 3 year period with the condition fully satisfied if Benchmark PBT growth is 14%. In the case of such awards after 1 April 2009 and before 31 March 2010, the growth percentages are 4% and 8% respectively. In the case of such awards after 1 April 2010 with performance conditions attaching, the growth percentages are 5% and 11% respectively. The period of assessment commences at the beginning of the financial year of grant. This is not a 'market-based' performance condition as defined by FRS 20. Further unconditional awards have been made since 1 April 2010 under the Experian Performance Share Plan.
- 4 The Experian Performance Share Plan TSR condition is considered a 'market-based' performance condition as defined by FRS 20. In valuing the awarded shares, TSR is evaluated using a Monte Carlo simulation with historic volatilities and correlations for comparator companies measured over the 3 year period preceding valuation and an implied volatility for Experian plc.

###### (ii) Information relating to share grant valuation techniques

Share grants are valued by reference to the market price on the day of award with no modification made for dividend distributions or other factors as participants are entitled to dividend distributions on awarded shares. Market-based performance conditions are included in the fair value measurement on grant date and are not revised for actual performance.

###### (iii) Movement in the number of share awards

	2011 million	2010 million
Awards outstanding at 1 April	3	5
New grants	1	1
Vesting	(1)	(3)
Awards outstanding at 31 March	3	3

There were awards in respect of 1,201,468 shares granted in the year ended 31 March 2011 to Company employees (2010: 1,128,858), with a weighted average fair value of £6.33 (2010: £4.63).

##### (c) Cost of share-based compensation

	2011 US\$m	2010 US\$m
Charge for share options	1	1
Charge for share awards	6	4
Charge recognised (all equity settled)	7	5
Associated social security charge/(credit)	1	(1)
Total charge in profit and loss account	8	4

The associated social security charge/(credit) includes amounts in respect of derivatives, in the form of equity swaps, entered into in connection with such obligations.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 30. Retirement benefit obligations

#### (a) Retirement benefit obligations - arrangements

##### (i) Funded pension arrangements

The Company's employees participate in both defined benefit and defined contribution pension plans

The Company's defined benefit pension plan is the Experian Pension Scheme, which was closed to new entrants in the year ended 31 March 2009, and its defined contribution pension plan is the Experian Money Purchase Pension Plan. These plans are governed by trust deeds which ensure that their finances and governance are independent from those of the Company.

The Experian Pension Scheme has rules which specify the benefits to be paid and is financed accordingly. A full actuarial funding valuation of this plan is carried out every three years with interim reviews in the intervening years. The latest full valuation was carried out as at 31 March 2010 by independent, qualified actuaries, Towers Watson Limited, using the projected unit credit method. Under this method of valuation the current service cost will increase as members approach retirement due to the ageing active membership of the plan. There was a surplus at the date of the 2010 full actuarial valuation and accordingly no deficit repayment contributions are currently required. The next full valuation will be carried out as at 31 March 2013. As indicated below, the scheme has been affected by the requirement of the UK Government that the Consumer Prices Index (the 'CPI') rather than the Retail Prices Index (the 'RPI') be used as the inflation measure for determining the minimum pension increases to be applied to statutory index-linked features of retirement benefits.

The Experian Pension Scheme is a multi-employer plan with assets and liabilities allocated between the Company and Experian Limited, a fellow group company. The plan covers former employees of legacy group companies who are not directly linked to either the Company or Experian Limited. The liabilities in respect of these plan members are allocated based on the relative liabilities of active members employed by each of the Company and Experian Limited. The assets are split in proportion with the total liabilities after this adjustment. The liabilities are allocated as part of the triennial valuation with experience adjustments posted directly to total shareholders' funds at the point of each triennial valuation. Details of the total multi-employer plan are set out on pages 137 to 141 of the Experian plc annual report for the year ended 31 March 2011.

