



Reuters Supplementary Pension Scheme

Scheme Registration Number: 10060926

**Trustee's Annual Report and Financial Statements
For the Year Ended 31 December 2019**

Contents

Trustee and Advisers	3
Trustee's Report	6
Scheme Management	6
Investment Matters	11
Statement of Trustee's Responsibilities	14
Contact for Further Information	15
Approval.....	15
Report on Actuarial Liabilities	16
Actuary's Certification of the Schedule of Contributions	19
Summary of Contributions	20
Independent Auditors' Statement about Contributions.....	21
Independent Auditors' Report.....	22
Fund Account.....	25
Statement of Net Assets available for benefits.....	26
Notes to the Financial Statements.....	27

Trustee and Advisers

Corporate Trustee

Reuters SPS Trustee Limited

Trustee Directors

Appointed by the Sponsoring Employer:

Greg Meekings

Rachel Croft – representing Independent Trustee Services Limited (*appointed 26 November 2019*)

Izabel Grindal (*resigned 29 November 2019*)

Mike Sayers

Martin Vickery

Member Nominated:

Jeremy Penn

Geoffrey Sanderson

Secretary to the Trustee

Claudia Bunney

Barnett Waddingham LLP

2 London Wall Place

London EC2Y 5AU

Sponsoring Employer

Refinitiv Limited (*previously Reuters Limited – change of name effective from 28 February 2019*)

Five Canada Square

Canary Wharf

London E14 5AQ

Independent Advisers

Scheme Actuary

Michael Maltwood FIA

Aon Solutions UK Limited

122 Leadenhall Street

London

EC3V 4AN

Trustee and Advisers

Administrators

Capita Employee Solutions Limited
PO Box 555
Stead House
Darlington DL1 9YT

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Investment Managers

Aegon Asset Management Europe (Ireland) ICAV *(from August 2019)*
25-28 North Wall Quay
Dublin 1
Ireland

Aviva Investors *(until July 2019)*
P.O. Box 10410
Chelmsford
CM99 2AY

BMO Asset Management
Exchange House
Primrose Street
London EC2A 2NU

PIMCO
11 Baker Street
London W1U 3AH

Schroder Pension Management Limited
31 Gresham Street
London EC2V 7QA

PFS TwentyFour Asset Management *(from August 2019)*
Springfield Lodge
Colchester Road
Chelmsford
Essex CM2 5PW

Trustee and Advisers

Investment Advisers

Redington Limited
Floor 6, One Angel Court
London EC2R 7HJ

Life Assurers

Legal and General Assurance Society
Legal and General House
Kingswood
Tadworth
Surrey KT20 6EU

Zurich Assurance Limited
PO Box 3512
Swindon SN3 9AH

AVC Providers

The Prudential Assurance Company Limited
PO Box 2734
2nd Floor Abbey Gardens
Reading RG1 3UG

Legal Adviser

Sacker & Partners LLP
20 Gresham Street
London EC2V 7JE

Bank of New York Mellon Limited (*until August 2019*)
160 Queen Victoria Street
London EC4V 4LA

Bankers

National Westminster Bank
42 High Street
Sheffield S1 1QG

Trustee's Report

The Trustee is pleased to present the annual report and financial statements of the Reuters Supplementary Pension Scheme ("the Scheme") for the year ended 31 December 2019.

The Scheme was established under the provisions of a Trust Deed dated 29 December 1978. The Scheme is a defined benefit scheme providing benefits for employees of the Sponsoring Employer.

Until 5 April 2016, members were contracted out of the State Second Pension under a Certificate issued by the HM Revenue & Customs National Insurance Contributions office.

The Scheme is registered under the Finance Act 2004. Prior to the introduction of this Act, the Scheme was an "exempt approved scheme" under the terms of the Income and Corporation Taxes Act 1988.

Scheme Management

The Scheme is managed by a Corporate Trustee for the benefit of the members and their dependants in accordance with the Scheme Rules. The Corporate Trustee of the Scheme is Reuters SPS Trustee Limited. The provisions for appointing and removing the Corporate Trustee rest with the Sponsoring Employer. Four of the Directors of the Trustee, including the Chairman, are appointed and may be removed by the Sponsoring Employer. The remaining two Directors are Member Nominated Directors (MNDs) who must be active, deferred or pensioner members of the Scheme and elected by active, deferred and pensioner members. Each MND normally holds office for five years.

The full Trustee Board met 4 times during the year to discuss the ongoing strategy and management of the Scheme. The Investment sub-committee and the Communications sub-committee (CSC) of the Trustee Board also met regularly during the year to discuss their designated areas. The sub-committees do not have delegated powers from the main Trustee Board. In April 2020, a new Operations sub-committee (OSC) that operates jointly for the Scheme and for the Reuters Pension Fund was put in place. The OSC has replaced the CSC in dealing with communication-related matters for the Scheme.

Governance and Risk Management

In response to various regulatory changes, the Trustee has prepared a forward-looking business plan, setting out what issues should be considered and when. This is reviewed regularly. During the year, the Trustee addressed, amongst others, the issues on the below and on the following page:

(i) Risk Management

The Trustee is responsible for risk management of the Scheme and for the underlying controls mitigating identified risks, which are included in the Scheme's Risk Register. During the year, the Register was reviewed and updated. The risk management process is designed to manage, rather than to eliminate, the risk of error, loss or failure to comply with regulatory requirements. Also during the year the Trustee reviewed and updated its policy in relation to members' data, to comply with the requirements set by the General Data Protection Regulation. During the year the Trustee, with the assistance of an external specialist company, reviewed risks relating to cyber security of their advisers' systems and processes and actions were taken to strengthen existing processes where necessary.

