

LEONARDO FUTUREPLANNER

**Report and Financial Statements for the year
ended 5 April 2020**

Scheme Registration No: 00692742RW



Albion, Fishponds Road, Wokingham RG41 2QE

XPS Administration is a trading name of XPS Administration Limited
Registered No. 9428346. Registered Office: Phoenix House, 1 Station Hill, Reading RG1 1NB
Part of XPS Pensions Group

LEONARDO FUTUREPLANNER

TABLE OF CONTENTS

Trustee and Advisers	2
Chair's Introduction	4
Trustee's Report	5
Investment Report	9
Statement of Trustee's Responsibilities	13
Independent Auditor's Report	14
Fund Account	16
Statement of Net Assets (Available for Benefits)	17
Notes to the Financial Statements	18
Independent Auditor's Statement about Contributions	28
Summary of Contributions paid in the year	29
Governance Statement	30

LEONARDO FUTUREPLANNER

TRUSTEE AND ADVISERS

Trustee:	Leonardo FuturePlanner (Trustee) Ltd
Trustee Directors:	Martin Flavell, Chair * Brian Airlie ** Wendy Allen * Michael Brinson ** (Resigned 21 November 2019) Paul Rees * Sian Riches ** Clare Roberts * Robert Sawford ** Craig Weston ** (Appointed 25 November 2019) * <i>Company Nominated</i> ** <i>Member Nominated</i>
Scheme Secretary:	Louise Dale
Scheme Address:	Leonardo FuturePlanner Leonardo MW Ltd Box 205 Lysander Road Yeovil Somerset BA20 2YB
Employer:	Leonardo MW Ltd (02426132) Sigma House Christopher Martin Road Basildon Essex SS14 3EL
Participating Employer:	Telespazio VEGA UK Limited (07420777)
Auditor:	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Legal Advisers:	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
Bankers:	Barclays Bank plc
Investment Managers:	Mobius Life Limited 7th Floor 20 Gresham Street, London EC2V 7JE
'At Retirement' Providers:	FIL Retirement Services Limited

LEONARDO FUTUREPLANNER

Consultants & Administrators:

XPS Administration Limited
Albion
Fishponds Road
Wokingham
Berkshire RG41 2QE

Investment Advisors:

River and Mercantile Investments Limited
T/A River and Mercantile Solutions
One Aldermanbury Square
London EC2V 7HR

LEONARDO FUTUREPLANNER

CHAIR'S INTRODUCTION YEAR ENDED 5 APRIL 2020

I am pleased to present the Report and Financial Statements for Leonardo FuturePlanner (the "Scheme") for the year ended 5 April 2020.

The first quarter of 2020 saw unprecedented market volatility as a result of the COVID 19 pandemic and the lockdown that followed. Market fluctuations were greater than those of the financial crisis in 2008. Equity markets saw their sharpest falls since the Great Depression in the 1930's with nearly all return-seeking asset classes suffering significant falls.

Our diversified and dynamic approach to asset allocation provided some protection compared to global equity. The Scheme's three growth focused 'blend' funds provided negative returns over the year, all due to the volatile trading conditions of Q1 2020. However, the 'blend' funds are still ahead of their long-term targets since inception (25 October 2011). The portfolio moved to a more de-risked position towards the end of the Scheme year because of concerns about economic conditions and market instability. Despite these short-term challenges the Trustee aims to achieve the target inflation plus returns over the long term in a risk controlled way. You can find more information about investment performance on page 12.

We review annually how we comply with The Pensions Regulator's Code of Practice for DC schemes. You will find more information about this on pages 30 to 35 in this report. This includes our formal review of how we provide "value for members", particularly in relation to the charges that apply to the funds FuturePlanner offers.

Following a survey of member views, we've been reviewing the Environmental, Social and Governance (ESG) standards of the underlying investments in greater detail and have been making changes in the light of this. Within the 'blend' funds our fiduciary manager, River & Mercantile, has tilted the allocation to global equities towards companies with strong or improving ESG characteristics. We have also launched an ESG global equity fund within the 'self-select fund range for those who are comfortable managing their own investment strategy and wish to introduce an ESG focus.

