

Annual Report and Financial Statements 2018

RELX Finance B.V.
Amsterdam

5 July 2019

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Amsterdam

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Directors' report

General

The Directors present their report, together with the financial statements of RELX Finance B.V. (the *Company*) for the year ended 31 December 2018.

Principal activities

The Company is a finance company with the main objective to raise funds, including the issue of bonds, loan notes, promissory notes or other securities, to finance RELX affiliates.

Financial statement presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards [IFRS] as adopted by the EU and Article 4 of the IAS Regulation.

Developments

RELX, of which the Company is a part, maintains a range of borrowing facilities and debt programmes to fund its funding requirements at competitive rates. Debt is issued to meet the funding requirements of various jurisdictions and in the currency that is needed, recognising that debt can act as a natural hedge of earnings and net assets in currencies other than the RELX reporting currency. The Company was set up during 2015 to enable an increased proportion of RELX's debt portfolio to be issued and denominated in euros, to better match the currency mix of earnings and operating cash flows.

In March 2018, the Company issued term debt of €500 million paying a coupon of 1.50% and maturing in 2027. These notes are fully and unconditionally guaranteed by the parent company of RELX, RELX PLC.

During 2018 the Company issued short term debt comprising US Commercial Paper and Euro Commercial Paper. Commercial Paper issued under both programmes is fully and unconditionally guaranteed by the parent company of RELX, RELX PLC.

Board changes

In September 2018 Jans van der Woude retired from the Board and Claudia Last-Viskil was appointed Director of the Board. The Board of Directors currently comprises Claudia Last-Viskil, Alberto Romaneschi and Simon Thompson.

Prospects

In 2019 the Company will continue to raise funds to finance RELX affiliates.

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Review of business

In 2018 the Company has issued term debt of €500 million and regularly issued commercial paper lending the funds raised to affiliated companies. The interest income received on these amounts covered the interest and administrative expenses of the Company in full.

Risk management

The Company is part of RELX, which has established internal controls and risk management practices that are embedded into the operations of the businesses, based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

The Company has identified and evaluated its principal risks, the controls in place to manage those risks and the levels of residual risk accepted. The Directors give consideration to the risk appetite (defined as the Company's willingness to take on risk) for each principal risk. Risk appetite is based on an assessment of the level of residual risk, taking account of inherent risk and mitigation effort. The level of residual risk which the Company is prepared to accept will vary, with a high level of mitigation effort over operational, financial and compliance risk.

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risks are credit risk and liquidity risk. Credit risk is principally attributable to amounts owed by affiliate companies and is not considered to be significant. Liquidity risk is not considered to be significant as the Company's borrowings are largely matched by amounts receivable from affiliate companies. Interest rate risk is mitigated by issuing borrowings at fixed rates of interest, or, where borrowings have been swapped to floating rates through the use of interest rate derivatives or issued at floating rates, by lending to affiliate companies at floating rates of interest. The Company does not have significant exposure to foreign exchange risk because the majority of its borrowings and the amounts receivable from affiliate companies are denominated in euros, the Company's functional currency. Where borrowings are issued in foreign currencies (such as the US dollar) they are hedged back to euros using forward foreign exchange contracts. The Company has no other significant transactions denominated in foreign currencies.

Financial statements and accounting records

The financial statements provide a true and fair view of the state of affairs of RELX Finance B.V. as of 31 December 2018 and of the profit or loss in 2018. In preparing the financial statements, the Board ensures that suitable accounting policies, consistently applied and supported by reasonable judgements and estimates, have been used and applicable accounting standards have been followed. The Board is responsible for keeping proper accounting records, which 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 law. The Board has general responsibility for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Applicable accounting standards have been followed and the Company's financial statements are prepared using accounting policies which comply with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

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Audit committee

The Company has not established an audit committee as it uses the exemption for subsidiaries as mentioned under article 3 of the legislation as announced on 26 July 2008 (“Koninklijk besluit 323”). The ultimate parent company RELX PLC has established an audit committee which is responsible for the oversight of financial reporting, risk management and internal control policies, and the effectiveness of internal and external audit processes. The Committee comprises only independent Non-Executive Directors of RELX PLC.

Share capital

All issued shares are fully paid up and carry no additional obligations or special rights.

Directors’ responsibility statement

Each of the Directors confirms, to the best of their knowledge, that

- the financial statements, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the financial position and profit or loss of the Company; and
- the Directors’ Report includes a fair review of the development and performance of the business during the financial year and the position of the Company as at 31 December 2018 together with a description of the principal risks and uncertainties that it faces.