Trustee's Report

Scheme Management

Governance and Risk Management (continued)

(ii) Changes to the Scheme's Rules

There were no changes to the Scheme's Rules during the year.

(iii) Trustee Knowledge and Understanding

During the year the Trustee received training from their advisers on current issues in order to maintain the level of knowledge and understanding required to perform the role of Scheme Trustee. Individual Trustee Directors also attended external training sessions and conferences on investment and current pension issues.

GMP equalisation

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to amend the Scheme rules and equalise guaranteed minimum pensions between men and women. This will result in an additional liability for the Scheme but, considering the timing of the ruling and the complexity of the calculation, the Trustee is not currently in a position to determine the value of the liability.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock and financial markets. The Trustee is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice. The Trustee has put in place a special temporary delegation of powers to a Trustee sub-group to ensure that the Trustee can continue to run the Scheme in the event that some of its Directors become ill and unable to carry out their duties.

London Stock Exchange acquisition of Refinitiv Holding Limited

On 1 August 2019 London Stock Exchange Group Plc ('LSEG') announced that it had agreed with Thomson Reuters and the Blackstone consortium the acquisition of Refinitiv in an all share transaction. The transaction has received LSEG shareholders approval and regulatory clearance, and is currently awaiting approval from the European Union's competition committee.

Trustee's Report

Scheme Management

Scheme Membership

Details of the current membership of the Scheme are given below:

	31 December 2019	31 December 2018
Active members	1	1
Deferred Members	22	25
Pensioners	149	152
	172	178
Active members		
Active members at start of year	1	2
Less: Leavers – deferred benefits	-	(1)
Active members at end of year	1	1
Deferred members		
Deferred members at start of year	25	36
Adjustment to the opening balance	-	(1)
	25	35
Plus: New deferred members	-	1
Less: Retirements	-	(8)
Transfers out	(3)	(3)
Deferred members at end of year	22	25
Pensioners		
Pensioners at start of year	152	143
Plus: Retirements	-	8
New spouse pension	2	2
Less: Deaths	(5)	(1)
Pensioners at end of year	149	152

Included in the pensioner figure above are 15 (2018: 15) pensions covering spouses and dependants.

Trustee's Report

Scheme Management

Pension Increases

Pensions in payment received the following increases during the year in line with requirements under legislation and the Scheme's Rules:

- Pensions earned before 6 April 1997 received a discretionary increase of 2.5% (2018: 2.5%) with effect from 1 January 2019. Discretionary increases were awarded by the Employer and Trustee for 2018 and will continue to be granted until 1 January 2024.
- Pensions earned between 6 April 1997 and 5 April 2005 received a statutory increase of 3.3% (2018: 3.9%) with effect from 1 January 2019.
- Pensions earned after 6 April 2005 received a statutory increase of 2.5% (2018: 2.5%) with effect from 1 January 2019.
- Post 88 GMP pensions in payment received an increase of 2.4% (2018: 3%) with effect from 1 January 2019.

Pensioners with individual increase guarantees received increases in line with their specific arrangements.

Transfer Values

Transfer values paid during the year were calculated and verified in accordance with the appropriate regulations and guidelines issued by the Institute of Actuaries. No transfer values were paid during the year which were less than the full value of the member's preserved benefits. No transfer values paid were reduced below the level calculated using tables supplied by the Scheme Actuary.

No allowance is made for discretionary pension increases in the calculation of transfer values.

Financial Development of the Scheme

The financial statements have been prepared and audited in accordance with regulations made under section 41 (1) and (6) of the Pensions Act 1995.

The active members pay contributions at a rate of 6% of pensionable salaries. For members who elected to join the Pension Adjustment, member contributions reduced to nil with effect from 1 June 2005 and the Sponsoring Employer has met the cost of the corresponding member contributions.

Under the Schedule of Contributions effective from 1 October 2018 the Sponsoring Employer's rate of contributions in respect of the 1 remaining active member who continues to accrue benefits in the Scheme is 43.9%.

Trustee's Report

Scheme Management

Financial Development of the Scheme (continued)

The Scheme met all expenses. The Sponsoring Employer met the cost of externally insuring the lump sum death in service benefit provided by the Scheme and contributed to the Scheme the National Insurance savings it made through the Pension Adjustment.

	£'000
Contributions and other receipts	3,106
Benefits paid and other expenses	(25,579)
Net withdrawals from dealings with members	(22,473)
Net returns on investments	27,663
Net assets at 1 January	303,699
Net assets at 31 December	308,889

Additional Voluntary Contributions

Up until 5 April 2006 the Rules of the Scheme permitted members to pay Additional Voluntary Contributions (AVCs) to arrangements with Prudential in order to augment their pensions or lump sum death benefits. After that date, the Refinitiv Retirement Plan (formerly 'Thomson Reuters UK Retirement Plan') (RRP) was opened as an AVC vehicle for active members of the Scheme and all new AVCs were invested in RRP.

Actuarial Valuation

A full actuarial valuation of the Scheme was undertaken as at 31 December 2016 and disclosed that liabilities exceeded assets at that date, resulting in a deficit of £70.4 million. This was equivalent to a funding level of 79%.