##### (ii) Unfunded pension arrangements

The Company has had unfunded pension arrangements in place for a number of years designed to ensure that certain directors and senior managers in the UK who are affected by the earnings cap are placed in broadly the same position as those who are not. Additionally there are unfunded arrangements for one current director and certain former directors and employees of the Company.

Arrangements are in place which secure such unfunded pension benefit arrangements in the UK by granting charges to an independent trustee over independently managed portfolios of marketable securities owned by the Experian Group. The amount of assets so charged is adjusted periodically to keep the ratio of assets charged to the discounted value of the accrued benefits secured as close as possible to the corresponding ratio in the Experian Pension Scheme.

##### (iii) Post-retirement healthcare arrangements

The Company operates a plan which provides post-retirement healthcare benefits to certain retired employees of the Company and its subsidiary undertakings and their dependant relatives. Under this plan, the Company has undertaken to meet the cost of post-retirement healthcare for all eligible former employees who retired prior to 1 April 1994 and their dependants.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 30. Retirement benefit obligations (continued)

#### (b) Retirement benefit obligations - disclosures

The assets and obligations in respect of the defined benefit plans and the provision of post retirement healthcare benefits are recognised in the Company's balance sheet in accordance with the requirements of FRS 17 'Retirement benefits' and the disclosures required by FRS 17 are as follows

#### (i) Amounts recognised in the balance sheet

	2011 US\$m	2010 US\$m
Retirement benefit assets/(obligations) - funded plan		
Fair value of funded plan's assets	147	81
Present value of funded plan's liabilities	(130)	(85)
Surplus/(deficit) in the funded plan	17	(4)
Effect of surplus restriction	(13)	-
Surplus/(deficit) in the funded plan recognised in the Company balance sheet	4	(4)
Retirement benefit obligations - unfunded plans	(26)	(24)
Retirement benefit obligations recognised in the Company balance sheet	(22)	(28)
Less deferred tax asset (Note 23)	6	8
Net retirement benefit obligations recognised in the Company balance sheet	(16)	(20)

Of the surplus in respect of the funded plan at 31 March 2011, US\$13m (2010 US\$nil) is not recoverable in accordance with the provisions of FRS 17 and has accordingly not been recognised in these financial statements. Of this amount, US\$1m has been recognised in the profit and loss account and US\$12m has been recognised in the statement of total recognised gains and losses.

The retirement benefit obligation for unfunded plan includes US\$25m (2010 US\$23m) in respect of unfunded pension arrangements and US\$1m (2010 US\$1m) in respect of post-retirement healthcare arrangements.

#### (ii) Movement in amounts recognised in the balance sheet

	2011 US\$m	2010 US\$m
At 1 April	28	20
Amounts recognised in the profit and loss account	(2)	2
Actuarial (gain)/loss recognised in the statement of total recognised gains and losses	(3)	7
Contributions paid	(1)	(1)
At 31 March	22	28

#### (iii) Movement in the fair value of the funded plan's assets

	2011 US\$m	2010 US\$m
At 1 April	81	65
Differences on exchange	7	4
Contributions paid by the Company	1	1
Expected return on assets	6	5
Actuarial gain on assets	60	14
Benefits paid	(8)	(8)
At 31 March	147	81

The actual return on the funded plan's assets was US\$66m (2010 US\$19m).



# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 30. Retirement benefit obligations (continued)

#### (iv) Movement in the present value of the plans' liabilities

	2011 US\$m	2010 US\$m
At 1 April	109	85
Differences on exchange	7	4
Current service cost	2	1
Credit in respect of past service costs	(5)	-
Interest on liabilities	6	6
Actuarial loss on liabilities	45	21
Benefits paid	(8)	(8)
<b>At 31 March</b>	<b>156</b>	<b>109</b>

#### (v) Amounts recognised in the profit and loss account

	2011 US\$m	2010 US\$m
Within staff costs		
Current service cost	2	1
Within exceptional income		
Credit in respect of past service costs	(5)	-
<b>(Credit)/charge within total operating expenses</b>	<b>(3)</b>	<b>1</b>
Within other interest receivable and similar income and other interest payable and similar charges		
Expected return on assets	(6)	(5)
Interest on liabilities	6	6
Effect of asset restriction	1	-
Charge within finance items	1	1
<b>Total (credit)/charge to profit and loss account</b>	<b>(2)</b>	<b>2</b>

