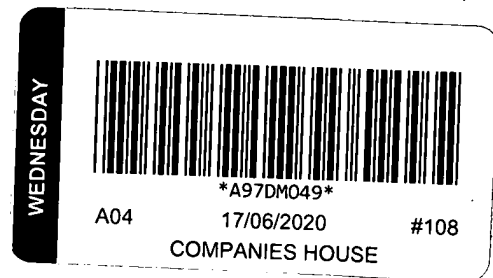


Company Registration No. 02746616

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



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RELX GROUP PLC
OFFICERS AND PROFESSIONAL ADVISERS

Directors
N L Luff
H A Udow

Appointed

Resigned

Company Secretary
S J Pereira
A W McCulloch

1 August 2019

30 August 2019

Registered Office
1-3 Strand
London
WC2N 5JR
United Kingdom

Auditor
Ernst & Young LLP
1 More London Place
London
SE1 2AF
United Kingdom

RELX GROUP PLC
STRATEGIC REPORT

The directors present their Strategic Report for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The Company is a holding company within the RELX PLC group of companies. The directors do not anticipate any changes in activities in the foreseeable future. The Company's shares are not publicly traded.

BUSINESS REVIEW

The profit before tax for the year was £1,500m (2018: £2,241m). The total comprehensive income for the year of £1,353m (2018: £2,137m) has been taken to reserves.

On 21 March 2019, the Company acquired from its indirect Swiss subsidiary Elsevier Finance SA a \$5,650 million (£4,290 million) portfolio of loan receivables due from RELX Inc, an indirect US subsidiary of the Company. Elsevier Finance SA subsequently paid dividends to RELX Swiss Holdings SA, which in turn paid dividends to the Company totalling £5,391m for the year. This reduced the asset base of RELX Swiss Holdings SA, resulting in the Company taking an impairment charge of £5,429 million against its investment in RELX Swiss Holdings SA. The Company has gifted the portfolio of loan receivables to its indirect UK subsidiary, RELX Finance Limited.

KEY PERFORMANCE INDICATORS

The directors consider there to be no additional key performance indicators other than those on the primary financial statements.

DIRECTORS DUTIES AND SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way that he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our duties we have regard to the factors set out above. In addition, we have regard for other factors which we consider relevant to a decision being made. Those factors, for example, include the interests and views of our ultimate and controlling parent company, RELX PLC, and the wider RELX group of companies (the "Group"). We aim to ensure that our decisions support the Group's approved purpose, vision and values, together with its strategic priorities.

As part of Board meetings held, directors receive information on section 172 matters when making relevant decisions. For example, in each year we make an assessment of the strength of the Company's balance sheet and future prospects, and having considered these, make a decision about the payment of a dividend. In 2019, we recommended an interim ordinary dividend of £1.5 billion for the financial year ended 31 December 2019. In making our decision, we considered a range of factors. These included the long-term viability of the company; its expected cash flow and financing requirements; and the expectations of our sole shareholder and its return on investment in the company. Having considered the factors, the Board approved a dividend payment and in doing so promoted the success of the Company.

In 2019, the Board also considered a number of matters relating to the Group's continuing efforts to simplify the structure of the RELX group as a whole. As part of board meetings held, the Board also considered simplifying the share capital of certain of its subsidiaries, as well as the granting of powers of attorneys on the same. Following discussions by the Board, on the proposed transactions, the Board concluded that the transactions were most likely to deliver the best results in the long-term both for the Company and its stakeholders and, accordingly the Board approved the transactions and in doing so promoted the success of the Company.

Many policies or processes which cover areas listed above are set and approved by the RELX PLC Board or central functions. For example, the Company's approach to Inclusion and Diversity, Corporate Responsibility, Employee

RELX GROUP PLC
STRATEGIC REPORT (continued)

Engagement, the internal and external audit of the Company and its financial reporting, are all set at that level and apply across the Group.