A summary of the results of the full actuarial valuation is included in the Actuary's Report on pages 16 to 18. In addition, the Actuary's Certificate in respect of the adequacy of rates of contributions agreed as part of the valuation, is reported on page 19 of this Report. Since then the funding level has increased to 95% as at 31 December 2018.

The next formal actuarial valuation as at 31 December 2019 is currently in progress.

Following discussions with the Trustee in connection with the actuarial valuation at 31 December 2016, King (Cayman) Holding Limited and Financial & Risk UK Parent Limited have provided to the Trustee a joint and several Parent Company Guarantee for a maximum aggregate amount of £120 million for a period of 15 years from 1 October 2018, the date when the partial sale of the Reuters Finance and Risk ("F&R") business to Blackstone closed, in order to strengthen the covenant of Refinitiv Limited.

Trustee's Report

Investment Matters

Overview

The Trustee, with the assistance of its appointed Investment Adviser, determines the overall investment strategy for the Scheme and sets out the broad policy to be adopted by each of the appointed fund managers.

Investment Managers

The names of the managers who managed the Scheme's investments during the year are listed on page 4. The Trustee has delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustee and each manager sets out the terms on which the manager will act.

The Trustee has set up an Investment Sub Committee (ISC) which comprises two Trustee Directors, currently Michael Sayers and Jeremy Penn, and a representative from the Sponsoring Employer, currently Andrew Perrin.

Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, the Trustee has produced a Statement of Investment Principles (SIP).

The SIP is required by law and summarises how the Trustee:

- sets the investment policy and chooses the most suitable types of investments for the Scheme;
- delegates buying and selling investments to the Scheme's investment managers.
- monitors the performance of the Scheme's investments.

Copies of the Statement are available on request from the Administrator at the address on page 4 of this report.

The Trustee has considered ethical and socially responsible investments and has delegated to the investment managers responsibility for taking social, environmental and ethical considerations into account when assessing the potential and suitability of investments and for exercising rights attaching to the Scheme. The managers' duties also include voting and corporate governance in relation to the Scheme's assets. The Trustee has reviewed each of the investment managers' policies on these issues and believes that the policies adopted by the managers are consistent with its own views.

During the year the Scheme's investment holdings were broadly in line with the target asset allocation in the SIP.

Custodial arrangement

In August 2019, the Scheme terminated its custodian arrangement with the Bank of New York Mellon. The investment managers of the pooled funds in which the Trustee invests use their own custodians. The custodians are responsible for the safe keeping of all the assets of the Scheme.

The Trustee is ultimately responsible for ensuring that the Scheme's assets continue to be held securely, and it will review the custody arrangements from time to time.

Trustee's Report

Investment Matters

Asset allocation

As at 31 December 2019, the Scheme's assets were invested with the following managers:

Manager	Mandate	Market Value (£m)	Weight (%)
BMO	LDI Fund	128.3	41.8
	Currency Hedging	(0.6)	-0.2
Schroder Investment Management	Multi-Asset Total Return	44.7	14.6
Aegon	European ABS Composite Fund	44.2	14.4
PIMCO	Global LIBOR Plus Bond Fund	44.7	14.6
TwentyFour	Dynamic Bond Fund I	45.4	14.8
Total Fund		306.5	100.0

Source: Bank of New York Mellon.

The total includes a further £7,746 which is held by the Scheme in respect of legacy assets.

Towards the end of 2018, the Scheme received a £54m lump sum contribution from the Sponsor after the partial sale of the Reuters Finance and Risk ("F&R") business to Blackstone. Given the improved funding position, the Trustee revised the primary investment and risk objectives articulated in the Pension Risk Management Framework (PRMF).

In order to better align the strategy with the updated objectives, the Trustee agreed a new Strategic Asset Allocation ("SAA"). This included three new investments; Schroders Multi-Asset Total Return Fund (MATR) (+£44m), Aegon European ABS Composite Fund (+£44m) and TwentyFour Dynamic Bond Fund (+£44m). These new allocations were funded from full redemptions from Aviva AIMS and Schroders Life DGF as well as partial redemptions from BMO LDI (-£40m) and PIMCO Absolute Return Bonds (-£9m). These changes were implemented between 30 July and 2 August 2019.

In 2018, the Trustee appointed BMO to manage various day-to-day operational activities relating to the Scheme's portfolio. In November 2019, this was extended to increase the efficiency of the management of collateral. In addition to this, the decision was taken to extend BMO's currency hedging mandate to hedge the foreign exchange exposure of the USD-denominated liabilities (CHF-denominated liabilities were already being hedged). BMO maintain these hedges on a quarterly basis.

Trustee's Report

Investment Matters

Review of investment performance

Fund	12 month performance to 31 December 2019	
	Fund (%)	Benchmark (%)
BMO - Passive LDI	5.4	5.2
Schroders Investment Management – Multi-Asset Total Return	1.9	1.3
Aegon – European ABS Composite Fund	1.2	0.6
PIMCO – Global LIBOR Plus Bond Fund	2.8	2.9
TwentyFour – Dynamic Bond Fund I	2.9	1.7

Source: Individual managers. All performance figures are shown net of fees.

Note that the performance figures quoted for Schroders Multi-Asset Total Return, Aegon European ABS Composite and TwentyFour Dynamic Bond Fund are since inception (July/August 2019) as the funds were inception within the last 12 months.