Neither the Company nor the Directors accept any liability to any person in relation to the Annual report except to the extent that such liability arises under Dutch law.

Disclosure of information to auditors

As part of the process of approving the RELX Finance B.V. financial statements, the Directors have taken steps to ensure that all relevant information was provided to the RELX Finance B.V. auditors and, so far as the Directors are aware, there is no relevant audit information of which the RELX Finance B.V. auditors are unaware.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Company to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the 2018 financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Auditors

Ernst & Young Accountants LLP (EY) are the auditors of the Company in respect of the 2018 audit.

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Amsterdam, 5 July 2019

Signed by Board of Directors:

C.J.C Last - Viskil

A. Romaneschi

S.M. Thompson

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Financial statements and other information

Statement of comprehensive income

For the year ended 31 December	Note	2018	2017
		€000	€000
Interest and similar income		34,428	30,656
Interest and similar expense		(31,981)	(24,797)
Net interest income	6	2,447	5,859
Administrative expenses		(655)	(870)
Operating income	3	1,792	4,989
Profit before tax		1,792	4,989
Tax expense	7	(543)	(1,409)
Net profit for the year		1,249	3,580
Other comprehensive income		-	-
Total comprehensive income for the year		1,249	3,580

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Statement of cash flows

For the year ended 31 December	Note	2018	2017
		€000	€000
Cash flows from operating activities			
Profit before tax		1,792	4,989
Change in operating assets		(1,156)	1,107
Change in operating liabilities		5,980	(1,601)
Fair value adjustments to borrowings and related derivatives		(6,244)	(5,895)
Increase in amounts due from RELX companies	8	(736,359)	(365,441)
Tax paid		(627)	-
Net cash used in operating activities		(736,614)	(366,841)
Cash flows from financing activities			
Increase/(decrease) in short-term bank loans, overdrafts and commercial paper		242,000	(221,000)
Decrease in amounts owed to RELX companies		(1,502)	(58,069)
Issuance of term debt	13	496,144	995,927
Repayment of term debt		-	(350,000)
Net cash from financing activities		736,642	366,858
Increase in cash and cash equivalents		28	17
Movement in cash and cash equivalents			
At start of year		70	38
Increase in cash and cash equivalents		28	17
Exchange translation differences		-	15
At end of year		98	70
Operational cash flows from interest and similar income/(expense)			
Interest and similar income received		31,117	32,074
Interest and similar expense paid		(32,105)	(30,587)

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Statement of financial position

As at 31 December	Note	2018	2017
		€000	Reclassified* €000
Non-current assets			
Amounts due from RELX companies	8	3,061,791	2,328,668
Derivative financial instruments	10	6,863	751
		3,068,654	2,329,419
Current assets			
Amounts due from RELX companies	8	31,972	28,736
Prepaid expenses		1,156	-
Cash and cash equivalents		98	70
		33,226	28,806
Total assets		3,101,880	2,358,225
Current liabilities			
Amounts owed to RELX companies	9	6,297	7,799
Trade and other payables	11	16,458	10,478
Borrowings	12	262,000	20,000
Taxation	7	705	1,310*
		285,460	39,587
Non-current liabilities			
Derivative financial instruments	10	744	5,458
Borrowings	12	2,805,665	2,304,939
Deferred tax liabilities	7	2,168	1,647*
		2,808,577	2,312,044
Total liabilities		3,094,037	2,351,631
Net assets		7,843	6,594
Capital and reserves			
Share capital	13	0	0
Reserves		6,594	3,014
Net profit		1,249	3,580
Shareholder's equity		7,843	6,594

*The comparative balance for taxation has been reclassified to separate the current taxation liability and the non-current deferred tax liability, for reasons of comparability.

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Company statement of changes in equity

	Share capital €1	Net profit €000	Reserves €000	Total €000
Opening balance at 1 January 2017	<i>1</i>	2,663	351	3,014
Total comprehensive income for the period	-	3,580	-	3,580
Transfer of net profits to reserves		(2,663)	2,663	-
Balance at 1 January 2018	<i>1</i>	3,580	3,014	6,594
Total comprehensive income for the period	-	1,249	-	1,249
Transfer of net profits to reserves		(3,580)	3,580	-
Balance at 31 December 2018	<i>1</i>	1,249	6,594	7,843

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Notes to the Financial Statements

For the year ended 31 December 2018

1. General

Activities

The activities of the Company, with its registered office and its actual place of business at Radarweg 29, Amsterdam, consist of financing RELX affiliates by raising funds including the issue of bonds, loan notes, promissory notes or other securities. The Company is a wholly-owned subsidiary of RELX Nederland B.V.

