Experian Limited

Annual report and financial statements

for the year ended 31 March 2019

Company registered number 00653331

Experian Limited
Annual report and financial statements

for the year ended 31 March 2019

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Experian Limited
Directors and other information

Directors

C L Butterworth
J M Cattanach
R W J Davis
S J Deane
M J Pape

Company secretary

R P Hanna

Registered office

The Sir John Peace Building Experian Way
Ng2 Business Park
Nottingham
NG80 1ZZ

Independent auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Authorised and regulated by the Financial Conduct Authority
Registered number 738097

Experian Limited
Strategic report

for the year ended 31 March 2019

Activities and business model

Experian Limited ('the Company') is a member of the Experian plc Group ('the Group') and is its main UK operating subsidiary.

Our principal activity is to provide data and analytical tools to clients, who use them to manage credit risk, prevent fraud, target marketing offers and automate decision-making. We also help individuals to manage their credit relationships and protect against identity theft.

We are organised across two main business activities: Business-to-Business ('B2B') and Consumer Services. Business-to-Business comprises two sub-sections – Data and Decisioning. Descriptions of each of the business activities, their competitive environments and market influences, together with an overview of the Group's business model and strategy, can be found on pages 19 to 27 of the Experian plc annual report for the year ended 31 March 2019 (the 'Experian annual report'), which does not form part of this report.

Review of the business

Total turnover grew by 3% year on year, with growth in B2B of 5%, and the rate of decline in Consumer Services moderated to 4%.

B2B performed well, with a step-up in performance towards the end of the year, underpinned by good growth in credit reference volumes and new client wins for credit pre-qualification and data aggregation services and as we secured major client wins for combination of data and software services. We have placed a significant emphasis on rolling out our innovation portfolio. We have seen considerable client interest in Ascend since its launch in the UK earlier in the year, securing a number of signed agreements with several financial institutions. Ascend will be a high priority focus for us over the coming year. Momentum is also building across our open banking platform as we have signed new clients for affordability services, and we have signed new client agreements for Experian One, our SaaS-based decisioning software.

In Consumer Services, we have made steady progress with the business back to a stable position as we exit the year. While we were disappointed that our plan to acquire ClearScore was not successful, we have made good progress in our efforts to diversify the business. Our free membership base has reached 5.6m consumers, and MarketPlace, our comparison service, grew strongly. We see significant opportunities to help consumers better manage their money and we will continue to add exciting new features to help them do this. Recently we introduced a new identity offer Identity Plus and we will launch innovative new free services over the coming year, including offers based around consumer-permissioned data. Subscription-based credit monitoring services contracted, but the rate of decline has moderated as new product features drive higher engagement in paid memberships.

Results and dividends

The profit for the financial year was £97m (2018: £116m).

The 2019 results and the financial position at the year-end are considered satisfactory by the directors.

No interim dividends were paid in the year. In the previous financial year, an interim dividend of £204.10 per share, whose total cost amounted to £100m, was paid on 5 September 2017.

Post balance sheet events

An interim dividend whose total cost amounted to £100m, was proposed on 2 September 2019.

On 25 June 2019, the Company completed the transaction to acquire Castlight Limited for £20m. A provider of enhanced affordability solutions across multiple sectors and through all stages of the customer lifecycle.

On 11 July 2019, an agreement to settle early on £13m contingent consideration in relation to the Runpath acquisition was agreed for £12m.

Experian Limited
Strategic report (continued)

Principal risks and uncertainties

The management of the business and the execution of our strategy are subject to a number of risks. The principal risks and uncertainties the Group faces, together with the main means by which they are managed or mitigated, are set out on pages 52 to 59 of the Experian annual report. The key business risks and uncertainties affecting the Company are consistent with the Group and are considered to relate to data security, information systems and regulation.

Since 1 April 2014 the UK Financial Conduct Authority ('FCA') has regulated UK credit reference bureaux. The Company was granted full permission in February 2017. The Company continues to face increasing regulatory compliance risk related to consumer protection and privacy, and continues to refine compliance strategies in response to the developing requirements of the FCA.

We continue to assess the risk arising from the UK's referendum decision to leave the EU and have a Brexit Response programme and Steering Committee. We will consider what action is needed as more information on the impact of Brexit becomes available. We do not expect any material financial impact on the Company.

Key performance indicators

As the Company's relevant risks are managed on a Group or divisional basis, the directors believe that analysis using key performance indicators for the Company in isolation is not necessary or appropriate for an understanding of its development, performance or position. Information on the Group's key performance indicators is given on pages 12 and 13 of the Experian annual report.

By order of the board

C L Butterworth
Director

2 September 2019

The Company's registered number is 00653331.

Experian Limited

Directors' report

for the year ended 31 March 2019

The directors present their report and the audited financial statements for the year ended 31 March 2019. Experian Limited's registered number is 00653331. The Company is required to prepare a separate strategic report that contains certain information equivalent to that required in this directors' report.

Likely future developments

The external commercial environment is expected to remain competitive for the remainder of 2019 and 2020, but the directors remain confident that the Company will continue to trade profitably in the future.

We will continue to develop our conduct risk standards to reduce and mitigate against inappropriate execution of our business strategies or activities that could adversely affect our clients or consumers.

Financial risk management

The directors monitor the risks facing the Company with reference to its exposure to foreign exchange, interest rate, price, credit, and liquidity. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered. The most significant of these risks is credit risk.

The Company has processes that require appropriate credit checks on potential clients and customers before sales are made. The amount of exposure to any counterparty is subject to a limit, which is reassessed periodically.

Most aspects of exposures to foreign exchange, interest rate, and liquidity risk are managed on a Group basis and are discussed in note 8 to the group financial statements of Experian plc in the Experian annual report.

The Company has no significant exposure to funding or liquidity risks. It meets its day-to-day working capital requirements through borrowings, as required, from group companies, and through its cash balances. The Group ensures that the Company has access to sufficient funds for operations and planned growth.

Directors

The directors holding office during the year and up to the date of this report were:

C L Butterworth
J M Cattanach
R W J Davis
S J Deane
W J S Floydd (resigned 19 April 2018)
M J Pape

Mr Davis and Mr Deane are independent non-executive directors.

Insurance and third party indemnification

During the year and up to the date of signing of this report the Company, through the Group, maintained liability insurance and third party indemnification provisions (which are a qualifying third party indemnity provision for the purposes of the Companies Act 2006) for its directors and the company secretary.

Research and development

Research and product development are a high priority in driving the Company's growth. However, certain development costs are now borne by Experian Technology Limited, a fellow group company, which owns the rights to the related intellectual property and licences its use to the Company.

Employee involvement

Experian Limited regularly reviews its employment policies and processes. The Company promotes a healthy and safe working environment, and is committed to the continuous development of its people.

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 Company's and Group's performance through management channels, conferences, meetings, publications, and an internal social networking and intranet site.

Experian continues to support employee share ownership through the provision of save as you earn and other employee share plan arrangements intended to align the interests of employees with those of shareholders.

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 treated fairly and that their training and career development needs are carefully managed. For those employees becoming disabled during the course of their employment, the Company is supportive, whether through retraining or redeployment, so as to provide an opportunity for them to remain with the Company whenever possible.