Investment performance for periods ended 31 December 2019 is set out below. Scheme level performance is for invested assets only and excludes currency overlay.

Periods ended 31 December	Fund (%)	Benchmark (%)
1 year	9.0	2.0
3 year ¹	-0.6	3.9
5 year ¹	0.8	4.4

¹annualised. Source: Bank of New York Mellon

Investment manager remuneration

The Trustee has entered into an agreement with each fund manager whereby its fee is based on the assets under its management for each of the funds. The Trustee pays a fixed fee to BMO to operate the currency overlay mandate.

Marketability of Investments

The majority of the Scheme's assets are held in pooled funds which have daily or weekly dealing cycles and are therefore expected to be realised in a short timeframe.

Employer-related investments

There were no directly held employer-related investments at the year end (2018: none).

There were no indirectly held employer-related investments at the year end (2018: none).

Further Investment disclosures

Further details on the Investment Strategy, objectives and Investment risks are disclosed in note 18 to the financial statements.

Trustee's Report

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

These financial statements are available on www.hartlinkonline.co.uk/sps, a website provided and maintained by the Scheme administrator on behalf of the Trustee. The work carried out by the auditors does not involve consideration of the maintenance and integrity of the website and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable to the Scheme by or on behalf of the Sponsoring Employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Scheme in accordance with the Schedule of Contributions.

Where breaches of the Schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Trustee's Report

Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or Scheme documentation, should be sent to:

Refinitiv Member Services Centre
Capita Employee Solutions Limited
PO Box 555
Stead House
Darlington DL1 9YT

Tel: UK: 0800 0778 250
Overseas: +44(0) 114 273 8397
Email: refinitiv@capita.co.uk

Members' website: www.hartlinkonline.co.uk/sps

Trustee's website: www.reutersSPS.co.uk

Approval

The Trustee's Report and Report on Actuarial Liabilities on pages 16 to 18 were approved by the Trustee and signed on its behalf by:

Mike Sayers

30 September 2020

Trustee Director

Date

Martin Vickery

30 September 2020

Trustee Director

Date

Report on Actuarial Liabilities

The previous Scheme Actuary, David Eteen, carried out an actuarial valuation of the Scheme as at 31 December 2016, the main purpose of which was to review the Scheme's financial strength at that date. The valuation was carried out under the requirements of the Pensions Act 2004. It used various measures and covered both members' past service benefits (i.e. pensions arising from service with the Company up to the date of valuation) and future service benefits (i.e. pensions which will arise from service with the Company after the valuation date).

The following is a summary of the results and assumptions used at the valuation date:

- The financial strength of the Scheme assessed using assumptions about future events agreed by the Trustee and the Company as being appropriate to meet member benefits (assuming the Scheme continues as a "going concern") was 79% in respect of past service benefits:

	£m
Liabilities*:	(328.7)
Assets:	<u>258.3</u>
Past service funding deficit	70.4
Funding level:	79%

*under the Pensions Act 2004, these are referred to as "technical provisions"

The 31 December 2016 actuarial valuation was undertaken using a yield curve approach. Under this approach different assumptions would be used to value the benefits depending on when they are paid. For example, different assumptions are used to value a benefit payable in 5 years' time compared to a benefit payable in 20 years' time. The two main financial assumptions were derived as follows:

- Discount rates were derived from the Bank of England UK fixed interest yield curve with out-performance allowed for.
- The Retail Price Index inflation assumption was derived from market yields for expected inflation, namely term-dependent rates derived from the difference between the Bank of England UK fixed and UK index-linked gilt curves.

Report on Actuarial Liabilities

Full details of the yield curves used to value the liabilities can be found in the formal actuarial valuation report dated 1 October 2018. However, for illustration purposes only, I have set these out below.

Discount rate	Fixed interest gilt yield curve plus 0.25 % p.a.
Rate of salary increases	RPI inflation plus 1.5 % p.a.
Rate of price inflation - Retail Prices Index (RPI)	Derived from the Bank of England implied inflation curve at the valuation date
- Consumer Prices Index (CPI)	RPI inflation less 1.1 % p.a.
Pension increases	Derived from price inflation assumptions with allowance for caps and floors and using best estimates of future inflation volatility
Deferred pension revaluations	Derived from price inflation assumptions with allowance for caps
Life expectancy - member currently aged 62 - member currently aged 42 on reaching age 62	89.5 (males), 91.4 (females) 91.2 (males), 93.2 (females)

Note: The valuation took into account the agreement by the Trustee and the Company to provide annual increases to pre-1997 pensions in payment in excess of GMPs until 1 January 2021, as explained in the formal actuarial valuation report.

The financial strength of the Scheme assessed against the estimated cost of securing past service benefits with an insurance company was about 65%.

As part of the actuarial valuation as at 31 December 2016, the Trustee and Company agreed to increase the contributions the Company makes to the Scheme in respect of members' future service benefits from 1 January 2018 to 43.9% of members' Salaries.

In order to remove the funding deficit at the valuation date, the Company paid additional contributions of £7m in March 2017, £7m in December 2017, £8.5m in March 2018 and £54m in October 2018.

If the assumptions made as part of the valuation are borne out in practice, these contributions will correct the funding deficit relative to the technical provisions.