In July 2010, the Minister for Pensions announced the UK Government's intention to change to the use of the CPI rather than the RPI as the inflation measure for determining the minimum pension increases to be applied to statutory index-linked features of retirement benefits and this change subsequently came into effect. As a result of using the lower CPI rate, there is a reduction in obligations. Pension increases in respect of benefits accrued before April 1997 are discretionary but have for the past eight years been based on the RPI. As a member expectation for increases based on the RPI was deemed to exist, the change to the use of the CPI is treated for accounting purposes as a change in the rules of the plan and the associated credit in respect of past service costs of US\$5m is accordingly recognised in the profit and loss account as exceptional income (Note 6).

The change to the use of the CPI for the revaluation of pensions in deferment is required by the rules of the Experian Pension Scheme and accordingly the associated reduction in scheme liabilities has been taken to the statement of total recognised gains and losses. Gains on liabilities recognised within the statement of total recognised gains and losses in the year ended 31 March 2011 include US\$2m in respect of this change.

#### (vi) Amount recognised directly in total shareholders' funds

	2011 US\$m	2010 US\$m
Gain on assets	60	14
Experience loss on liabilities	(49)	-
Gain/(loss) on change of assumptions	4	(21)
Effect of surplus restriction	(12)	-
<b>Total gain/(loss) recognised directly in total shareholders' funds</b>	<b>3</b>	<b>(7)</b>

The cumulative loss recognised in total shareholders' funds at 31 March 2011 is US\$24m (2010 US\$27m)

## Experian Finance plc

### Notes to the financial statements for the year ended 31 March 2011 (continued)

#### 30. Retirement benefit obligations (continued)

(vii) Amounts for current and previous four years

	2011 US\$m	2010 US\$m	2009 US\$m	2008 US\$m	2007 US\$m
Fair value of funded plan's assets	147	81	65	665	704
Retirement benefit obligations	(156)	(109)	(85)	(588)	(655)
(Deficit)/surplus	(9)	(28)	(20)	77	49
Experience adjustment on funded plan's assets	60	14	(145)	(69)	14
Experience (loss)/gain on plans' liabilities	(49)	-	(2)	10	-
Total gain/(loss) recognised in the statement of total recognised gains and losses	3	(7)	(127)	6	58

The Company's retirement benefit assets and obligations are denominated primarily in sterling

(viii) Actuarial assumptions

The valuations used have been based on the most recent actuarial funding valuations updated by Towers Watson Limited to take account of the requirements of FRS 17. The assumptions for discount rate, salary increases and mortality, used to calculate the present value of the defined benefit obligations, all have a significant effect on the accounting valuation. Changes to these assumptions in the light of prevailing conditions may have a significant impact on future valuations.

Principal actuarial assumptions

	2011 %	2010 %
Rate of inflation – based on the RPI	3.5	3.7
Rate of inflation – based on the CPI	2.8	n/a
Rate of increase for salaries	4.5	4.7
Rate of increase for pensions in payment – element based on the RPI	3.4	3.6
Rate of increase for pensions in payment and deferred pensions – element based on the CPI	2.8	n/a
Rate of increase for medical costs	7.5	7.7
Expected return on plan assets	6.6	7.0
Discount rate	5.6	5.5

The principal financial assumption is the real discount rate, being the excess of the discount rate over the rate of inflation. The discount rate is based on the market yields on high quality corporate bonds of appropriate currency and term to the defined benefit obligations. In the case of the Experian Pension Scheme, the obligations are primarily in sterling and have a maturity of some 18 years. If the discount rate increased/decreased by 0.1%, the defined benefit obligations would decrease/increase by approximately US\$3m and the annual current service cost would remain unchanged.