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

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

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

Statement of disclosure of information to auditor

As at the date this report was signed, so far as each director is aware:

- there is no relevant audit information of which the auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M J Pape
Director

2 September 2019

Experian Limited
Independent auditor's report to the members of Experian Limited

Opinion

We have audited the financial statements of Experian Limited ("the Company") for the year ended 31 March 2019 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Experian Limited
Independent auditor's report to the members of Experian Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Mark Flanagan (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

Park Row

Nottingham

NG1 6FQ

6 September 2019

Experian Limited
Profit and loss account

for the year ended 31 March 2019

	Notes	2019 £m	2018 (Restated) (Note 3) £m
Turnover	6	**598**	581
Own work capitalised		**56**	47
		654	628
Staff costs	7	**(252)**	(250)
Depreciation and other amounts written off tangible and intangible fixed assets	10	**(36)**	(37)
Other operating charges		**(254)**	(197)
Operating profit		**112**	144
Income from associate		**2**	-
Interest payable and similar charges	9	**(14)**	(11)
Profit before tax	10	**100**	133
Tax on profit	11	**(3)**	(17)
Profit for the financial year		**97**	116

Experian Limited
Statement of comprehensive income
for the year ended 31 March 2019

	Notes	2019 £m	2018 (Restated) (Note 3) £m
Profit for the financial year		97	116
Other comprehensive income: items that will not be reclassified to profit or loss			
Remeasurement gains on pension assets and obligations	25	7	8
Deferred tax in respect of remeasurement gains	20	(1)	(2)
Tax recognised directly in equity on transactions with owners	20	1	(1)
Current year tax movement through reserves		1	-
Total comprehensive income for the financial year		**105**	121

Experian Limited
Balance sheet
at 31 March 2019

	Notes	2019 £m	2018 (Restated) (Note 3) £m
Non-current assets			
Intangible assets	13	**260**	254
Tangible assets	14	**33**	28
Investments in group undertakings	15	**278**	278
Investment in associate	16	**45**	44
Deferred tax	20	**13**	23
Post-employment benefit assets	25	**26**	19
Debtors	17	**19**	12
		674	658
Current assets			
Debtors	17	**425**	337
Cash at bank and in hand		**4**	8
		429	345
Current liabilities			
Creditors: amounts falling due within one year	18	**(303)**	(320)
Net current assets		**126**	25
Total assets less current liabilities		**800**	683
Creditors: amounts falling due after more than one year	19	**(527)**	(525)
Post-employment benefit liabilities	25	**(11)**	(11)
Net assets		**262**	147
Equity			
Called up share capital	21	**-**	-
Share premium account	22	**17**	17
Profit and loss account	23	**245**	130
Total shareholder's funds		**262**	147

The financial statements on pages 8 to 36 were approved by the board of directors on 2 September 2019 and signed on its behalf by:

M J Pape
Director

The Company's registered number is 00653331.

Experian Limited
Statement of changes in equity
year ended 31 March 2019

	Called up share capital[1] £m	Share premium account £m	Capital redemption reserve[2] £m	Profit and loss account £m	Total £m
At 1 April 2017	-	17	-	129	146
Change in accounting standards (note 3)	-	-	-	(30)	(30)
At 1 April 2017 (Restated)	-	17	-	99	116
Profit for the financial year	-	-	-	116	116
Other comprehensive income for the year:					
Remeasurement gain on pension plan (note 25)	-	-	-	8	8
Movement on deferred tax relating to remeasurement	-	-	-	(2)	(2)
Current year tax movement through reserves	-	-	-	(1)	(1)
Total comprehensive income for the year	-	-	-	121	121
Transactions with owners					
Credit in respect of share incentive plans	-	-	-	10	10
Interim dividends paid (note 12)	-	-	-	(100)	(100)
Total transactions with owners	-	-	-	(90)	(90)
At 31 March 2018 (Restated)	-	17	-	130	147
Profit for the financial year	-	-	-	97	97
Other comprehensive income for the year:					
Remeasurement gain on pension plan (note 25)	-	-	-	7	7
Movement on deferred tax relating to remeasurement (note 20)	-	-	-	(1)	(1)
Tax recognised directly in equity on transactions with owners (note 20)	-	-	-	1	1
Current year tax movement through reserves	-	-	-	1	1
Total comprehensive income for the year	-	-	-	105	**105**
Transactions with owners					
Credit in respect of share incentive plans	-	-	-	10	**10**
Interim dividends paid (note 12)	-	-	-	-	-
Total transactions with owners	-	-	-	10	**10**
At 31 March 2019	**-**	**17**	**-**	**245**	**262**

[1] The balance on the Company's called up share capital amounted to £489,950.

[2] The balance on the Company's capital redemption reserve amounted to £5,000.

Experian Limited
Notes to the financial statements

for the year ended 31 March 2019

1 Corporate information

Experian Limited ('the Company') is a private company, domiciled in England and Wales. Its registered office is at The Sir John Peace Building, Experian Way, NG2 Business Park, Nottingham, NG80 1ZZ and its registered number is 00653331. The Company's principal activity is to provide data and analytical tools to clients.

2 Basis of preparation

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards.

Going concern

The Company meets its day-to-day working capital requirements through borrowings, as required, from group companies. The Company has an unsecured loan note of £500m, repayable on 6 April 2020. Subsequent to the year end, the Company has negotiated the terms of this unsecured loan note with a new maturity date of September 2024 (see note 19). Given the net current assets of £126m at 31 March 2019 and the long-term nature of its borrowings, 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.

Group financial statements exemption

The Company is a wholly-owned subsidiary of Experian plc and is included in its group financial statements, which are publicly available. Therefore, the Company is exempt from the requirement to prepare group financial statements under the Companies Act 2006. Accordingly, the Company's financial statements are separate financial statements.

Financial Reporting Standard ('FRS') 101 'Reduced disclosure framework' ('FRS 101')

The Company's financial statements are prepared in accordance with the requirements of Financial Reporting Standard ('FRS') 100 'Application of financial reporting requirements', the directors have opted to prepare these financial statements in accordance with FRS 101 'Reduced disclosure framework'.

FRS 101 allows certain exemptions from the requirements of International Financial Reporting Standards ('IFRS') to avoid the duplication of information provided in the group financial statements and to provide more concise financial reporting in entity financial statements. The following exemptions have therefore been applied in the preparation of these financial statements:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment', exempting the Company from providing details of share options and of how the fair value of services received was determined.
- IFRS 7 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement', exempting the Company from disclosing valuation techniques and inputs used for the measurement of assets and liabilities.
- Paragraph 38 of IAS 1 'Presentation of Financial Statements', exempting the Company from disclosing comparative information required by:
  - paragraph 79(a)(iv) of IAS 1 – shares outstanding at the beginning and at the end of that period;
  - paragraph 73(e) of IAS 16 'Property, Plant and Equipment' – reconciliations between the carrying amount at the beginning and end of that period; and
  - paragraph 118(e) of IAS 38, 'Intangible Assets' – reconciliations between the carrying amount at the beginning and end of the period.
- The following paragraphs of IAS 1:
  - paragraphs 10(d) and 111, exempting the Company from providing a cash flow statement and information;
  - paragraph 16, exempting the Company from providing a statement of compliance with all IFRS;
  - paragraph 38A, exempting the Company from the requirement for a minimum of two of each primary statement and the related notes;
  - paragraphs 38B to D, exempting the Company from the requirement to provide additional comparative information; and
  - paragraphs 134 to 136, exempting the Company from presenting capital management disclosures.
- IAS 7 'Statement of Cash Flows'.
- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', exempting the Company from disclosing information where it has not applied a new IFRS which has been issued but is not yet effective.