Group structure

Until 8 September 2018, RELX PLC and RELX N.V. jointly owned RELX Group plc, which in turn holds all of RELX's operating businesses and financing activities including the Company. On 8 September 2018 the assets and liabilities of RELX N.V. were transferred to RELX PLC, effected under cross-border merger regulations in the UK and the Netherlands. RELX PLC, its subsidiaries, joint ventures and associates are together known as "RELX".

The financial information of RELX has been recorded in the consolidated financial statements of RELX PLC. Copies are available at the Trade Register of the Chamber of Commerce in Amsterdam.

2. Basis of preparation and accounting policies

Summary of significant accounting policies

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code. The accounting policies below are applied throughout the financial statements and are unchanged from those applied in preparing the financial statements for the year ended 31 December 2017, with the exception of policies relating to the adoption of IFRS 9 – *Financial Instruments* as described below.

The financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis.

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In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The Company provides funding for the activities of RELX for which the Directors have assessed the relevant factors surrounding going concern and concluded 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 continue to adopt the going concern basis in preparing the annual report and financial statements.

Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are solely valued insofar as their realisation is likely.

Financial instruments

Financial instruments comprise loan receivables, cash and cash equivalents, payables and accruals, borrowings and derivative financial instruments.

Financial assets and liabilities are initially recognised on the date that the Company becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the rights to receive cash flows from the asset have expired. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Receivables from and loans to affiliated companies and other receivables are recorded initially at fair value and subsequently carried at amortised cost, after allowing for any impairment losses calculated using the expected credit loss model on a forward-looking basis. The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a receivable, if the receivable is determined to have low credit risk at the reporting date. The Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next twelve months, unless the credit risk on a receivable balance has increased significantly since initial recognition. In the event of such significant increase in credit risk the Company measures loss allowances for that receivable at an amount equal to its lifetime expected losses, i.e. at an amount equal to the expected credit losses that result from all possible default events over the expected life of that receivable. Any impairment losses are recorded within profit and loss in the statement of comprehensive income. The Company considers a financial asset to be in default when contractual

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payments are 180 days past due. Trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Borrowings and payables are recorded initially at fair value and subsequently carried at amortised cost (other than fixed rate borrowings in designated hedging relationships for which the carrying amount of the hedged portion of the borrowings is subsequently adjusted for the gain or loss attributable to the hedged risk).

Derivative financial instruments are used to hedge interest rate risk. Where an effective hedge is in place against changes in the fair value of fixed rate borrowings, the hedged borrowings are adjusted for changes in fair value attributable to the risk being hedged with a corresponding income or expense included in the income statement within net interest income. The offsetting gains or losses from remeasuring the fair value of the related derivatives are also recognised in the income statement within net interest income. When the related derivative expires, is sold or terminated, or no longer qualifies for hedge accounting, the cumulative change in fair value of the hedged borrowing is amortised in the income statement over the period to maturity of the borrowing using the effective interest method.

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- Derivatives used as hedging instruments having a non-nil fair value at the time of designation
- The effect of changes in counterparties' credit risk on the fair values of hedging instruments

The fair values of interest rate swaps represent the replacement costs calculated using observable market rates of interest. The fair value of long-term borrowings is calculated by discounting expected future cash flows at observable market rates. These instruments are accordingly classified as Level 2 in the IFRS13 *Fair Value Measurement* fair value hierarchy.

Interest income and expense

Interest income and expense are recognised in the financial statements using the effective interest rate method.

Foreign exchange translation

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transaction. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Exchange differences arising are recorded in the income statement.

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Standards and amendments effective for the year

IFRS 9 - Financial Instruments

The standard replaces the classification and measurement requirements in IAS 39 - *Financial Instruments: Recognition and Measurement* and introduces a new expected credit loss model for calculating impairment on financial assets.

The changes in respect of classification and measurement did not have any impact on the carrying values or the ongoing basis of accounting for the financial assets and liabilities of the Company. The amounts due to the Company from other RELX companies were previously classified as 'Loans and receivables' under IAS 39 and held at amortised cost. Under IFRS 9, on that basis that the business model of the Company is to lend funds to affiliated companies in order to collect contractual cash flows which consist solely of payments of principal and interest, these intercompany balances qualify to be accounted for at amortised cost, as they were under IAS 39. Derivative financial instruments continue to be held at fair value, with changes in fair value recorded in the income statement, as they were under IAS 39. The Company's borrowings continue to be held at amortised cost (other than fixed rate borrowings in designated hedging relationships, as described above in the accounting policy for financial instruments), as they were under IAS 39.