DIRECTORS DUTIES AND SECTION 172 STATEMENT (continued)

The Group operates a number of policies such as the RELX Code of Ethics and Business Conduct which sets out the standards for our corporate and individual conduct and, among key issues, covers fair competition, anti-bribery, conflicts of interest and other information. The Group also operates a Whistleblowing helpline which is a group-wide approach which is aimed at reporting improprieties within the workplace and reinforces the importance of this channel as a means to flag unethical behaviour. The Group also operates a zero-tolerance approach to modern slavery and human trafficking. The Group is committed to acting ethically and with integrity in all of our business relationships. We work closely with our business partners, suppliers and supply chains to ensure there is no place for modern slavery and human trafficking in any area of our business. As part of this process we regularly review our processes and controls to prevent modern slavery and human trafficking. In addition, the Group also operates a Supplier Code of Conduct which is available in 16 languages, which we ask suppliers to sign and display prominently in the workplace. It commits them to following applicable laws and best practice in areas such as human rights, labour and the environment.

The Company is also fully committed to the concept of employee involvement and participation. Where appropriate, major announcements are communicated to employees through internal briefings. Information on performance, development, organisational changes and other matters of interest is communicated through briefings and electronic bulletins. The RELX PLC Save as You Earn Option Scheme enables employees to participate in the future prosperity of the Company.

FINANCIAL RISK MANAGEMENT

Due to the fact the Company has solely carried on the activities of a holding company during the year and has no plans to change within the foreseeable future, the Company does not consider it necessary to adopt a financial risks policy as information regarding credit, liquidity and market risk is not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

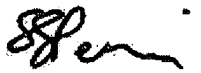
Important specific risks affecting RELX are discussed in the RELX Annual Reports and Financial Statements 2019 (available on www.relx.com) which does not form part of this report.

COVID-19

The COVID-19 pandemic has not had a significant impact on the activities of the Company.

The Strategic Report has been approved by the Board.

By Order of the Board
1-3 Strand
London WC2N 5JR



S J Pereira
Company Secretary
15 June 2020

RELX GROUP PLC
DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company together with the audited financial statements and supporting notes for the year ended 31 December 2019.

The Company has prepared financial statements in accordance with s396 of the Companies Act 2006.

Dividends

During 2019 the Company proposed and paid dividends of £1,500m (2018: £2,000m).

Going concern

Management has assessed the relevant factors surrounding going concern, including financing available from other companies in the RELX group, and concludes that there are no material events or uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the directors of RELX Group plc have continued to adopt the going concern basis in preparing the annual report and financial statements.

The directors of RELX Group plc are of the view that COVID-19 does not impact the Company's ability to continue as a going concern. The Company does not carry out any trading activities and is in a net asset position as at 31 December 2019. As such the impact of COVID-19 is limited to the recoverability of the assets it holds. Impairment testing was carried out to ensure the assets are carried at a value which is recoverable in the statement of financial position, and it is anticipated that the Company will continue to receive dividend income from its investments on an ongoing basis.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Directors

The directors who served during the year and those holding office are shown on page 1.

During the year directors' indemnity insurance has been taken out by the Company on the director's behalf and remains in force at the date of this report.

Auditor

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the Directors' Report is approved confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Pursuant to s485 of the Companies Act 2006 the auditor is deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By Order of the Board

1-3 Strand
London WC2N 5JR



S J Pereira
Company Secretary
15 June 2020

RELX GROUP PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice "*Reduced Disclosure Framework*", (United Kingdom 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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. More detail is given in note 1 to the financial statements.

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RELX GROUP PLC**

Opinion

We have audited the financial statements of RELX Group plc (the "Company") for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RELX GROUP PLC (continued)**

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

Jonathan Gill (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
15 June 2020

RELX GROUP PLC
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 £m | 2018 £m |
|--|------|---------------------|---------------------|
| Administrative income/(expenses) | | 9 | (41) |
| Other income | | 35 | 32 |
| Income from shares in group undertakings | 3 | <u>6,891</u> | <u>2,847</u> |
| Operating profit | 3 | 6,935 | 2,838 |
| Finance costs | 6 | (8) | (8) |
| Impairment of investment in subsidiary undertaking | 10 | (5,429) | (589) |
| Profit on disposal of investment in subsidiary undertaking | 7 | 2 | - |
| Profit before tax | | <u>1,500</u> | <u>2,241</u> |
| Tax expense | 8 | (16) | (15) |
| Net profit for the year | | <u><u>1,484</u></u> | <u><u>2,226</u></u> |

All results relate to continuing operations.