2 Basis of preparation (continued)

- Paragraph 17 of IAS 24 'Related Party Disclosures', exempting the Company from disclosing details of key management compensation; and
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions with wholly-owned members of the Group.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers', exempting the Company from the requirement to provide additional revenue disclosure information.

The use of critical accounting estimates and management judgment is required in applying the accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the Company's financial statements, are highlighted in note 5.

3 Changes in accounting standards

Accounting standards, amendments or interpretations effective for the first time in the year ended 31 March 2019 which have a material impact on the Company financial statements are detailed below.

IFRS 9

IFRS 9 'Financial Instruments' replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

We have performed an assessment to understand the requirements of IFRS 9 and how these differ from IAS 39 and have concluded that there is no significant financial impact from the date of adoption on these Company financial statements. We have applied the classification and impairment changes retrospectively, however we have taken advantage of the transitional provisions in IFRS 9 allowing no restatement of comparative information for prior periods.

For trade receivables and certain IFRS 15 contract assets, we have adopted the standard's simplified lifetime expected credit loss approach. Expected credit losses are determined using a combination of historical experience and forward-looking information. There is no significant impact to impairment provisions as a result of the change in impairment model.

IFRS 15

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 replaces all existing revenue requirements in EU-IFRS. We have undertaken a detailed review of our contracts and revenue recognition procedures and have evaluated the additional disclosure requirements that IFRS 15 introduces.

In accordance with the IFRS 15 transition guidance we have adopted the new rules using the full retrospective approach and have restated our comparative financial results where appropriate.

IFRS 15 is based on the principle that revenue is recognised when control of goods or services is transferred to the customer and provides a single, principles-based five-step revenue recognition model to be applied to all sales contracts. In implementing IFRS 15, the primary effect is in relation to certain contracts which are predominantly in the Business-to-Business business segment.

The key change for the Company under IFRS 15 is the introduction of the concept of separately identifiable performance obligations, and recognising revenue when these have been met, and the customer takes control. It therefore results in fewer of our services being separated or unbundled. The largest impacts are in the following areas:

- Software licence and delivery services are primarily accounted for as a single performance obligation, with revenue recognised when the combined offering is delivered to the customer. There is a new distinction in treatment between Experian-hosted solutions (revenue spread over the contract term) and on-premise software licence arrangements (revenue recognised on delivery completion). For these contracts we generally see a delay in when delivery revenue is recognised compared to the previous accounting treatment.
- Batch data arrangements which include an ongoing update service are apportioned across each delivery to the customer, rather than being apportioned on Experian delivery hours.
- Platform set-up fees across a range of business units are recognised over the contractual life of the wider service provided to the customer, compared to the previous approach of recognition as the set-up is delivered.

3 Changes in accounting standards (continued)

IFRS 15 (continued)

- There are a small number of arrangements where we previously concluded that the Company is acting as Principal (recognising revenue and costs on a gross basis) and under IFRS 15 guidance we now determine that we are acting as an Agent (only the fee to which we are entitled for arranging the promised goods/services is recognised as revenue). These presentational changes have no impact on our reported operating profit.
- Certain costs are deferred as contract costs and expensed over the period that the related revenue stream is recognised. These costs include sales commissions and labour costs directly relating to an implementation service.

Impact of adoption

The following tables summarise the adjustments to the comparative profit and loss account and the balance sheet. Line items that were not affected by the changes have not been included.

Balance sheet (extract)
at 31 March 2018

	As originally presented £m	IFRS 15 adjustment £m	Restated £m
Non-current assets			
Deferred tax	13	10	**23**
Debtors: amounts falling due after more than one year	-	12	**12**
Current assets			
Debtors: amounts falling due within one year	326	11	**337**
Current liabilities			
Creditors: amounts falling due within one year	(259)	(61)	**(320)**
Non-current liabilities			
Creditors: amounts falling due after more than one year	(515)	(10)	**(525)**
Other	620	-	**620**
Net assets	185	(38)	**147**
Equity			
Called up share capital	-	-	-
Share premium account	17	-	**17**
Profit and loss account	168	(38)	**130**
Total shareholder's funds	185	(38)	**147**

3 Changes in accounting standards (continued)

Profit and loss account (extract)
for the year ended 31 March 2018

	As originally presented £m	IFRS 15 adjustment £m	Restated £m
Turnover	603	(22)	**581**
Own work capitalised	47	-	47
	650	(22)	**628**
Total operating charges	(495)	11	**(484)**
Operating profit	155	(11)	**144**
Interest payable and similar charges	(11)	-	**(11)**
Profit before tax	144	(11)	**133**
Tax on profit	(20)	3	**(17)**
Profit for the financial year	124	(8)	**116**

Other than profit for the financial year, there are no changes to total comprehensive income.

4 Summary of significant accounting policies

The significant accounting policies applied are summarised below. Except as described in note 3, they have been consistently applied to both years presented. The explanations of these policies focus on areas where judgment is applied or which are particularly important in the financial statements. Content from accounting standards, amendments and interpretations is excluded where there is no policy choice under IFRS.

Functional and presentation currency
The financial statements are presented in pounds sterling (£), the Company's functional currency.

Foreign currency translation
Experian follows IAS 21 'The effects of changes in foreign exchange rates'. Transactions in foreign currencies are recorded at the rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. All differences are taken to the profit and loss account in the year in which they arise.

Impairment of non-financial assets
The Company follows IAS 36 'Impairment of assets'. Goodwill (which is not subject to amortisation or depreciation) is tested at least annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value-in-use. For the purposes of assessing impairment, assets are grouped into cash generating units ('CGUs'), determined by the lowest levels for which there are separately identifiable cash flows.

Intangible assets (note 13)
The Company follows IAS 38 'Intangible assets' and IAS 36.

Goodwill is stated at cost less any accumulated impairment. Goodwill is not amortised but tested annually for impairment.

Customer relationships acquired as part of a business combination are capitalised on acquisition at fair value and recognised separately from goodwill. The costs are amortised on a straight-line basis over four to five years.

4 Summary of significant accounting policies (continued)

Intangible assets (continued)
Software development acquired as part of a business combination is capitalised on acquisition at fair value. The costs are amortised on a straight-line basis over four years.

Capitalised databases, comprising the data purchase and data capture costs of internally developed databases, are amortised on a straight-line basis over three to five years.

Computer software licences purchased for internal use are capitalised on the basis of the costs incurred to purchase and bring into use the specific software. These costs are amortised on a straight-line basis over three to five years.

Internally generated software costs directly associated with the production of identifiable and unique software products controlled by the Company, that will generate economic benefits beyond one year, are recognised as intangible assets. These costs are amortised on a straight-line basis over three to ten years.

Tangible assets (note 14)
Tangible fixed assets are held at cost less accumulated depreciation, in accordance with IAS 16 'Property, plant and equipment'. Depreciation is charged on a straight-line basis, over the following periods:

Freehold buildings	-	50 years
Plant and machinery	-	3 to 10 years
Fixtures and fittings	-	3 to 10 years

Investments in group undertakings (note 15)
Shares in group undertakings are held at cost less accumulated impairment charges.