Under the IFRS 9 impairment model the Company now assesses, on a forward-looking basis, the expected credit losses on its intercompany loan receivables, as described within the accounting policy for financial instruments above. Any impairment would be recorded within profit and loss. The Company uses ratings from the Standard & Poor's credit rating agency both to determine whether the credit risk of its financial assets has significantly increased and to estimate expected credit losses. On the basis that there is no evidence of a significant change in the credit risk of the intercompany counterparties since the loan balances were first advanced, the forward-looking analysis considers expected credit losses within twelve months of the reporting date. Given the stable nature of the business activities of the counterparties and of RELX as a whole, the financial strength of RELX as evidenced by its investment grade credit rating which has been stable for several years, (BBB+ from Standard & Poor's), and the availability of funding to the group, the level of credit risk is considered to be low and stable and the analysis results in an expected credit loss adjustment that is immaterial, both at the date of transition to IFRS 9 and at the reporting date. Therefore, no adjustments to the carrying value of the intercompany loan receivables have been recorded in respect of this.

IFRS 9 also introduced changes to hedge accounting, none of which had any impact on the fair value hedge relationships entered into by the Company or their accounting treatment.

Adoption of IFRS 9 did not therefore have a significant impact on the measurement or presentation of the financial assets and liabilities in the financial statements. Certain new disclosure requirements are reflected in the notes to the financial statements presented below.

Additionally, the other interpretations and amendments to IFRS effective for 2018 have not had a significant impact on the Company's accounting policies or reporting.

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Standards, amendments and interpretations not yet effective

A number of amendments and interpretations have been issued which are not expected to have any significant impact on the accounting policies and reporting.

3. Operating expenses

The Directors received no emoluments (2017: nil) in respect of their services.

4. Auditors' remuneration

Auditor's remuneration for the audit of the Company's financial statements was €75,000 (2017: €67,000)

5. Personnel

The Company has no employees (2017: nil)

6. Net interest income

	2018	2017
	€000	€000
Interest income from affiliate companies	34,352	30,656
Fair value gains on designated fair value hedge relationships	76	-
Interest and similar income	34,428	30,656
Interest expense on short-term bank loans, overdrafts and commercial paper (net)	(243)	(164)
Interest expense on term debt	(25,935)	(19,111)
Guarantee fee expense to RELX N.V.	(1,901)	(2,555)
Guarantee fee expense to RELX PLC	(3,902)	(2,555)
Fair value losses on designated fair value hedge relationships	-	(412)
Interest and similar expense	(31,981)	(24,797)
Net interest income	2,447	5,859

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7. Tax expense

The rate of the current tax is 25% (2017: 25%) based on the Dutch standard rate for corporate tax. A reconciliation of the notional tax charge based on the average applicable rates of tax to the actual total tax expense is as follows:

	2018	2017
	€000	€000
Current tax	(22)	(679)
Deferred tax	(521)	(730)
Tax expense	(543)	(1,409)

The current and deferred tax liabilities comprise the following:

	Current tax liabilities €000	Deferred tax liabilities €000	Total tax liabilities €000
Balance at 1 January 2017	(631)	(917)	(1,554)
Total tax expense for the year	(679)	(730)	(1,409)
Balance at 1 January 2018	(1,310)	(1,647)	(2,957)
Total tax expense for the year	(22)	(521)	(543)
Tax paid in the year	627	0	627
Balance at 31 December 2018	(705)	(2,168)	(2,873)

Cash tax paid in the year was €627,000, which was different to the tax expense for the year set out above.

There are a number of reasons why the cash tax payments in a particular year will be different from the tax expense in the accounts:

Deferred tax:

- Tax expense includes deferred tax, which is an accounting adjustment arising from temporary differences
- Temporary differences occur when an item has to be included in the income statement in one year but is taxed in another year;

Timing differences:

- Tax payments relating to a particular year's profits are typically due partly in the year and partly in the following year.

Prior period adjustments:

- Current tax expense is the best estimate at the end of the period of cash tax expected to be paid; and
- To the extent the final liability is higher or lower than the estimate, any cash tax impact will occur in a later period.