RELX GROUP PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 £m | 2018 £m |
|---|------|--------------|------------|
| Net profit for the year | | 1,484 | 2,226 |
| Items that will not be reclassified to profit or loss: | | | |
| Actuarial loss on defined benefit pension scheme | 5 | (169) | (88) |
| Tax on items that will not be reclassified to profit or loss | 8 | 29 | 17 |
| Total items that will not be reclassified to profit or loss | | (140) | (71) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Fair value movement on other investments | 11 | 9 | (17) |
| Total items that may be reclassified to profit or loss | | 9 | (17) |
| Other comprehensive loss for the year | | (131) | (88) |
| Total comprehensive income for the year | | 1,353 | 2,137 |

All results relate to continuing operations.

RELX GROUP PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

| | Note | 2019 £m | 2018 £m |
|---|------|---------------|---------------|
| Non-current assets | | | |
| Intangible assets | 9 | 46 | 63 |
| Investments in subsidiary undertakings | 10 | 7,738 | 8,845 |
| Other investments | 11 | 129 | 115 |
| Deferred tax assets | 8 | 86 | 69 |
| | | <u>7,999</u> | <u>9,092</u> |
| Current assets | | | |
| Amounts owed by subsidiary undertakings | | 4,073 | 3,059 |
| Taxation receivable | | 88 | 30 |
| | | <u>4,161</u> | <u>3,089</u> |
| Total assets | | <u>12,160</u> | <u>12,181</u> |
| Current liabilities | | | |
| Trade and other payables | | 2 | 1 |
| Non-current liabilities | | | |
| Net pension obligation | 5 | 481 | 356 |
| Total liabilities | | <u>483</u> | <u>357</u> |
| Net assets | | <u>11,677</u> | <u>11,824</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | - | - |
| Share premium | 12 | 2,905 | 2,905 |
| Merger reserve | | 80 | 5,509 |
| Other reserves | 13 | 8,692 | 3,410 |
| Total equity | | <u>11,677</u> | <u>11,824</u> |

The notes on pages 12 to 21 form part of these financial statements.

The financial statements of RELX Group plc, registered number 02746616, were approved by the Board of Directors and authorised for issue on 15 June 2020. They were signed on its behalf by:



N.L. Luff
Director

RELX GROUP PLC
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019

| | Note | Share capital £m | Share premium £m | Merger reserve £m | Other reserves £m | Total equity £m |
|---|------|------------------------|------------------------|-------------------------|-------------------------|-----------------------|
| Balance at 1 January 2018 | | - | 2,905 | 6,098 | 2,684 | 11,687 |
| Total comprehensive income for the year | | - | - | - | 2,137 | 2,137 |
| Impairment taken to merger reserve | | - | - | (589) | 589 | - |
| Dividends paid | | - | - | - | (2,000) | (2,000) |
| Balance at 1 January 2019 | | - | 2,905 | 5,509 | 3,410 | 11,824 |
| Total comprehensive income for the year | | - | - | - | 1,353 | 1,353 |
| Impairment taken to merger reserve | 13 | - | - | (5,429) | 5,429 | - |
| Dividends paid | | - | - | - | (1,500) | (1,500) |
| Balance at 31 December 2019 | | - | 2,905 | 80 | 8,692 | 11,677 |

Distributable reserves totalling £4,251m (2018: £3,261m) comprise the distributable portion of other reserves.

RELX GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

Basis of preparation

RELX Group plc (the “Company”) is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1.

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS) 100 issued by the Financial Reporting Council (FRC). Accordingly, for the year ended 31 December 2019 these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) ‘*Reduced Disclosure Framework*’ issued by the FRC, incorporating the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 and in so doing has applied the requirements of International Financial Reporting Standards (IFRS) 1.6-33 and related appendices.

The financial statements have been prepared on the historical cost basis.

The Company’s financial statements are presented in sterling and all values are rounded to the nearest million pounds (£m) except when otherwise indicated.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group financial statements of RELX PLC. The group financial statements of RELX PLC are available to the public and can be obtained as set out in note 15.

The principal accounting policies adopted are set out below.

Going concern

This entity principally acts as a holding company for the activities of the RELX PLC group. Management has assessed the relevant factors surrounding going concern, including financing available from other companies in the RELX group, and considers the basis of accounting preparation appropriate.

The Directors of RELX Group plc are of the view that COVID-19 does not impact the Company’s ability to continue as a going concern. The company does not carry out any trading activities and is in a net asset position as at 31 December 2019. As such the impact of COVID-19 is limited to the recoverability of the assets it holds. Impairment testing was carried out to ensure the assets are carried at a value which is recoverable in the statement of financial position, and it is anticipated that the Company will continue to receive dividend income from its investments on an ongoing basis.