Investment in associate (note 16)
Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Trade debtors (note 17)
Trade debtors and contract assets are initially recognised at fair value and subsequently measured at this value less loss allowances. Where the time value of money is material, debtors are then carried at amortised cost using the effective interest rate method, less loss allowances.

A loss allowance is established when there is objective evidence that we will not be able to collect all amounts due according to their original terms. Such evidence is based primarily on the pattern of cash received, compared to the terms upon which contract assets and receivables are agreed. We apply the IFRS 9 simplified lifetime expected credit loss approach. Expected credit losses are determined using a combination of historical experience and forward-looking information. Impairment losses or credits in respect of trade debtors and contract assets are recognised in the profit and loss account, within other operating charges.

Trade creditors (note 18)
Trade creditors and contract liabilities are recognised initially at fair value. Where the time value of money is material, creditors and contract liabilities are then carried at amortised cost using the effective interest rate method.

Post-employment benefit assets and obligations (note 25)
Defined benefit pension arrangements – funded plan
The post-employment 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 that date. 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 on high-quality corporate pounds sterling bonds with maturity terms 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 comprehensive income.

The pension cost recognised in the profit and loss account comprises the cost of benefits accrued plus interest on the opening net defined benefit asset or obligation. Service costs and financing income and expenses are recognised separately in the profit and loss account. Plan expenses are deducted from the expected return on the plan assets over the year.

4 Summary of significant accounting policies (continued)

Post-employment benefit assets and obligations (continued)

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 in independently administered funds. The pension cost recognised in the profit and loss account represents the contributions payable by the Company 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 pension arrangements. Remeasurement gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in other comprehensive income. The cost recognised in the profit and loss account comprises interest only on the obligation.

Leased assets – operating leases (note 24)

Payments made are charged to the profit and loss account on a straight-line basis over the lease period.

Turnover and revenue recognition (note 6)

Turnover is stated net of any sales taxes, rebates and discounts.

Revenue recognition

Turnover is recognised to represent the transfer of promised services to customers in a way that reflects the consideration expected to be received in return. Total consideration from contracts with customers is allocated to the performance obligations identified based on their standalone selling price, and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

- Turnover in respect of the provision and processing of transactional data is recognised in the period in which the service is provided.
- Turnover from batch data arrangements which include an ongoing update service are apportioned across each delivery to the customer.
- Subscription and membership fees are recognised on a straight-line basis over the period to which they relate.
- Software licence and delivery services are primarily accounted for as a single performance obligation, with turnover recognised when the combined offering is delivered to the customer. These services are distinguished between Experian-hosted solutions, where turnover is spread over the period that the service is available to the customer, and on-premise software licence arrangements, where turnover is recognised on delivery completion.
- The delivery of support and maintenance agreements is generally considered to be a separate performance obligation and turnover is recognised on a straight-line basis over the term of the maintenance period.
- Professional services turnover which form a separate performance obligation are recognised as the services are delivered.

Accrued income

Accrued income balances, which represent the right to consideration in exchange for goods or services that we have transferred to a customer, are assessed as to whether they meet the definition of a contract asset:

- When the right to consideration is conditional on something other than the passage of time, a balance is classified as a contract asset. This arises where there are further performance obligations to be satisfied as part of the contract with the customer and typically includes balances relating to software licensing contracts;
- When the right to consideration is conditional only on the passage of time, the balance does not meet the definition of a contract asset and is classified as an unbilled receivable. This typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied.

Contract costs

Certain costs incurred prior to the satisfaction or partial-satisfaction of a performance obligation are also deferred as contract costs and these are amortised on a systematic basis consistent with the pattern of transfer of the related goods or services.

- Costs to obtain a contract predominantly comprise sales commissions costs.
- Costs to fulfil a contract predominantly comprise of labour costs directly relating to the implementation services provided.

4 Summary of significant accounting policies (continued)

Turnover and revenue recognition (continued)

Contract liabilities
Contract liabilities arise when we have an obligation to transfer future goods or services to a customer for which we have received consideration, or the amount is due, from the customer and include both deferred income balances and specific reserves.

Tax (note 11)
The tax expense for the year comprises current and deferred tax. The tax charge for the year is recognised in the profit and loss account, except for tax on items recognised in other comprehensive income or directly in shareholder's funds.

Current tax is calculated on the basis of the tax laws substantively enacted at the balance sheet date.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset is realised or the liability settled, based on the tax rates and laws that have been substantively enacted by the balance sheet date.

Deferred tax assets are recognised in respect of tax losses carried forward and other temporary differences, only to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities.

Share incentive plans (note 26)
Company employees participate in the Experian plc share-based employee incentive plans. The Company treats such arrangements as equity-settled as Experian plc satisfies the awards in shares. The fair value of share incentives granted in connection with the Group's equity-settled, share-based employee incentive plans is recognised as an expense on a straight-line basis over the vesting period. Fair value is measured using whichever of the Black-Scholes model, Monte Carlo model or closing market price is most appropriate. The Company takes into account the best estimate of the number of awards and options expected to vest and revises such estimates at each balance sheet date. Non-market performance conditions are included in the vesting estimates. Market-based performance conditions are included in the fair value measurement but are not revised for actual performance.

Dividends (note 12)
Dividend income from subsidiary undertakings is recognised when subsidiaries have paid interim dividends or have proposed and authorised final dividends.

Recent accounting developments
IFRS 16 'Leases' is in issue but is not yet effective. IFRS 16 removes the distinction between finance and operating leases, bringing the majority of leases onto the balance sheet for the first time. This standard is endorsed by the EU and is effective for us for the year ending 31 March 2020. As a lessee, we will be required to recognise both a right-of-use asset and a lease liability on our balance sheet, increasing both assets and financial liabilities.

We intend to apply the modified retrospective approach which allows any initial difference between assets and liabilities recognised as an adjustment to opening retained earnings on 1 April 2019. Under this approach no restatement of comparative information is necessary, however new disclosures and modifications to existing disclosures will be required.

Following the adoption of the new standard, we expect to recognise right-of-use assets and lease liabilities of approximately £21m on 1 April 2019. In addition, £4m of deferred lease incentives are already recognised on the balance sheet as at 31 March 2019 and these will be consolidated into the lease liability on 1 April 2019. It is expected that depreciation of approximately £6m and interest of £1m will be recognised during the year ending 31 March 2020.

There are no other new standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a material impact on the Company. Such developments are routinely reviewed by the Company and its financial systems are adopted accordingly.

5 Critical accounting estimates, assumptions and judgments

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of turnover, costs and charges, assets and liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on management's best judgment at the date of the financial statements, will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future financial years are summarised below. Revenue recognition is excluded from this summary on the grounds that the policy adopted in this areas is sufficiently objective.

Key source of estimation uncertainty – forecasts and discount rates used
The Company tests goodwill for impairment annually, or more frequently if there is an indication that it may be impaired. The recoverable amount is generally determined on the basis of value-in-use calculations, which require the use of cash flow projections based on approved financial budgets, looking forward up to five years. Management determines budgeted profit margin based on past performance and its expectations for the market's development. Cash flows are extrapolated using estimated growth rates beyond a five-year period. The growth rates used do not exceed the long-term average growth rate for the markets in which the Company operates. The discount rates used reflect the Company's pre-tax weighted average cost of capital ('WACC').