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The net tax expense charged on profit before tax differs from the theoretical amount that would arise using the tax rate applicable to the accounting profit, as follows:

	2018	2017
	€000	€000
Profit on ordinary activities before taxation	1,792	4,989
Tax charge at 25%	(448)	(1,247)
Non-deductible amortisation of debt issuance costs for novated loans	(95)	(162)
Tax expense	543	1,409

The amortisation of debt issuance costs for the novated loans are non-deductible for Dutch tax purposes, as the original costs were borne by an affiliate company in Switzerland.

8. Amounts due from RELX companies

The movements in loans made to RELX companies were as follows:

	2018	2017
	€000	€000
At start of period	2,328,668	1,963,227
Increase in loan amounts due from RELX companies	733,123	365,441
At end of year	3,061,791	2,328,668

The amounts due from RELX companies vary over the course of each year based on their funding needs. Interest is charged on these balances at a blended rate based on the Company's own funding costs, taking into account the composition of its borrowings which comprise long term debt and commercial paper borrowings. For the year ended 31 December 2018 the blended interest rate was 1.2% (2017: 1.2%).

On the basis of the variable nature of the loan balance and the basis on which interest is charged, the fair value of the above receivables approximates to their carrying value.

The movements in other amounts due from RELX companies, primarily comprising intercompany interest receivable, were as follows:

	2018	2017
	€000	€000
At start of period	28,736	29,843
Increase/(decrease) in amounts due from RELX companies	3,236	(1,107)
At end of year	31,972	28,736

The fair value of the above receivables approximates to their carrying value.

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The Company assesses credit risk in respect of the above intercompany receivables by applying the expected credit loss model. A forward-looking analysis in respect of expected losses in the twelve-month period following the reporting date resulted in a credit loss adjustment that is immaterial and no amount has therefore been recorded in respect of this in either the current or prior year. See also 'Credit risk' within note 10.

9. Amounts owed to RELX companies

The amounts due to RELX companies, including intercompany guarantee fees payable and other intercompany payables, comprise:

	2018	2017
	€000	€000
Guarantee fees payable	5,803	7,313
Other amounts due to RELX companies	494	486
Total	6,297	7,799

The fair value of the above payables approximates to their carrying value.

10. Financial instruments

The main financial risks faced by the Company are liquidity risk, market risk – comprising interest rate risk and, to a lesser extent, foreign exchange risk – and credit risk. Financial instruments are used to finance the Company and to manage interest rate and foreign exchange risks. The Company does not enter into speculative derivative transactions. Details of financial instruments subject to liquidity, market and credit risks are described below.

Liquidity risk

The liquidity risk is managed by RELX Overseas B.V., head of the fiscal unity and cash pooling arrangements of which the Company is a part. The remaining contractual maturities for borrowings and derivative financial instruments are shown in the table below. The table shows undiscounted principal and interest cash flows.

	Contractual cash flow							Total €000
	Carrying amount €000	Within 1 year €000	1-2 years €000	2-3 years €000	3-4 years €000	4-5 years €000	More than 5 years €000	
At 31 December 2018								
Borrowings from third parties								
Fixed rate borrowings	(2,805,665)	(39,506)	(588,437)	(524,687)	(22,813)	(22,813)	(1,815,938)	(3,014,194)
Floating rate borrowings	(262,000)	(262,000)	-	-	-	-	-	(262,000)
Amounts owed to RELX affiliates	(6,297)	(6,297)	-	-	-	-	-	(6,297)
Interest rate derivative liabilities	(744)	(207)	(989)	-	(276)	(1,816)	-	(3,288)
Interest rate derivative assets	6,863	4,748	3,691	2,737	-	-	3,078	14,254
Total	(3,067,843)	(303,262)	(585,735)	(521,950)	(23,089)	(24,629)	(1,812,860)	(3,271,525)

	Contractual cash flow							Total €000
	Carrying amount €000	Within 1 year €000	1-2 years €000	2-3 years €000	3-4 years €000	4-5 years €000	More than 5 years €000	
At 31 December 2017								
Borrowings from third parties								
Fixed rate borrowings	(2,304,673)	(30,938)	(30,938)	(580,938)	(517,188)	(15,313)	(1,301,250)	(2,476,565)
Floating rate borrowings	(20,000)	(20,000)	-	-	-	-	-	(20,000)
Amounts owed to RELX affiliates	(7,799)	(7,799)	-	-	-	-	-	(7,799)
Interest rate derivative liabilities	(5,458)	3,116	1,036	(2,324)	(1,089)	(2,332)	(522)	(2,115)
Interest rate derivative assets	751	1,706	718	(1,123)	910	-	-	2,211
Total	(2,337,179)	(53,915)	(29,184)	(584,385)	(517,367)	(17,645)	(1,301,772)	(2,504,268)

The carrying amount of derivative financial liabilities comprises €744k (2017: €5,458k) in respect of fair value hedges. The carrying amount of derivative financial assets comprises €6,863k (2017: €751k) in respect of fair value hedges (see 'Hedge accounting' below).