Consequently, the directors of RELX Group plc have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Pensions

The expense of defined benefit pension schemes and other post-retirement employee benefits is determined using the projected unit credit method and charged in the income statement as an operating expense, based on actuarial assumptions reflecting market conditions at the beginning of the financial year. Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur.

Past service costs and credits are recognised immediately at the earlier of when plan amendments or curtailments occur and when related restructuring costs or termination benefits are recognised. Settlements are recognised when they occur.

Net pension obligations in respect of defined benefit schemes are included in the statement of financial position at the present value of scheme liabilities, less the fair value of scheme assets. Where schemes are in surplus, i.e. assets exceed liabilities, the net pension assets are separately included in the statement of financial position. Any net pension asset is limited to the extent that the asset is recoverable.

Intangible assets

Intangible assets acquired as part of a business combination are stated in the statement of financial position at their fair value as at the date of acquisition, less accumulated amortisation. Intangible assets acquired as part of business combinations comprise market-related assets (e.g. trademarks, imprints, brands). Intangible assets are amortised on a straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets with finite lives is 5 years.

RELX GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

Investments

Investments in subsidiary undertakings are stated at cost less any impairment in value.

Other investments

Other investments relate to ordinary shares of RELX PLC held by the Group Employee Benefit Trust. They are classified as investments and are held at market value with changes in fair value recognised directly in equity.

Taxation

Tax is charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the income statement (either in other comprehensive income, directly in equity, or through a business combination) in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible and is calculated using tax rates and laws that were enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Financial instruments

Financial instruments other than investments comprise trade receivables, payables and accruals, and borrowings.

Trade receivables are carried in the statement of financial position at invoiced value less lifetime expected credit losses.

Borrowings and payables are recorded initially at fair value and subsequently carried at amortised cost.

Interest receivable and interest payable

All interest receivable and interest payable are recognised on an accruals basis.

Standards and amendments effective for the year

The interpretations and amendments to IFRS effective for 2019 have not had a significant impact on the accounting policies or reporting.

2. Information regarding directors and employees

The directors received no emoluments (2018: nil) in respect of their services to the Company. The Company has two employees (2018: two employees). Their cost is borne by other group companies.

3. Operating profit

Operating profit is stated after charging the following:

| | 2019 £m | 2018 £m |
|--|------------|------------|
| Staff costs | | |
| Pension credit | 53 | 1 |
| Amortisation | | |
| Amortisation of acquired intangible assets | 17 | 17 |

The £6,891m income from shares in group undertakings is made up of dividends received.

RELX GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Auditor's remuneration

The auditor's remuneration for the audit of the Company's annual financial statements was £5,850 (2018: £5,750). The Company incurred and did not recharge auditor's remuneration for other group companies totalling £2.2m (2018: £1.6m).

5. Pension schemes

The Company participates in the Reed Elsevier Pension Scheme, the legacy UK defined benefit scheme. This scheme is of the defined benefit type providing benefits to certain current and former RELX employees, and its assets are held separately from the group's assets.

RELX Group plc is the scheme guarantor with the relevant RELX company employers contributing only to the scheme based on the cost of ongoing benefit accrual. Therefore, RELX Group plc recognises the whole of the scheme surplus or deficit in its financial statements.

The amounts recognised in the income statement in respect of defined benefit pension schemes during the year are as follows:

| | 2019 £m | 2018 £m |
|--|------------|------------|
| Service cost | 21 | 27 |
| Settlement and past service credits | (8) | 11 |
| Defined benefit pension expense | 13 | 38 |
| Net interest on net defined benefit obligation | 9 | (6) |
| Net defined benefit pension expense | 22 | 32 |

The service cost, and settlement and past service credits represents the cost for all RELX UK defined benefit scheme employees. The pension charge (2018: pension charge) in the income statement is shown net of recharges to other RELX entities.

Net interest on net defined benefit pension scheme liabilities is presented within finance costs in the income statement.

Employer cash contributions to defined benefit pension schemes in respect of 2020 are expected to be approximately £58m including a £44m pension deficit funding contribution relating to the UK scheme recovery plan.