Key area of judgment – intangible assets
Certain costs incurred in the developmental phase of an internal project, which include the development of databases, internal use software and internally generated software, are capitalised as intangible assets if a number of criteria are met. Management has made judgments and assumptions when assessing whether a project meets these criteria, and on measuring the costs and the economic life attributed to such projects.

On acquisition, specific intangible assets are identified and recognised separately from goodwill and then amortised over their estimated useful lives. These include items such as brand names and customer lists, to which value is first attributed at the time of acquisition. The capitalisation of these assets and the related amortisation charges are based on judgments about the value and economic life of such items.

The economic lives for intangible assets are estimated at between three and ten years for internal projects, which include databases, internal use software and internally generated software, and between four and five years for acquisition intangibles. Further details of the amounts of, and movements in, such assets are given in note 13.

For intangible assets not yet subject to amortisation, the same impairment process is followed as for goodwill above.

6 Turnover

Turnover is predominantly with UK clients and customers.

Disaggregation of revenue from contracts with customers

	2019 £m	2018 (Restated) (Note 3) £m
Data	**269**	270
Decisioning	**205**	182
Business-to-Business	**474**	452
Consumer Services	**124**	129
	598	581

Data is predominantly transactional turnover. Decisioning is predominantly turnover from software licence and delivery services. Consumer Services is predominantly subscription and transactional turnover. The timing of revenue recognition in relation to these is discussed in note 4.

6 Turnover (continued)

Significant changes in contract balances
Contract assets predominantly relate to software licence services, where revenue recognition for on-premise arrangements occurs as the solution is transferred to the customer, whereas the invoicing pattern is often annually over the contract period. Contract assets recognised during the year totalled £6m (2018: £3m). The contract asset balance for work completed but not invoiced on satisfaction of a performance obligation, unwinds over the contract term. Contract assets are transferred to debtors when the right to consideration becomes unconditional, or conditional only on the passage of time. Contract assets reclassified to debtors during the year totalled £2m (2018: £5m).

The majority of software licences are invoiced annually in advance. Where these licences relate to Experian-hosted solutions, revenue is recognised over the period that the service is available to the customer, creating a contract liability. Delivery services are generally invoiced during the delivery period, creating a contract liability for the advanced consideration until the delivery is complete. Where the delivery relates to Experian-hosted solutions, revenue is recognised over the period that the service is available to the customer, reducing the contract liability over time. Where the delivery relates to an on-premise solution, the contract liability is released on delivery completion. Support and maintenance agreements are often invoiced annually in advance, creating a contract liability, which is released over the term of the maintenance period as revenue is recognised. Revenue recognised in the year of £128m (2018: £117m) was included in the opening contract liability. Cash received in advance not recognised as revenue in the year was £104m (2018: £129m). In the year, there was a reduction in contract liability balance of £2m due to disposal of Experian Payments Gateway business.

Contract costs
The carrying amount of assets recognised from costs to obtain and costs to fulfil contracts with customers at 31 March 2019 is £4m and £24m respectively (2018: £4m and £23m).

Amortisation of contract costs in the year is £19m (2018: £13m) and recognised impairment losses totalled £1m (2018: £nil). Contract costs are amortised on a systematic basis consistent with the pattern of transfer of the related goods or services. A portfolio approach has been applied to calculate contract costs for contracts with similar characteristics, where the Company reasonably expects that the effects of applying a portfolio approach does not differ materially from calculating the amounts at an individual contract level.

7 *Staff costs and numbers*

Staff costs

	2019 £m	2018 £m
Wages and salaries	200	200
Social security costs	23	22
Share incentive plans, including related social security costs (note 26)	12	11
Pension costs – defined benefit plans (note 25)	4	4
Pension costs – defined contribution plans	13	13
Total pension costs	17	17
	252	250

Wages and salaries include £3m (2018: £5m) of severance costs.

Staff numbers - monthly averages

	2019 Number	2018 Number
Development and delivery	1,609	1,570
Administrative and other	988	1,084
Sales and marketing	635	684
	3,232	3,338

8 Directors' remuneration

	2019 £m	2018 £m
Aggregate emoluments (excluding employer's pension contributions)	**2**	2

Retirement benefits are accruing to two directors (2018: two) under a defined contribution pension plan.

Awards of Experian plc ordinary shares were released to three directors (2018: three), under long-term incentive plans and the estimated value is £2,055,000 (2018: £1,786,000). Three directors realised a total gain of £1,258,000 on exercise of options. (2018: three directors realised a total gain of £553,000 on exercise of options.)

Highest paid director	2019 £'000	2018 £'000
Emoluments (excluding employer's pension contributions)	**1,257**	1,086

9 Interest payable and similar charges

	2019 £m	2018 £m
Committed facility fee	**1**	1
Interest payable to other group undertakings	**12**	10
Foreign exchange losses on intra-group financing	**1**	-
	14	11

10 Profit before tax

Profit before tax is stated after charging/(crediting):

	2019 £m	2018 £m
Depreciation of tangible fixed assets (note 14)	**11**	10
Amortisation of intangible fixed assets (note 13)	**25**	27
Total depreciation and other amounts written off tangible and intangible fixed assets	**36**	37
Profit on disposal of business	**(10)**	(21)
Profit on disposal of freehold land and building	**-**	(12)
Operating lease rentals	**10**	11

Other operating charges include fees payable to the auditor for the audit of the Company's financial statements of £248,000 (2018: £242,000).

11 Tax on profit

Analysis of charge for the year
Tax expense included in the profit and loss account

	2019 £m	2018 (Restated) (Note 3) £m
Current tax:		
UK corporation tax on the profit for the year	11	17
Adjustments in respect of prior years	(19)	-
Overseas tax	1	-
Total current tax	(7)	17
Deferred tax:		
Origination and reversal of timing differences	10	-
Total deferred tax	10	-
Tax on profit	3	17

Factors affecting the total tax charge for the year

The tax charge for the year is at a rate lower (2018: lower) than the main rate of UK corporation tax of 19% (2018: 19%). The differences are explained below.

Reconciliation of tax charge

	2019 £m	2018 (Restated) (Note 3) £m
Profit before tax	100	133
Profit multiplied by the main rate of UK corporation tax	19	25
Effects of:		
Adjustment in respect of prior years	(19)	-
Items not taxable	-	(2)
Expenses not deductible for tax purposes	3	2
Overseas tax borne	1	-
Relief for overseas tax borne	(1)	-
Group relief claimed without payment of consideration	-	(8)
Chargeable gain arising on disposal of property	-	1
Utilisation of capital losses to offset chargeable gain	-	(1)
Tax charge for the year	3	17

11 Tax on profit (continued)

Factors affecting future tax liabilities

The main rate of UK corporation was reduced to 20% from 1 April 2015. A further reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

In the foreseeable future, the Company's tax liability will continue to be influenced by the nature of its income and expenditure, the ability of its parent group to surrender UK tax losses to it and could be affected by changes in UK tax law.