Market risk

The Company's primary market risks are to interest rate fluctuations and exchange rate movements. Derivatives are used to manage the risks associated with interest rate and exchange rate movements and the Company does not enter into speculative derivatives. Derivatives used by the Company for hedging a particular risk are not specialised and are generally available from numerous sources.

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Interest rate exposure management

The interest rate exposure management policy of RELX (of which the Company is a part) aims to minimise interest costs with an acceptable level of year on year volatility. In this context, RELX issues fixed rate and floating rate borrowings and uses interest rate swaps where applicable. Interest rate derivatives are used only to hedge an underlying risk and no net market positions are held.

At 31 December 2018, 40% (2017: 32%) of gross borrowings were at fixed rate, excluding those in a fair value hedge relationship. The Company charges interest on the loans it makes to affiliate companies at a blended rate based on its own actual funding costs. A reduction or increase in interest rates would not therefore result in a significant change in the Company's net interest income because the interest charged on the loans to affiliate companies would also change in proportion where applicable.

The impact on net equity of a theoretical change in interest rates as at 31 December 2018 is nil (2017: nil). The impact of a change in interest rates on the carrying value of fixed rate borrowings in a designated fair value hedge relationship would be offset by the change in carrying value of the related interest rate derivative. Fixed rate borrowings not in a designated hedging relationship are carried at amortised cost.

Foreign currency exposure management

The Company does not have significant exposure to foreign exchange risk because the majority of its borrowings and all of the amounts receivable from affiliate companies are denominated in euros, the Company's functional currency. The Company has no other significant transactions denominated in foreign currencies.

Credit risk

The Company lends all the funds raised through its external borrowings to affiliate companies within RELX and therefore has a credit exposure if the affiliate companies are unable to repay the amounts lent by the Company. The maximum credit exposure equates to the carrying value of the amounts receivable. This credit risk is considered acceptable given the size and financial strength of RELX, as evidenced by its solid investment grade credit rating. In addition, RELX has access to a \$3,000 million committed bank facility, consisting of a \$1,750 million tranche maturing in July 2023 and a \$1,250 million tranche maturing in July 2021. At 31 December 2018, this facility was undrawn and could therefore be used in full by the counterparties to the Company's intercompany loan receivables to repay the majority of those borrowings to the Company.

As at 31 December 2018, there were no loans from affiliate companies that were past due (2017: nil).

The Company has a credit risk from the potential non-performance by the counterparties to the derivative financial instruments described above, which are unsecured. The amount of this credit risk is normally restricted to the amounts of any hedge gain (as presented within derivative financial assets in the statement of financial position) and not the principal amount being hedged. The Company also has a credit exposure to its bank counterparties for the full principal amount of cash and cash equivalents.

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Hedge accounting

The hedging relationships that are designated under IFRS 9 – *Financial Instruments* with effect from 1 January 2018, and that were previously designated under IAS 39 – *Financial Instruments: Recognition & Measurement*, are described below:

Fair value hedges

The Company has entered into interest rate swaps to hedge the exposure to changes in the fair value of fixed rate borrowings due to interest rate movements which could affect the income statement. The table below details the designated fair value hedge relationships that were in place at 31 December 2018, swapping fixed rate term debt issues denominated in euros to floating rate euro debt for the whole of their term, together with the related fixed and floating rates.

	2018 Principal amount €000	2017 Principal amount €000	Fixed rate	Floating rate
€550m loan notes and €550m interest rate swaps maturing 2020	550,000	550,000	2.5%	EURIBOR +1.1%
€500m public notes and €500m interest rate swaps maturing 2021	500,000	500,000	0.4%	EURIBOR +0.3%
€500m public notes and €500m interest rate swaps maturing 2024	500,000	500,000	1.0%	EURIBOR +0.7%
Total	1,550,000	1,550,000		

The gains and losses on the borrowings and related derivatives designated as fair value hedges, which are included in the income statement as part of net interest income, together with the total carrying values of the borrowings and related derivatives included in the statement of financial position, for the two years ended 31 December 2018 were as follows:

	1 January 2017 €000	Fair value movement gain/(loss) €000	31 December 2017 €000	Fair value movement gain/(loss) €000	31 December 2018 €000	Carrying values €000
Debt	3,284	995	4,279	(10,750)	(6,471)	(1,569,214)
Related interest rate swaps	(3,300)	(1,407)	(4,707)	10,826	6,119	6,119
Net loss/(gain) on borrowings and related derivatives/ total carrying value	(16)	(412)	(428)	76	(352)	(1,563,095)

All fair value hedges were highly effective throughout the period from inception to 31 December 2018. The hedge ineffectiveness is considered immaterial.