Expenses

The Company has also agreed to pay a fixed amount into the Scheme each year to cover the administration costs of running the Scheme and the cost of the levies that the Scheme has to pay in relation to the Pension Protection Fund (PPF) and the Pensions Regulator. For 2018 this amount was £1,270,380 and this will be increased by 4% each year. At the Trustee's request, the Company will pay an additional contribution in respect of the amount (if any) that the actual PPF levy (and other levies collected by the Pensions Regulator) exceed £50,000. The Company will continue to pay any insurance company premiums required for insuring the death in service benefit.

Full details of the valuation results are set out in the formal valuation report dated 1 October 2018.

Report on Actuarial Liabilities

This report relates to the Scheme's financial position at the valuation date. As time moves on, the Scheme's finances will fluctuate.

Developments since 31 December 2016

The following is a summary of the results for the annual actuarial reports as at 31 December 2017 and 31 December 2018:

	31 December 2017	31 December 2018
	£m	£m
Liabilities*:	(319.5)	(317.0)
Assets:	<u>263.4</u>	<u>303.7</u>
Past service funding deficit	56.1	13.3
Funding level:	82%	96%

*under the Pensions Act 2004, these are referred to as "technical provisions"

Since the date of the actuarial valuation, the funding level of the scheme has improved, and the deficit has reduced. This is primarily due to an increase in the assets as a result of Company contributions paid into the Scheme, in particular, the payment of approximately £54m in October 2018. In addition, the liabilities have decreased, mainly due to benefit payments being made to members, although this has been partially offset by adverse market conditions.

Pensioner Cost of Living Adjustments (increases to pre-1997 pensions for non-Exec members)

The 2016 valuation took into account the agreement at the time to provide annual increases to pre-1997 pensions in payment in excess of GMPs until 1 January 2021, as explained in the formal actuarial valuation report.

In 2018 the Trustees and the Company agreed to provide a further three years' of annual increases to pre 1997 pensions in payment in excess of GMPs up to 1 January 2024. In order to fund the additional increases, the Company paid three additional contributions of £1.67m in October 2018, March 2019 and February 2020.

The formal actuarial valuation as at 31 December 2019 is currently in progress.

Michael Maltwood FIA
Scheme Actuary
Aon Solutions UK Limited
122 Leadenhall Street
London
EC3V 4AN

Actuary's Certification of the Schedule of Contributions

Name of Scheme: **Reuters Supplementary Pension Scheme**

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2016 to be met by the end of the period specified in the recovery plan dated 1 October 2018.

I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 1 October 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were wound up.

Signature:

Date:

1 October 2018

Name: Michael Maltwood

Qualifications:

Fellow of the Institute
and Faculty of Actuaries

Address: The Aon Centre
 The Leadenhall Building
 122 Leadenhall Street
 London EC3V 4AN

Name of Employer: Aon Hewitt Limited

Summary of Contributions for the Year Ended 31 December 2019

During the year ended 31 December 2019, the contributions payable to the Scheme were as follows:

	£'000
Employer	
- Normal	81
- Deficit funding	-
- Additional – expense contributions	1,321
- Voluntary pension adjustment contributions	1
Contributions payable under the Schedule of Contributions and as reported on by the Scheme auditor	1,403

Reconciliation of contributions payable under the Schedule of Contributions to contributions reported in the financial statements in respect of the Scheme year ended 31 December 2019

	£'000
Contributions payable under the Schedule (as above)	1,403
Employer	
- Additional – pension increases agreement	1,667
Total contributions reported in the financial statements	3,070

Contributions were received in accordance with the dates stipulated on the Schedule of Contributions dated 1 October 2018.

Approved by the Trustee and signed on its behalf by:

Mike Sayers

Trustee Director

30 September 2020

Date

Martin Vickery

Trustee Director

30 September 2020

Date

Independent Auditors' Statement about Contributions to the Trustee of the Reuters Supplementary Pension Scheme

Statement about contributions

Opinion

In our opinion, the contributions payable under the Schedule of Contributions for the Scheme year ended 31 December 2019 as reported in Reuters Supplementary Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the Schedule of Contributions certified by the Scheme actuary on 1 October 2018.

We have examined Reuters Supplementary Pension Scheme's summary of contributions for the Scheme year ended 31 December 2019 which is set out on the previous page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme under the schedule of contributions and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the statement of Trustee's responsibilities, the Scheme's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Scheme by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30/9/20

Independent Auditors' Report to the Trustee of the Reuters Supplementary Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion, Reuters Supplementary Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2019, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Trustee's Annual Report and Financial Statements, which comprise: the statement of net assets available for benefits as at 31 December 2019; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Scheme'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.

Independent Auditors' Report to the Trustee of the Reuters Supplementary Pension Scheme

Conclusions relating to going concern (continued)

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Reporting on other information

The other information comprises all the information in the Trustee's Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Scheme'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 Trustee either intends to wind up the Scheme, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Independent Auditors' Report to the Trustee of the Reuters Supplementary Pension Scheme

Auditors' responsibilities for the audit of the financial statements (continued)

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30/9/20

Fund Account for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Employer contributions	4	3,070	65,693
		<u>3,070</u>	<u>65,693</u>
Transfers from other plans	5	36	2,470
		<u>3,106</u>	<u>68,163</u>
Benefits paid or payable	6	(13,456)	(15,888)
Transfers to other plans	7	(11,533)	(5,256)
Administrative expenses	8	(590)	(573)
		<u>(25,579)</u>	<u>(21,717)</u>
Net (withdrawals) / additions from dealings with Members		<u>(22,473)</u>	<u>46,446</u>
Net returns on investments			
Investment income	9	6	11
Change in market value of investments	11	27,912	(5,863)
Investment management expenses	10	(255)	(543)
Net returns on investments		<u>27,663</u>	<u>(6,395)</u>
Net increase in the fund during the year		5,190	40,051
Net assets at 1 January		303,699	263,648
Net assets at 31 December		<u>308,889</u>	<u>303,699</u>

The accompanying notes on pages 27 to 38 are an integral part of these financial statements.