The significant valuation assumptions, determined for the scheme in conjunction with independent actuaries, are presented below. The net defined benefit pension expense for each year is based on the assumptions and scheme valuation set at 31 December of the prior year.

| As at December 31 | 2019 | 2018 |
|--------------------------|-------|-------|
| Discount rate | 2.05% | 2.85% |
| Inflation | 2.95% | 3.15% |

The discount rate is set by reference to high-quality government bond yields.

Mortality assumptions make allowance for future improvements in longevity and have been determined by reference to applicable mortality statistics. The average life expectancy assumptions are set out below:

| As at December 31 | 2019 | |
|--------------------------------|------------------------------------|--------------------------------------|
| | Male average life expectancy | Female average life expectancy |
| Member currently aged 60 years | 85 | 88 |
| Member currently aged 45 years | 86 | 89 |

RELX GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Pension schemes (continued)

The amount recognised in the statement of financial position in respect of the defined benefit pension scheme at the start and end of the year and the movements during the year were as follows:

| | 2019 | | | 2018 | | |
|--|----------------------------------|-----------------------------------|--------------------------------------|----------------------------------|-----------------------------------|--------------------------------------|
| | Defined benefit obligation £m | Fair value of scheme assets £m | Net defined benefit obligation £m | Defined benefit obligation £m | Fair value of scheme assets £m | Net defined benefit obligation £m |
| At start of year | (3,761) | 3,405 | (356) | (3,844) | 3,581 | (263) |
| Service cost | (21) | - | (21) | (27) | - | (27) |
| Past service credits/(cost) | 8 | - | 8 | (11) | - | (11) |
| Interest on pension scheme (liabilities)/assets | (103) | 94 | (9) | (98) | 92 | (6) |
| Return on assets excluding amounts included in interest income | - | 304 | 304 | - | (184) | (184) |
| Actuarial (loss)/gain on financial assumptions | (494) | - | (494) | 92 | - | 92 |
| Actuarial gain arising from experience assumptions | 22 | - | 22 | 4 | - | 4 |
| Contributions by employer | - | 65 | 65 | - | 39 | 39 |
| Contributions by employees | (9) | 9 | - | (8) | 8 | - |
| Benefits paid | 120 | (120) | - | 131 | (131) | - |
| At end of year | (4,238) | 3,757 | (481) | (3,761) | 3,405 | (356) |

As at 31 December 2019 the defined benefit obligations comprise £4,067m (2018: £3,611m) in relation to funded schemes and £171m (2018: £150m) in relation to unfunded schemes.

The weighted average duration of defined benefit scheme liabilities is 19 years (2018: 19 years). Deferred tax assets of £82m (2018: £63m) are recognised in respect of the pension scheme deficits.

Amounts recognised in the statement of comprehensive income are set out below:

| | 2019 £m | 2018 £m |
|--|--------------|-------------|
| Gains and losses arising during the year: | | |
| Experience gain on scheme liabilities | 22 | 4 |
| Experience gain/(loss) on scheme assets | 304 | (184) |
| Actuarial gain arising on the present value of scheme liabilities due to changes in: | | |
| - discount rates | (626) | 167 |
| - inflation | 142 | - |
| - other actuarial assumptions | (11) | (75) |
| | (169) | (88) |

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5. Pension schemes (continued)

The major categories and fair value of scheme assets at the end of the reporting period are as follows:

| | 2019 £m | 2018 £m |
|------------------------------------|--------------|--------------|
| Equities | 1,358 | 1,128 |
| Government bonds | 1,414 | 1,224 |
| Property funds and ground leases | 715 | 723 |
| Structured debt and direct lending | 182 | 290 |
| Cash and cash equivalents | 75 | 26 |
| Other | 13 | 14 |
| Total | 3,757 | 3,405 |

Assets and obligations associated with the scheme are sensitive to changes in the market values of assets and the market-related assumptions used to value scheme liabilities. In particular, adverse changes to asset values, discount rates or inflation could increase future pension costs and funding requirements.

Typically, RELX Group plc's scheme is exposed to: investment risks, whereby actual rates of return on plan assets may be below those rates used to determine the defined benefit obligations, and interest rate risks, whereby scheme deficits may increase if bond yields in the UK decline and are not offset by returns in government bond portfolios. The scheme is also exposed to other risks, such as unanticipated future increases in member longevity patterns and inflation, all potentially leading to an increase in scheme liabilities.