The overall expected return on plan assets has been determined by considering the mix of returns anticipated on the assets held in accordance with the current investment policy. Expected yields on fixed interest securities are based on gross redemption yields as at the balance sheet date. Expected returns on equities and other assets reflect the long-term real rates of return experienced in the respective markets.

# Experian Finance plc

## Notes to the financial statements for the year ended 31 March 2011 (continued)

### 30. Retirement benefit obligations (continued)

(viii) Actuarial assumptions (continued)

Mortality assumptions - average life expectation on retirement at age 65 in normal health

	2011 years	2010 years
Longevity for a male currently aged 65	22.2	21.3
Longevity for a female currently aged 65	23.4	24.2
Longevity for a male currently aged 50	23.4	22.2
Longevity for a female currently aged 50	24.7	25.0

The valuation assumes that mortality will be in line with the standard SAPS S1 All tables based on each member's year of birth, with a 95% adjustment factor applied to the underlying mortality rates for males and a 106% adjustment factor for females and projected in accordance with the Continuous Mortality Investigation ('CMI') 2009 Core Projection Model with a long-term improvement rate of 1% per annum. This includes a specific allowance for anticipated future improvements in life expectancy (CMI projections). An increase in assumed life expectancy of 0.1 years would increase the defined benefit obligations at 31 March 2011 by approximately US\$1m.

The valuation in respect of post-retirement healthcare benefits additionally assumes a rate of increase for medical costs. If this rate of increase increased/decreased by 1.0% per annum the obligation and the current service cost and associated finance expense would remain unchanged.

(ix) Assets of the defined benefit plan at fair value

	Fair value 2011 US\$m	Expected long term rate of return 2011 %	Fair value 2010 US\$m	Expected long term rate of return 2010 %
Equities	82	7.9	43	8.3
Fixed interest securities	57	4.9	31	5.0
Other	8	7.9	7	8.3
	147	6.6	81	7.0

(x) Future contributions

Contributions expected to be paid to the Experian Pension Scheme during the year ended 31 March 2012 are US\$1.4m by the Company and US\$0.2m by employees.

### (c) Defined contribution plan

A cost of US\$381,000 (2010: US\$330,000) was charged in the year, representing contributions payable by the Company to the Experian Money Purchase Pension Plan.

### 31. Commitments

There are no significant capital or operating lease commitments relating to the Company (2010: US\$nil).

### 32. Contingencies

In North America and Latin America, there are a number of pending and threatened litigation claims involving subsidiary undertakings of the Company which are being vigorously defended. The directors do not believe that the outcome of any such litigation will have a materially adverse effect on the Company's financial position. However, as is inherent in legal proceedings, there is a risk of outcomes unfavourable to the Company and the relevant subsidiary undertakings. In the case of unfavourable outcomes the Company and the relevant subsidiary undertakings would benefit from applicable insurance recoveries.

## **Experian Finance plc**

### **Notes to the financial statements for the year ended 31 March 2011 (continued)**

#### **33. Post balance sheet events**

On 3 May 2011, Experian plc announced the signing of a definitive agreement to acquire a majority stake in Computec S A , a leading Latin American credit services information provider, based in Colombia. The offer price is equivalent to a valuation of the whole of the equity of some US\$400m. The transaction is subject to regulatory approval and the launching of a delisting tender offer, and is expected to complete later in this calendar year. It is anticipated that, if the transaction is completed successfully, Computec S A will be an indirect subsidiary undertaking of the Company.

#### **34. Ultimate parent undertaking and controlling party**

Following a transfer during the year, the Company's immediate parent undertaking is Experian (UK) Finance Limited, incorporated in England and Wales. That company is a wholly owned subsidiary of Experian plc, a company incorporated in Jersey which is the Company's ultimate parent undertaking and controlling party. Experian plc is the only group in which the results of the Company for the year were consolidated and copies of its group financial statements may be obtained from the Company Secretary, Experian plc, Newenham House, Northern Cross, Malahide Road, Dublin 17, Ireland.