Statement of Net Assets available for benefits as at 31 December 2019

	Note	2019 £'000	2018 £'000
Investment assets:	11		
Pooled investment vehicles	12	8	79,467
Qualifying investment fund	12	306,492	219,626
AVC investments	12	82	43
Total investments		306,582	299,136
Current assets	19	2,980	5,329
Current liabilities	20	(673)	(766)
Net assets available for benefits at 31 December		308,889	303,699

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the report on Actuarial Liabilities on pages 16 to 18 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 27 to 38 form an integral part of these financial statements.

These financial statements were approved by the Trustee and signed on its behalf by:

Mike Sayers

Trustee Director

30 September 2020

Date

Martin Vickery

Trustee Director

30 September 2020

Date

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice.

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements. However, it has required certain additions to or amendments of disclosures in the financial statements.

2. Identification of the financial statements

The Scheme is a defined benefit arrangement established as a trust under English Law. The fund is closed to new members. The address of the scheme is Five Canada Square, Canary Wharf, London, E14 5AQ.

3. Accounting Policies

The following principal accounting policies have been applied consistently in the preparation of the financial statements.

Contributions and benefits

Contributions and benefits payable are accounted for on an accruals basis in the period to which they relate. Normal contributions and voluntary pension adjustment contributions are accounted for in accordance with the Schedule of Contributions agreed by the Trustee with the Sponsoring Employer. Deficit contributions and expense contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, in the period in which they are received.

Payments to members

Benefits are accounted for in the later of the period in which the member notifies the Trustee of his/her decision on the type or amount of benefit to be taken, and the date of retiring or leaving. If there is no member choice the date of retiring, leaving or notification of death is used.

Pensions in payment are accounted for in the period to which they relate.

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that members benefits receivable from the Scheme, this is shown separately within benefits.

Notes to the Financial Statements

3. Accounting policies (continued)

Transfer values to and from other schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on an accrual basis on the date the trustees of the receiving scheme accept the liability. The liability normally transfers when payment is made, unless the trustees of the receiving scheme have agreed to accept liability in advance of receiving the funds.

Cash equivalents paid during the year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Scheme Act 1993 and do not include discretionary benefits.

Investment returns

Income from investments and deposits is dealt with on an accruals basis. All investment income received is stated inclusive of any related taxation recoverable but net of any irrecoverable overseas withholding taxes and costs of collection, where applicable. Income from pooled investment vehicles is stated net of management fees. Where pooled investment managers reinvest investment income, this is treated as accumulating within the fund value.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

The change in market value of investments are accounted for in the year in which they arise and include all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value.

Valuation of investments

The Qualifying Investment Fund (QIF) is accounted for on the fair value of the underlying assets as set out for each of the asset types that are held within it.

Pooled investment vehicles are valued at closing bid price provided by the relevant fund managers, where available, or if single priced, at the closing single price.

AVC investments are included at fair values as provided by the AVC investment managers.

Derivative contracts are valued at fair value. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices.

Derivative contracts changes in fair value are included in change in market value.

The fair value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

Notes to the Financial Statements

3. Accounting policies (continued)

Investment management and administrative expenses

Investment management and administrative expenses are accounted for on an accruals basis, net of recoverable VAT.

Presentation currency

The Scheme functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Foreign income and expenses are translated into sterling at the rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

4. Employer contributions

	2019 £'000	2018 £'000
Employer contributions		
Normal	81	252
Deficit funding	-	62,500
Additional – pension increases agreement	1,667	1,667
Additional – expense contributions	1,321	1,270
Voluntary pensions adjustment contributions	1	4
	3,070	65,693

Employer normal contributions above include salary sacrifice contributions in respect of members during the year.

There were no deficit funding contributions due in 2019 under the recovery plan dated 1 October 2018. £54,000,000 was due to be paid by 19 October 2018 and was received on 18 October 2018. £8,500,000 in respect of annual cost of living increases to pensions was received on 26 March 2018 which was not required under the previous recovery plan dated 23 March 2015.

The additional contributions received in respect of the annual cost of living pension increases agreement relates to contributions outside of any agreed recovery plan.

Under the Schedule of Contributions dated 1 October 2018 £1,270,380 was also due by 31 December 2018 in respect of expenses met by the Scheme. This was received on 5 February 2019. Annual payments increased by 4% of the prior year amount are due by 31 March each year. £1,321,195 was received on 27 March 2019.