12 Dividends

Interim dividends paid in the year

	2019 £m	2018 £m
Interim dividend of £204.10 per share paid on 5 September 2017	-	100
	-	100

13 Intangible assets

	Goodwill £m	Customer relation-ships £m	Acquired software development £m	Data-bases £m	Internal use software £m	Internally generated software £m	Total £m
Cost							
At 1 April 2018	250	7	7	96	19	187	566
Additions	-	-	-	6	1	24	31
At 31 March 2019	**250**	**7**	**7**	**102**	**20**	**211**	**597**
Amortisation							
At 1 April 2018	109	6	6	83	12	96	312
Amortisation charge for the year	-	1	1	5	3	15	25
At 31 March 2019	**109**	**7**	**7**	**88**	**15**	**111**	**337**
Net book amount							
At 31 March 2019	**141**	**-**	**-**	**14**	**5**	**100**	**260**
At 31 March 2018	141	1	1	13	7	91	254

For the purposes of its annual impairment testing of goodwill and intangible assets not yet subject to amortisation, the Company is regarded as a single CGU. The annual impairment review as at 31 March 2019 indicated that the recoverable amount exceeded its carrying value on the basis of an assumption of 10.1% for pre-tax WACC and no long-term growth rate.

Within the total intangibles balances, an asset exists in relation to the Data platform, as at 31 March 2019, the net book value of the asset is £48m (2018: £53m).

14 Tangible assets

	Freehold land and buildings £m	Plant and machinery, fixtures and fittings £m	Total £m
Cost			
At 1 April 2018	3	111	114
Additions	-	16	16
Disposals	(1)	(1)	(2)
At 31 March 2019	**2**	**126**	**128**
Depreciation			
At 1 April 2018	2	84	86
Charge for the year	-	11	11
Disposals	(1)	(1)	(2)
At 31 March 2019	**1**	**94**	**95**
Net book amount			
At 31 March 2019	**1**	**32**	**33**
At 31 March 2018	1	27	28

15 Investments in group undertakings

	2019 £m	2018 £m
Cost		
At 1 April	760	709
Additions	-	51
At 31 March	**760**	760
Provisions for impairment		
At 1 April and 31 March	**482**	482
Net book amount		
At 31 March	**278**	278
At 1 April	278	227

On 12 September 2017 the Company purchased the remaining 75% of the issued share capital of Runpath Group Limited, providers of creative financial technology for banks, platforms and digital companies.

15 Investments in group undertakings (continued)

The principal subsidiary undertakings as at 31 March 2019 are listed below. The Company directly owns 100% of their ordinary share capital. They are incorporated and registered in England and Wales, registered office address: The Sir John Peace Building Experian Way, Ng2 Business Park, Nottingham, England, NG80 1ZZ.

Name	Nature of business
Experian SURBS Investments Limited	Holds investments to secure pension benefits
Experian International Unlimited	Intra-group financing
Runpath Group Limited	Providers of creative financial technology

Other subsidiary undertakings are listed in note 28. In the opinion of the directors, their results or financial positions are not considered to have principally affected the figures shown in these financial statements.

16 Investment in associate

	2019 £m	2018 £m
Cost		
At 1 April	44	10
Additions	-	44
Fair value adjustment	-	2
Acquisition of controlling stake in associate	-	(12)
Share of profit after tax	2	-
Dividends received	(1)	-
At 31 March	45	44
Provisions for impairment		
At 1 April and 31 March	-	-
Net book amount		
At 31 March	45	44
At 1 April	44	10

On 12 September 2017 the Company purchased, for consideration of £41m, the remaining 75% of the issued share capital of Runpath Group Limited (note 15).

On 6 December 2017 the Company purchased, for consideration of £44m, 25% of the issued ordinary shares of London & Country Mortgages Limited, a leading UK mortgage broker specialising in fee-free mortgage advice.

17 Debtors

	2019 £m	2018 (Restated) (Note 3) £m
Trade debtors	84	96
Amounts owed by group undertakings	284	190
Prepayments and unbilled debtors	39	33
Contract assets	7	3
Contract costs	28	27
Taxation	2	-
	444	349
Current debtors	425	337
Non-current debtors	19	12
	444	349

There is no material difference between the fair value and the book value stated above. The only impaired assets are within trade debtors. Non-current trade debtors comprise contract assets, unbilled debtors and contract costs.

Amounts owed by group undertakings are unsecured and repayable on demand and include £247m (2018: £144m) which earns interest at one-month sterling LIBOR less 0.25%. The remaining amounts are interest free.

Trade debtors are stated after provisions for impairment of £5m (2018: £6m).

Balances historically presented as accrued income are now split between contract assets and unbilled debtors, with collection of the latter conditional only on the passage of time.

At 31 March 2017, the value of prepayments and unbilled debtors was £32m and contract assets was £5m.

18 Creditors: amounts falling due within one year

	2019 £m	2018 (Restated) (Note 3) £m
Trade creditors	**27**	25
Amounts owed to group undertakings	**75**	44
Other creditors including tax and social security:		
Other creditors	**3**	9
Tax and social security	**23**	44
	26	53
Accruals	**71**	69
Contract liabilities	**104**	129
	303	320

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

Balances historically presented as deferred income are now presented as contract liabilities following adoption of IFRS 15 (note 3).

At 31 March 2017, the value of contract liabilities was £118m.

19 Creditors: amounts falling due after more than one year

	2019 £m	2018 (Restated) (Note 3) £m
Amounts owed to group undertakings	**500**	500
Accruals	**18**	15
Contract liabilities	**9**	10
	527	525

Amounts owed to group undertakings comprises an unsecured loan note, repayable on 6 April 2020, which bears interest at six-month sterling LIBOR plus 1.4%. On 2 September 2019, the maturity date of this loan note was extended to September 2024.

Accruals includes £17m (2018: £14m) of consideration payable in respect of past acquisitions, which is expected to be payable between one and three years from the balance sheet dates.

At 31 March 2017, the value of contract liabilities was £9m.

Experian Limited
Notes to the financial statements (continued)

for the year ended 31 March 2019

20 Deferred tax assets and liabilities

There is no deferred tax unprovided at 31 March 2019 or 2018. The deferred tax balance consists of the following deferred tax assets and liabilities:

Asset/(liability)	Retirement benefit assets deferred tax liability £m	Retirement benefit obligations deferred tax asset £m	Net retirement benefit obligations deferred tax liability £m	Other deferred tax assets £m	Total £m
At 31 March 2017	(3)	4	1	15	16
Change in accounting standards (note 3)	-	-	-	7	7
At 31 March 2017 (Restated)	(3)	4	1	22	23
(Charged)/credited to the profit and loss account	(1)	-	(1)	4	3
(Charged)/credited to other comprehensive income	-	(2)	(2)	(1)	(3)
At 31 March 2018 (Restated)	(4)	2	(2)	25	23
(Charged)/credited to the profit and loss account	(1)	1	-	(10)	(10)
(Charged)/credited to other comprehensive income	-	(1)	(1)	1	-
At 31 March 2019	**(5)**	**2**	**(3)**	**16**	**13**

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

21 Called up share capital

Allotted and fully paid

	Number of shares allotted	2019 £m	2018 £m
Ordinary shares of £1 each	489,950	-	-

There were no transactions affecting share capital in the year ended 31 March 2019 or 2018.

22 Share premium account

The difference between the consideration and the par value of the shares issued is recorded in the share premium account and is not available for distribution.