Investment policies are intended to ensure continuous payment of defined benefit pensions in the short-term and long-term. Efforts are made to limit risks on marketable securities by adopting investment policies that diversify assets across geographies and among equities, government bonds, property funds and cash. Asset allocations are dependent on a variety of factors including the duration of scheme liabilities and the funded position of the plan.

All equities and government bonds have quoted prices in active markets.

Sensitivity analysis

The valuation of RELX Group plc's pension scheme liabilities involves significant actuarial assumptions, being the life expectancy of the members, inflation and the rate at which the future pension payments are discounted. Differences arising from actual experience or future changes in assumptions may materially affect future pension charges. In particular, changes in assumptions for discount rates, inflation and life expectancies that are reasonably possible would have the following approximate effects on the defined benefit pension obligations:

| | £m |
|--|-----|
| Increase/decrease of 0.25% in discount rate: | 197 |
| Increase/decrease of 0.25% in the expected inflation rate: | 104 |
| Increase/decrease of one year in assumed life expectancy: | 172 |

The above analysis has been calculated on the same basis used to determine the defined benefit obligation recognised in the statement of financial position. There has been no change in the methods used to prepare the analysis compared with prior years. This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that changes in the above assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Further details of the RELX pension schemes are disclosed on pages 140 to 143 of the consolidated financial statements of the ultimate parent company, which are available as disclosed in note 15 below.

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6. Finance costs

| | 2019 £m | 2018 £m |
|---|------------|------------|
| Interest payable and similar charges: | | |
| Net financing charge on defined benefit pension schemes | 9 | 6 |
| Foreign exchange (income)/losses | (1) | 2 |
| Finance costs | 8 | 8 |

7. Disposals

Profit on disposal of subsidiary undertaking of £2m related to the disposal of Reed Exhibitions Italia srl to Reed Expositions France SAS.

8. Taxation

| | 2019 £m | 2018 £m |
|--------------------|-------------|-------------|
| Current tax | (5) | (14) |
| Deferred tax | (11) | (1) |
| Tax expense | (16) | (15) |

The rate of UK corporation tax for the year is 19% (2018: 19%). Set out below is a reconciliation of the difference between tax expense for the year and the theoretical expense calculated by multiplying accounting profit by the applicable tax rate.

| | 2019 £m | 2018 £m |
|---|-------------|-------------|
| Profit on ordinary activities before taxation | 1,500 | 2,241 |
| Expected tax expense at 19% (2018: 19%) | (285) | (426) |
| Adjustments in respect of prior years | (2) | - |
| Expenses not deductible | (1,032) | (126) |
| Non-taxable dividend income | 1,306 | 537 |
| Tax rate changes | 1 | - |
| Effect of group relief | (4) | - |
| Tax expense | (16) | (15) |

Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK was 19%, accordingly, the company's profits for the accounting period are taxed at 19%. Therefore a deferred tax charge of £11m (2018: charge of £1m) is recognised as a tax expense.

The following tax has been recognised in other comprehensive income or directly in equity during the year:

| | 2019 £m | 2018 £m |
|---|------------|------------|
| Tax on items that will not be reclassified to profit or loss | | |
| Tax on actuarial movements on defined benefit pensions schemes | 29 | 17 |

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8. Taxation (continued)

| | Deferred tax asset | Deferred tax asset | Total £m |
|---|-----------------------|-------------------------------|-------------|
| | Losses £m | Pensions liabilities £m | |
| Deferred tax asset at 1 January 2018 | 10 | 45 | 55 |
| Prior year adjustment | (1) | - | (1) |
| (Charge)/credit to profit | (1) | 1 | - |
| Credit to other comprehensive income | - | 15 | 15 |
| Deferred tax asset at 1 January 2019 | 8 | 61 | 69 |
| Prior year adjustment | (3) | - | (3) |
| Charge to profit | (1) | (8) | (9) |
| Credit to other comprehensive income | - | 29 | 29 |
| Deferred tax asset at December 2019 | 4 | 82 | 86 |

9. Intangible assets

| | Acquired intangible assets £m |
|----------------------------|--|
| Cost | |
| At 1 January 2019 | 84 |
| At 31 December 2019 | 84 |
| Amortisation | |
| At 1 January 2019 | (21) |
| Charge for the year | (17) |
| At 31 December 2019 | (38) |
| Net book amount | |
| At 31 December 2019 | 46 |
| At 31 December 2018 | 63 |

The intangible assets relate to the ownership of the RELX trademark.