Reuters Supplementary Pension Scheme

Notes to the Financial Statements

5. Transfers from other plans

	2019 £'000	2018 £'000
Transfers from other plans	36	2,470

6. Benefits paid or payable

	2019 £'000	2018 £'000
Pensions	13,456	13,109
Commutations and lump sum retirement benefits	-	2,246
Taxation where lifetime or annual allowance exceeded	-	533
	13,456	15,888

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

7. Transfers to other plans

	2019 £'000	2018 £'000
Transfers to other plans	11,533	5,256

8. Administrative expenses

	2019 £'000	2018 £'000
Administration and processing	34	29
Actuarial fees	335	304
Audit fees	29	28
Legal and professional	107	127
PPF Levy	5	4
Trustee fees and expenses	68	80
Other expenses	12	1
	590	573

9. Investment income

	2019 £'000	2018 £'000
Interest on cash deposits	5	4
Other	1	7
	6	11

Reuters Supplementary Pension Scheme

Notes to the Financial Statements

10. Investment management expenses

	2019 £'000	2018 £'000
Investment management fees	48	268
Investment consultancy fees	207	275
	255	543

11. Reconciliation of net investments

	Opening Value £'000	Purchases and derivative payments £'000	Sales proceeds and derivative receipts £'000	Change in market value £'000	Closing Value £'000
Pooled investment vehicles	79,467	45,377	(130,739)	5,903	8
Qualifying investment fund	219,626	85,360	(20,500)	22,006	306,492
AVCs	43	36	-	3	82
	299,136	130,773	(151,239)	27,912	306,582

The Trustee holds assets invested separately from the main fund with Prudential securing additional benefits on a Money Purchase basis for those members that elected to pay Additional Voluntary Contributions (AVCs). Members who participated in that arrangement each receive an annual statement confirming the amounts held to their account and the movements in the year.

The qualifying investment fund (QIF) is an investment vehicle for which the Scheme is the sole investor. The breakdown of asset types within the QIF is shown in note 12.

Pooled investment vehicles are operated by companies registered in the UK, USA, Ireland and Luxembourg.

Notes to the Financial Statements

12. Analysis of investment assets and liabilities

	2019 £'000	2018 £'000
Pooled investment vehicles		
Diversified growth	-	79,457
Cash – sterling liquidity	8	10
Total pooled investment vehicles	8	79,467
Qualifying investment fund		
Pooled investment vehicles	178,812	79,929
Cash	190	13,539
Bonds	297,168	300,160
Currency hedging - net	(596)	(601)
Repurchase agreements	(169,082)	(173,401)
	306,492	219,626
Other investment assets		
AVCs (with-profits, fixed interest and long-term gilts)	82	43
Total investments	306,582	299,136

13. Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs, including costs charged to the Scheme such as fees, commissions and stamp duty were £nil (2018: £nil).

In addition, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. It is not possible for the Trustee to quantify such indirect transaction costs.

Notes to the Financial Statements

14. Concentration of investment

The following investments represent more than 5% of the total value of net assets of the Scheme:

	2019 Market Value £'000	2019 Percentage of Net Assets %	2018 Market Value £'000	2018 Percentage of Net Assets %
Qualifying Investment Fund	306,492	99.2	219,626	72.6
Schroder Diversified Growth Fund	-	-	42,196	14.0
Aviva Diversified Growth Fund	-	-	37,261	12.3

None of the Scheme's holdings represent more than 5% of any class of shares of any company (2018: none).

15. Marketability of investments

The majority of the Scheme's assets are held in pooled funds which have daily or weekly dealing cycles and are therefore expected to be realised in a short timeframe.

16. Employer-related investments

There were no directly held employer-related investments at the year end (2018: none).

There were no indirectly held employer-related investments at the year end (2018: none).

Notes to the Financial Statements

17. Fair value determination

The fair value of financial instruments has been disclosed using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment dates.
Level 2	Inputs other than quoted prices included within Level 1 which are observable (ie developed) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy levels as follows:

As at 31 December 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	8	-	8
Qualifying investment fund	190	306,302	-	306,492
AVCs	-	-	82	82
	190	306,310	82	306,582
As restated As at 31 December 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	79,467	-	79,467
Qualifying investment fund	13,539	206,087	-	219,626
AVCs	-	-	43	43
	13,539	285,554	43	299,136

Pooled investment vehicles which are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair values applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles which are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors which prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 31 December 2019 or 31 December 2018.

Following the adoption of the revised SORP, bonds and pooled investment vehicles previously disclosed as level 1 investments have been reclassified to level 2.

Notes to the Financial Statements

18. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks as follows:

Credit risk – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk – comprises the following three types of risk:

Interest rate risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market interest rates.

Currency risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in foreign exchange rates.

Other price risk: The risk that the fair value or future cashflows of a financial asset will fluctuate because of changes in market prices (other than those due to interest rates and currency).

The Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreement in place with the Scheme's investment manager and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management is set out below:

Credit Risk

The pooled investment arrangements used by the Scheme comprise of open-ended collective investment funds. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and the ongoing due diligence of the pooled manager.

The legal nature of the Qualifying investment fund where most of the Scheme's investments sit, is a fonds commun de placement (FCP). The pooled investment vehicles held in 2018 were Open Ended Investment Companies (OEIC) and Life Policies. The values were £42,206k and 37,261k respectively.

Indirect credit risk arises in relation to the absolute return bonds, targeted return and cash funds, which may hold corporate bonds and other debt instruments. The combined value of these portfolios was approximately £178.8m as at 31 December 2019 (2018: £159.4m), though each fund may only hold a portion of its assets in these investments at any given time.