23 Profit and loss account

The balance on the profit and loss account comprises net profits retained in the Company, after the payment of equity dividends.

24 Financial commitments

There were no significant capital commitments contracted but not provided for at either balance sheet date.

Minimum lease payments under non-cancellable operating leases are payable:

	2019 Land and buildings £m	2019 Plant and machinery £m	2018 Land and buildings £m	2018 Plant and Machinery £m
Within one year	6	4	4	5
In between one and five years	18	7	15	10
In more than five years	-	-	2	2
	24	11	21	17

25 Post-employment benefit assets and obligations

Post-employment benefit plans and related risks

The Company provides pension benefits to eligible employees through membership of the Experian Pension Scheme, a defined benefit pension plan sponsored by itself and Experian Finance plc, but which was closed to new entrants in 2009. This Plan is governed by a trust deed which ensures that its finances and governance are independent from those of the Group. It has rules which specify the benefits to be paid and is funded accordingly with assets being held in an independently administered fund.

A full actuarial funding valuation of the Experian Pension Scheme is carried out every three years with interim reviews in the intervening years. The latest full actuarial funding valuation of the Plan was carried out as at 31 March 2016 by independent qualified actuaries Mercer Limited, using the projected unit credit method. There was a small funding deficit at the date of that valuation. The next full actuarial valuation will be carried out as at 31 March 2019.

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

Arrangements are in place securing such unfunded pension benefit arrangements by granting charges to an independent trustee over independently managed portfolios of marketable securities owned by Experian SURBS Investments Limited. 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 close to the corresponding ratio in the Plan.

The Company operates a plan which provides post-retirement healthcare benefits to certain retired employees 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.

Related risks

Through the Plan and its post-retirement medical benefits arrangements, the Company is exposed to a number of risks that are inherent in such plans and arrangements. The risks can be summarised as follows:

- Asset value volatility, with the associated impact on the assets held in connection with the funding of pension obligations and the related cash flows.
- Changes in bond yields, with any reduction resulting in an increase in the present value of pension obligations mitigated by an increase in the value of plan assets.
- Inflation, as pension obligations are generally linked to inflation and the prevailing rate of inflation experienced for medical benefits is typically higher than other inflation measures in the UK.
- Life expectancy, as pension and medical benefits are generally provided for the life of beneficiaries and their dependants.

There are no unusual, entity-specific or plan-specific risks, and no significant concentrations of risk.

25 Post-employment benefit assets and obligations (continued)

The accounting valuations at 31 March 2019 have been based on the most recent actuarial valuations, updated by Willis Towers Watson to take account of the requirements of IAS 19. The assumptions for the real 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. Indications of the sensitivity of the amounts reported at 31 March 2019 to changes in the real discount rate, life expectancy and medical costs are included below. The methods and types of assumptions used are consistent with those used in the prior year and the absolute sensitivity numbers are stated on a basis consistent with the methodology used in determining the accounting valuation as at 31 March 2019. The methodology evaluates the effect of a change in each assumption on the relevant obligations, whilst holding all other assumptions constant.

Principal financial actuarial assumptions

	2019	2018
	%	%
Discount rate	**2.3**	2.4
Rate of inflation based on RPI	**3.2**	3.1
Rate of inflation based on CPI	**2.2**	2.1
Rate of increase for salaries	**3.7**	3.6
Rate of increase for pensions in payment – element based on RPI (where cap is 5%)	**3.0**	2.9
Rate of increase for pensions in payment – element based on CPI (where cap is 2.5%)	**1.7**	1.7
Rate of increase for pensions in payment – element based on CPI (where cap is 3%)	**1.9**	1.8
Rate of increase for pensions in deferment	**2.2**	2.1
Rate of increase for medical costs	**6.2**	6.1

The principal financial assumption is the real discount rate, which is 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 a currency and term appropriate to the defined benefit obligations. In the case of the Experian Pension Scheme, the obligations are in pounds sterling and have a maturity on average of 18 years. If the real discount rate increased/decreased by 0.1%, the defined benefit obligations at 31 March 2019 would decrease/increase by approximately £7m and the annual current service cost at 31 March 2019 would increase by approximately £0.1m.

The rates of increase for pensions in payment reflect the separate arrangements applying to different groups of Experian's pensioners.

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

	2019	2018
	Years	Years
For a male currently aged 65	**22.3**	22.6
For a female currently aged 65	**24.5**	24.9
For a male currently aged 50	**23.2**	23.6
For a female currently aged 50	**25.6**	26.0

The accounting valuation assumes that mortality will be in line with standard tables adjusted to reflect the expected experience of the Experian Pension Scheme membership, based on analysis carried out for the 2016 actuarial valuation. A specific allowance for anticipated future improvements in life expectancy is also incorporated. An increase in assumed life expectancy of 0.1 years would increase the defined benefit obligations at 31 March 2019 by approximately £2m.

25 Post-employment benefit assets and obligations (continued)

Post-employment medical benefits
The accounting valuation in respect of post-employment medical benefits assumes a rate of increase for medical costs. If this rate increased/decreased by 1.0% per annum, the obligation at 31 March 2019 and the finance expense would remain unchanged.

Increase in salaries
An increase of 0.1% to the salary increase rate would increase the obligation at 31 March 2019 by approximately £1m, and the service charge would remain unchanged.

Post-employment benefit amounts recognised in the financial statements

Balance sheet assets/(obligations)

	2019 £m	2018 £m
Retirement benefit assets/(obligations) – funded plan:		
Fair value of funded plan assets	455	433
Present value of funded plan obligations	(429)	(414)
Assets in the balance sheet for funded defined pension benefits	26	19
Obligations for unfunded post-employment benefits:		
Present value of defined benefit benefits – unfunded plans	(11)	(11)
Present value of post-employment medical benefits	-	-
Liabilities in the balance sheet	(11)	(11)
Net post-employment benefit assets/(obligations)	15	8

Profit and loss account charge by nature of expense

	2019 £m	2018 £m
Current service cost	4	4
Past service cost	1	-
Charge within staff costs and operating profit	5	4
Interest income	-	-
Total charge to profit and loss account	5	4

Profit and loss account charge by type of plan

	2019 £m	2018 £m
Defined pension benefits	5	4
Post-employment medical benefits	-	-
Total charge to profit and loss account	5	4

Remeasurement recognised in other comprehensive income

	2019 £m	2018 £m
Defined pension benefits	7	5
Post-employment medical benefits	-	3
Total remeasurement recognised in other comprehensive income	7	8

Experian Limited
Notes to the financial statements (continued)

for the year ended 31 March 2019

25 Post-employment benefit assets and obligations (continued)

Reconciliation of post-employment benefit assets and liabilities recognised in the balance sheet

	Assets £m	Liabilities £m	Total £m
At 1 April 2018	433	(425)	8
Benefits paid	(15)	15	-
Contributions paid by the Company	5	-	5
Employee contributions	1	(1)	-
Current service cost	-	(5)	(5)
Interest income/(expense)	10	(10)	-
Remeasurement gains/(losses)	21	(14)	7
At 31 March 2019	**455**	**(440)**	**15**

Pension assets are deemed to be recoverable and there are no adjustments in respect of minimum funding requirements as, under the Experian Pension Scheme rules, future economic benefits are available to Company in the form of reductions in future contributions or refunds of surplus.