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10. Investments in subsidiary undertakings

| | £m |
|---------------------------------------|----------------|
| Cost | |
| At 1 January 2019 | 9,438 |
| Additions | 4,323 |
| Disposals | (1) |
| At 31 December 2019 | 13,760 |
| Provision for impairment | |
| At 1 January 2019 | (593) |
| Impairment in subsidiary undertakings | (5,429) |
| At 31 December 2019 | (6,022) |
| Carrying amount | |
| At 31 December 2019 | 7,738 |
| At 31 December 2018 | 8,845 |

In 2019, RELX Group plc purchased the portfolio of loan receivables from Elsevier Finance SA, which was subsequently gifted to RELX Group plc's indirect subsidiary RELX Finance Ltd. As a result, RELX Group plc has impaired its investment in RELX Swiss Holdings SA (which owns Elsevier Finance SA) and replaced this with an investment in the UK subgroup.

The impairment in subsidiary was recognised in order to write the value of the investment down to its net assets value.

11. Other investments

| | 2019 | 2018 |
|---------------------------------------|-------------|-------------|
| | £m | £m |
| Investments in RELX PLC shares | | |
| At 1 January | 115 | 124 |
| Additions | 38 | 43 |
| Share-based payment awards | (33) | (35) |
| Fair value adjustment | 9 | (17) |
| At 31 December | 129 | 115 |

RELX GROUP PLC
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12. Share capital and share premium

| Authorised | Number | £ |
|-----------------------------------|----------------|----------------|
| <i>Ordinary shares of £1 each</i> | | |
| - Ordinary shares | 104,513 | 104,513 |

All of the ordinary shares rank equally in respect of voting rights and the right to receive dividends. All of the R ordinary shares rank equally in respect of voting rights and the right to receive dividends.

| Called up, issued and fully paid | Ordinary shares Number | R shares Number | Ordinary shares £ | R shares £ |
|---|-------------------------------|------------------------|--------------------------|-------------------|
| At 1 January 2019 | 63,226 | 36,774 | 63,226 | 36,774 |
| At 31 December 2019 | 63,226 | 36,774 | 63,226 | 36,774 |

| Share premium | 2019 £m | 2018 £m |
|------------------------------|--------------------|--------------------|
| At 1 January and 31 December | 2,905 | 2,905 |

13. Other reserves

| Profit and loss account | 2019 £m | 2018 £m |
|---|--------------------|--------------------|
| At 1 January | 3,410 | 2,684 |
| Total comprehensive income for the year | 1,353 | 2,137 |
| Impairment taken to merger reserve | 5,429 | 589 |
| Dividends paid | (1,500) | (2,000) |
| At 31 December | 8,692 | 3,410 |

The impairment in RELX Swiss Holdings SA was taken to the merger reserve.

14. Consolidated group financial statements

The Company is not required to prepare consolidated group financial statements under s400 of the Companies Act 2006 because its parent company is subject to EU law and the ultimate parent company prepares consolidated group financial statements. Accordingly, these financial statements present information about this company as an individual undertaking and not as a group.

15. Ultimate parent company

The Company's ultimate and controlling parent company is RELX PLC, a company incorporated in England and Wales. The smallest and largest group into which the financial statements of the Company for the year ended 31 December 2019 are consolidated is RELX PLC. Copies of the consolidated financial statements of RELX PLC may be obtained from its registered office at 1-3 Strand, London, WC2N 5JR, United Kingdom.

16. Related party transactions

The Company has taken advantage of the exemption under the terms of FRS 101 paragraph 8(k) from disclosing related party transactions with entities that are wholly owned subsidiaries of RELX PLC. There were no other related party transactions in the current or prior year.

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17. Related undertakings

A full list of related immediate subsidiary undertakings is set out below:

| <u>Subsidiary undertakings:</u> Name of company | Proportion of equity capital held (direct) | Country of incorporation and operation | Registered office address |
|--|--|--|---|
| RELX (Holdings) Limited | 100% | United Kingdom | 1-3 Strand, London, WC2N 5JR, United Kingdom |
| REV Venture Partners Limited | 100% | United Kingdom | 1-3 Strand, London, WC2N 5JR, United Kingdom |
| RELX Swiss Holdings SA | 100% | Switzerland | Espace de L'Europe 3, 2002 Neuchâtel, Switzerland |

Interests are all in the form of ordinary shares unless otherwise stated.