The Trustee monitors the performance of the Scheme's investment managers on a regular basis in addition to having meetings with the manager when necessary. The Trustee has a written agreement with each investment manager, which contains a number of restrictions regarding how the investment manager may operate.

Notes to the Financial Statements

18. Investment risk disclosures (continued)

The Scheme's currency hedging programme also involves counterparty risk as there will be periods where the currency forward contracts will be 'in the money'. This risk is mitigated by the short-term nature of the contracts (typically three months) and the spread of counterparties used. The management of these contracts is delegated to BMO.

Market risk: Interest rates

The Scheme is subject to interest rate risk because a proportion of its investments are in bonds, interest rate swaps, gilt repos and cash held through pooled vehicles. As at 31 December 2019, approximately £128.3m (2018: £167.7m) was invested in pooled vehicles from which some of the constituents may be exposed to interest rate risk at any time.

The Trustee has intended to take some interest rate risk in the asset portfolio to offset risks arising in the liability portfolio. Under this strategy, if interest rates fall, the value of the LDI portfolio will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI portfolio will fall in value, as will the actuarial liabilities, due to an increase in the discount rate. The LDI strategy includes leverage and so provides interest rate and inflation protection on c.100% of the funded liabilities.

Market risk: Currency

The Scheme is exposed to currency risk as some of its investments are held indirectly in overseas markets. For example, the Scheme invests indirectly in overseas equities, bonds and commodities through pooled investment vehicles. As at 31 December 2019 the amount invested in multi-asset funds was approximately £178.8m (2018: £131.4m). These funds are denominated in sterling and all returns and targets are sterling-based. The funds have some holdings in overseas assets which may alter over time and the Trustee has delegated the responsibility of managing any currency risk within the funds to the managers.

The Scheme is exposed to further currency risk as a result of Swiss Franc, US dollar, Euro and Australian dollar denominated liabilities. The risk of Swiss Franc and US Dollar exposure is mitigated through the currency hedging programme operated by BMO.

Market risk: Other price

Other price risk arises in relation to the Scheme's return seeking portfolio which, as at 31 December 2019, invests approximately £178.8m in pooled multi-asset funds (2018: £131.4m) which indirectly hold credit, equities, commodities, foreign exchange and government bonds, amongst other assets.

The Trustee manages this exposure by investing in pooled funds that invest in a diverse portfolio of instruments across various markets. According to the Scheme's Statement of Investment Principles (SIP), each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. In addition, the asset allocation is detailed in the Appendix of the SIP document and is monitored on a regular basis by the Trustee.

Notes to the Financial Statements

18. Investment risk disclosures (continued)

The Scheme is further exposed to inflation price risk through the LDI portfolio. Any increase in market implied inflation will increase the value of the LDI portfolio, offsetting to some degree any increase in the value of the liabilities. Similarly, any fall in market implied inflation will reduce the value of the LDI portfolio, offsetting to some degree the fall in the value of the liabilities.

19. Current assets

	2019 £'000	2018 £'000
Contributions due from Employer	-	1,270
Cash balances	2,980	4,059
	2,980	5,329

20. Current liabilities

	2019 £'000	2018 £'000
Accrued expenses	411	473
Other creditors	262	293
	673	766

21. Related party transactions**Key management personnel of the Fund**

During the year the Scheme paid pensions in respect of four (2018: four) Trustee Directors of the Scheme.

The Scheme pays an annual fee and expenses to the Chairman of the Trustee and attendance fees to other Trustee Directors no longer employed by the Sponsoring Employer. In 2019, these fees and expenses amounted to £68,189 (2018: £80,497). As at 31 December 2019 the amount due to be paid in respect of these was £64,975 (2018: £80,393).

Entities with control, joint control or significant influence over the Fund

Certain Scheme expenses are initially paid by the Sponsoring Employer which is then reimbursed by the Scheme. Therefore at the year end there may be amounts owing to the Sponsoring Employer from the Scheme. The amount due to be paid to the Sponsoring Employer in respect of fees and expenses for 2019 and included within note 20 is £406,553 (2018: £411,279).

Notes to the Financial Statements

21. Related party transactions (continued)

Following discussions with the Trustee in connection with the actuarial valuation at 31 December 2016, King (Cayman) Holding Limited and Financial & Risk UK Parent Limited have provided to the Trustee a joint and several Parent Company Guarantee for a maximum aggregate amount of £120 million for a period of 15 years from 1 October 2018, the date when the partial sale of the Reuters F&R business to Blackstone closed, in order to strengthen the covenant of Refinitiv Limited.

Except as disclosed in the financial statements there are no transactions, balances or relationships that require disclosure under FRS 102.

22. Contingent liabilities and commitments

On 26 October 2018, the High Court ruled that benefits provided to members who had contracted out of their Scheme must be recalculated to reflect the equalisation of state pension ages between 17 May 1990 and 6 April 1997. Following the ruling, it is expected that the Trustee will need to amend the Scheme rules and equalise guaranteed minimum pensions between men and women. This will result in an additional liability for the Scheme but, considering the timing of the ruling and the complexity of the calculation, the Trustee is not currently in a position to determine the value of the liability.

Other than the above, in the opinion of the Trustee, the Scheme had no contingent liabilities as at 31 December 2019 (2018: none).

23. Subsequent Events

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock and financial markets. The Trustee is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

The Scheme considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. It is not possible, at this time, to quantify the change in market value in a meaningful way, due to ongoing volatility as the situation is fluid and unpredictable.