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11. Trade and other payables

Trade and other payables are predominantly non-interest bearing and their carrying amounts approximate to their fair value, and comprise the following:

	2018 €000	2017 €000
Interest payable on borrowings	16,338	10,353
VAT payable	45	12
Trade creditors	-	36
Other payables	75	77
Trade and other payables	16,458	10,478

12. Borrowings

	2018			2017		
	Falling due within 1 year €000	Falling due in more than 1 year €000	Total €000	Falling due within 1 year €000	Falling due in more than 1 year €000	Total €000
Financial liabilities measured at amortised cost:						
Short-term bank loans, overdrafts and commercial paper	262,000	-	262,000	20,000	-	20,000
Term debt	-	1,236,451	1,236,451	-	738,590	738,590
Term debt in fair value hedging relationships	-	1,569,214	1,569,214	-	1,566,349	1,566,349
Total	262,000	2,805,665	3,067,665	20,000	2,304,939	2,324,939

The total fair value of borrowings measured at amortised cost is €1,535 million (2017: €773 million). The total fair value of borrowings in fair value hedging relationships is €1,589 million (2017: €1,598 million).

The Company's term debt borrowings comprise the following:

	2018 €000	2017 €000
2.500% loan notes 2020 – in a fair value hedging relationship	564,328	570,096
0.375% public notes 2021 – in a fair value hedging relationship	501,765	499,664
1.000% public notes 2024 – in a fair value hedging relationship	503,121	496,589
1.375% public notes 2026 – measured at amortised cost	740,199	738,590
1.500% public notes 2027 – measured at amortised cost	496,252	-
Total	2,805,665	2,304,939

13. Reconciliation of net borrowings

	Cash and cash equivalents €000	Net amounts due from RELX companies €000	Borrowings €000	Related derivative financial instruments €000	Total 2018 €000	Total 2017 €000
At start of year	70	2,349,605	(2,324,939)	(4,707)	20,029	16,641
Increase in cash and cash equivalents	28	-	-	-	28	17
Increase in net amounts due from RELX companies	-	737,861	-	-	737,861	423,510
(Increase)/decrease in short-term bank loans, overdrafts and commercial paper	-	-	(242,000)	-	(242,000)	221,000
Issuance of term debt	-	-	(496,144)	-	(496,144)	(995,927)
Repayment of term debt	-	-	-	-	-	350,000
Change in net borrowings resulting from cash flows	28	737,861	(738,144)	-	(255)	(1,400)
Non-cash flow movement in amounts due from RELX companies	-	-	-	-	-	(1,107)
Fair value adjustments to borrowings and related derivatives	-	-	(4,582)	10,826	6,244	5,880
Exchange translation differences	-	-	-	-	-	15
At end of year	98	3,087,466	(3,067,665)	6,119	26,018	20,029

14. Shareholders' equity

Issued share capital

The issued share capital of the Company amounts to €1, divided into 100 ordinary shares of €0.01 each. The total number of issued shares is 100.

Reserves

The Company's reserves comprise the following:

	Net Profit €000	Reserves €000	Total €000
Balance at 1 January 2017	2,663	351	3,014
Total comprehensive income for the year	3,580	-	3,580
Transfer of net profits to reserves	(2,663)	2,663	-
Balance at 1 January 2018	3,580	3,014	6,594
Total comprehensive income for the year	1,249	-	1,249
Transfer of net profits to reserves	(3,580)	3,580	-
Balance at 31 December 2018	1,249	6,594	7,843

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15. Related party transactions

The Company has related party transactions with entities that are part of RELX. Transactions were made on normal market terms of trading and comprise the rendering and receiving of services totaling €575,000 (2017: €728,000). Interest income on amounts owed by RELX companies was €34,352,000 (2017: €30,656,000) and guarantee fee expense to the guarantors RELX N.V. (until 8 September 2018) and RELX PLC was €5,803,000 (2017: €5,110,000). As at 31 December 2018, amounts owed by RELX companies were €3,093,763,000 (2017: €2,357,404,000), amounts due to RELX PLC were €5,803,000 (2017: €7,313,000 due to RELX PLC and RELX N.V. in total) and amounts due to other RELX companies were €494,000 (2017: €486,000). Key management personnel are also related parties as defined by IAS24 – *Related Party Disclosures* and comprise the Directors of the Company. There were no transactions with key management personnel.