Summary of funded plan at fair value

	2019 £m	2018 £m
UK equities	3	4
Overseas equities	103	140
Index-linked gilts	-	136
Global corporate bonds	-	63
Investment funds	-	43
Liability driven investments	332	45
Secured credit	7	-
Other	10	2
	455	433

Equities and fixed interest securities are stated at bid prices as at balance sheet date.

During the year the Trustee of the Plan implemented anew, lower risk, investment strategy. The strategy includes a target allocation of 15% of the Plan's assets in less liquid investments. All other assets are invested in a range of unitised pooled funds, which range from being daily traded to monthly dealing.

The assets of the Plan do not include any of the Company's own financial instruments or any property occupied by the Company.

Future contributions

Contributions expected to be paid into the Experian Pension Scheme during the next financial year are £5m (including £2m deficit contribution) by the Company and £1m by its employees.

26 Share incentive plans

The information below relates to options and awards held by the Company's employees over Experian plc shares.

Cost of share-based compensation

	2019 £m	2018 £m
Share options	1	1
Share awards	9	9
Expense recognised (all equity-settled)	10	10
Related social security costs	2	1
Total expense recognised (all equity-settled)	**12**	11

The Company has a number of equity-settled, share-based employee incentive plans. Further information on share award arrangements is given below. As the numbers of options granted or outstanding under share option plans and the related charge to the Company profit and loss account is not significant, no further disclosures are included in these financial statements.

Share awards
Summary of arrangements and performance conditions

There are three plans under which share awards are currently granted – the two Experian Co-Investment Plans (the 'CIPs') and the Experian Performance Share Plan (the 'PSP'). Awards typically take the form of a grant of free shares which vest over a service period of three years, with a maximum term generally of the same length, and are settled by share distribution. The assumption at grant date for employee departures prior to vesting is 20% for certain unconditional awards, which are only made under the PSP. Other details in respect of conditional awards are given below. These include an assumed outcome for Group Benchmark PBT per share growth, as that forms the basis of the Profit performance condition for awards made.

	Performance conditions for vesting	Assumed outcome at grant date
CIPs	50% - Profit performance assessed against specified targets	Benchmark PBT per share – 67% to 88% of target
	50% - Cumulative Benchmark operating cash flow	Cumulative Benchmark operating cash flow - 66% to 76% of target
PSP	75% - Profit performance assessed against specified targets	Benchmark PBT per share – 67% to 81% of target
	25% - Distribution percentage determined by ranking Total Shareholder Return ('TSR') relative to a comparator group	TSR - 28% to 50%

CIPs

For the purposes of IFRS 2, the grant date for these plans 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 awarded shares reflects the performance outcome assumed at the date of their issue to participants and is recognised over a four-year period.

26 Share incentive plans (continued)

The range of performance conditions for awards under these plans is set out below. The Profit performance condition requires Group Benchmark PBT per share growth at the stated percentages over a three-year period. The cumulative Group Benchmark operating cash flow performance condition (the 'Cash flow condition') is based on cumulative Group Benchmark operating cash flow over a three-year period. The period of assessment commences at the beginning of the financial year of grant. These are not market-based performance conditions as defined by IFRS 2.

	Profit performance condition			Cash flow condition	
Year of award	Minimum	Target	Maximum	Target	Maximum
Year ended 31 March 2019	5% per annum	6% per annum	9% per annum	US$3.7bn	US$4.1bn
Year ended 31 March 2018	n/a	4% per annum	8% per annum	US$3.6bn	US$4.0bn
Year ended 31 March 2017	n/a	4% per annum	8% per annum	US$3.6bn	US$4.0bn

PSP

The range of Profit performance conditions for conditional awards under this plan is the same as those shown in the table immediately above for the CIPs, also measured over a three-year period.

The TSR performance condition is considered a market-based performance condition as defined by IFRS 2. In valuing the awarded shares, TSR is evaluated using a Monte Carlo simulation, with historic volatilities and correlations for comparator companies measured over the three-year period preceding valuation and an implied volatility for Experian plc ordinary shares.

Movement in number of share awards outstanding - Number of awards

	2019 '000	2018 '000
At 1 April	**2,273**	2,353
New grants	**697**	812
Forfeitures	**(101)**	(136)
Vesting	**(639)**	(578)
Cancellations – performance conditions not met	**(22)**	(178)
At 31 March	**2,208**	2,273

Share grants are valued by reference to the market price on the day of award, with no modification 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 the grant date and are not revised for actual performance. Awards granted in the year ended 31 March 2019 had a weighted average fair value per share of £18.88 (2018: £15.90).

27 Related party transactions

The Company provides some rights to intellectual property, and IT development and support services, to certain subsidiaries of the Group. It either charges those companies software licence fees, royalties or recharges costs to them for the services provided. Amounts owed by group undertakings shown in note 17 include the following sums due by subsidiaries of the Group which were not wholly-owned. These debtors are unsecured and no guarantees have been received.

	2019 £m	2018 £m
Experian Credit Information Company of India Private Limited	1	-
Experian Colombia S.A.	1	1
Experian Italia S.p.A.	-	2
Experian Bureau de Credito S.A.	1	-
Experian South Africa (Pty) Limited[1]	10	-

During the year ended 31 March 2019, the Company processed transactions on behalf of Vector CM Holdings (Cayman), L.P. ('Vector'), an associate of the Group, and its subsidiaries. The Company does not receive any margin on these transactions. At 31 March 2019, the Company owed Vector and its subsidiaries £0.3m (2018: Vector and its subsidiaries owed the Company £2.4m). Further detail on this arrangement can be found on page 176 of the Experian annual report.

Charges/(credits) made to those and other non-wholly owned companies during each of the last two years are summarised below.

	2019 £m	2018 £m
Experian Colombia S.A. – IT support and recharges of shared costs	-	1
Experian Italia S.p.A. – management fee and recharges of shared costs	5	4
Serasa S.A. – IT support and recharges of shared costs	-	1
Experian Bureau de Credito SA – management fee and recharges of shared costs	2	2
Experian South Africa (Pty) Limited[1] – management fee and recharges of shared cost	3	-
London & Country Mortgages Limited – digital media development services	1	-

[1]Wholly-owned throughout 2018.

28 Other subsidiary undertakings

Other subsidiary undertakings are wholly-owned and their voting shares are directly held.

Name of company	Country of incorporation
ClarityBlue, Inc.	USA
Experian Holdings EURL	France
HD Decisions Limited (in voluntary liquidation)	England & Wales
International Communication & Data Limited	England & Wales
QAS Limited (in voluntary liquidation)	England & Wales
Tallyman Australia Pty Limited (indirectly held)	Australia
Tallyman Limited	England & Wales
Techlightenment Ltd	England & Wales
The 41st Parameter Ltd. (in voluntary liquidation)	England & Wales
X88 Software Limited (in voluntary liquidation)	England & Wales

HD Decisions Limited was placed in liquidation on 26 June 2019. X88 Software Limited and The 41st Parameter Ltd. were placed in liquidation on 3 July 2019.

29 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Experian Group Limited, incorporated in England and Wales.

The Company's ultimate parent undertaking and controlling party, Experian plc, is incorporated in Jersey. It is the parent company of 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, D17 AY61, Ireland.