16. Contingent liabilities

The Company is part of a fiscal unity for corporate income tax and VAT purposes and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole. The head of the fiscal unity is RELX Overseas B.V. Tax balances are calculated as if the Company was an independent entity.

17. Profit appropriation

The Board of Directors proposes that the result for the year ended 31 December 2018 amounting to €1,249,000 should be retained in reserves without payment of dividend.

18. Events after balance sheet date

There were no subsequent events.

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Signing of the financial statements

Amsterdam, 5 July 2019

Signed by Board of Directors:

C.J.C Last - Viskil

A. Romaneschi

S.M. Thompson

Registered office

Radarweg 29
1043 NX Amsterdam
The Netherlands

Chamber of Commerce Amsterdam
No. 62916602

RELX Finance B.V.
Amsterdam

Other information

Audit

For the independent auditor's report, reference is made to the next page.

Appropriation of result according to articles of association

The profit of the year is at the disposal of the Board of Directors in accordance with Article 22 of the Company's articles of association.

RELX Finance B.V.
Amsterdam

Independent auditor's report



Building a better
working world

Independent auditor's report

To: the shareholder of RELX Finance B.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of RELX Finance B.V., based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of RELX Finance B.V. as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statement of financial position as at 31 December 2018;
- The following statements for 2018: statements of comprehensive income, changes in equity and cash flows;
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of RELX Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms' supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Materiality	€31,000,000 (2017: €17,600,000)
Benchmark applied	1% of total assets
Explanation	We have applied total assets as a benchmark since the main objective of the company is financing RELX Group plc affiliates by raising funds, including the issue of bonds, loans notes, promissory notes or other securities.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with management that misstatements in excess of €1,550,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters are consistent with prior year.

Risk	Our audit approach	Key observations
<p><i>Valuation of the loan granted</i> <i>Refer to note 2 of the financial statements as part of the summary of the significant accounting policies and note 7 to the financial statements</i></p> <p>We consider the valuation of the loan granted for a total amount of € 3,062 million, as a key audit matter. This is due to the balance of the loans in relation to the balance sheet total and given the fact that an impairment of the loans may have a material effect on the income statement. IFRS 9, "financial instruments" is first time adopted in 2018, including a new expected credit loss model for financial assets. Application of IFRS 9 could be complex and may require significant judgment and assumptions by management.</p>	<p>We have performed substantive procedures addressing the valuation of the loans granted to RELX Group companies, through:</p> <ul style="list-style-type: none"> ▶ reconciliation of the balances as recorded by RELX Finance B.V. with the administration, the contracts and the bank statements; ▶ testing the amortized cost calculation of loans; ▶ assessing whether the disclosure in the financial statements sufficiently reflect management's assessment of the impact of IFRS 9 implementation. We assessed this impact separately for classification, measurement and impairment. 	<p>We concur with the position taken by management as set out in the financial statements with respect to the valuation of the loan granted.</p>

Risk	Our audit approach	Key observations
<i>Derivative financial instruments and hedge accounting</i>		
Refer to note 2 of the financial statements as part of the summary of the significant accounting policies and note 9 to the financial statements		
We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to the formal and technical requirements that are applicable and that the inappropriate application of these requirements can have a material effect on the financial statements.	We have reviewed the effectiveness testing of hedge accounting relationships in respect of the borrowings. We have tested the valuation of the derivative financial instruments as well as the valuation of the hedged item in hedge accounting relations. In addition, we have assessed whether the assumptions used are in line with market practice.	We concur with the position taken by management with respect to the accounting of the derivative financial instruments.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The directors' report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by management as auditor of RELX Finance B.V. on 9 February 2017, as of the audit for the year 2016 and have operated as statutory auditor since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements we provided the following services:

Consent letter relating to Offer Memorandum

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control

Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern

Evaluating the overall presentation, structure and content of the financial statements, including the disclosures

Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 5 July 2019

Ernst & Young Accountants LLP

signed by A.A. van Eimeren