The Trustee engaged Lane, Clark & Peacock (LCP) to provide an external review of the fiduciary management investment services. The Trustee is pleased to confirm it has re-appointed River and Mercantile as a result of this process.

You have the ability to check how your pension is progressing and make changes online through XPS Administration's MyPension.com service where you will also find interactive modellers which allow you to look at your potential retirement options.

I would like to extend a warm welcome to Craig Weston as a Member nominated Director of the Trustee Board. He replaced Michael Brinson who has left the Company.

I would like to express my thanks to all the Trustee Directors and our advisers for their significant contribution to the management of the Scheme and I look forward to working with them over the coming year.



Martin Flavell
Chair
Leonardo FuturePlanner (Trustee) Limited

Date: 16 September 2020



LEONARDO FUTUREPLANNER

TRUSTEE'S REPORT FOR THE YEAR ENDED 5 APRIL 2020

The Trustee presents to the members its annual report and financial statements for the year ended 5 April 2020.

Scheme Information

Leonardo FuturePlanner ("the Scheme") is governed by the Definitive Trust Deed, dated 1 July 2013, including subsequent amendments. Prior to 31 October 2016 the Scheme was known as Finmeccanica FuturePlanner.

The Scheme provides pensions and lump sum benefits on retirement and death for those employees who are members of the Scheme, and is governed by a Trust Deed and Rules.

The Scheme provides defined contribution pensions. The Scheme is open to new employees.

Trustees are appointed and removed from office by the Principal Employer in accordance with the Trust Deed. They have the responsibility for ensuring that the Scheme is properly run in accordance with its governing documents, and in the best interests of the members.

The Trustee is a sole Corporate Trustee, Leonardo FuturePlanner (Trustee) Limited. The Trustee Directors are listed on page 2. During the year the Trustee Board was increased from five to eight Directors.

Under the provisions of the Pensions Act 2004, at least one-third of the Trustee must be nominated by Scheme members. In accordance with these provisions four Member Nominated Trustee Directors have been appointed.

During the year the Trustee met regularly to review the management of the Scheme and to monitor the performance of the investment managers, administrators and advisers.

A comprehensive website, www.futureplanner.co.uk provides access to key information about Leonardo FuturePlanner, including modelling tools, latest news and interactive newsletter. Email alerts are sent to members on an occasional basis to highlight new developments.

A programme of training workshops is provided onsite to members to improve understanding of the Scheme. During the year, Pensions Management visited major sites to promote the Scheme to members and answer questions. Consultative committees are also given regular briefings on developments and performance of key suppliers.

Membership

The number of members as at the year end was:

Active members at 6 April 2019		3,252
Adjustments*	3	
New joiners	969	
Retirement	(4)	
Deferred	(327)	
Refunds/ Opt outs	(14)	
Death	(2)	
Active members at 5 April 2020		<u>3,877</u>
Deferred pensioners at 6 April 2019		811
Adjustments**	(2)	
From Active	327	
Retirement	(12)	
Transfer Out	(90)	
Death	(2)	
Deferred pensioners at 5 April 2020		<u>1,032</u>
Total members at 5 April 2020		<u>4,909</u>

* Adjustments to the active and deferred opening balances are due to late notifications.

LEONARDO FUTUREPLANNER

FuturePlanner has been used to auto-enrol employees who are not currently in a qualifying pension scheme. Auto enrolled employees may subsequently opt out and become a member with preserved benefits (whose contributions paid to the date of opt out would be retained in the Retirement Account). These employees would be re-enrolled at the next triennial re-enrolment exercise. The results of the most recent exercises are set out below:

Employer	Re-enrolment date	New members
Leonardo MW Ltd (including former AgustaWestland Ltd employees)	1 June 2019	31
Telespazio VEGA UK Ltd	1 November 2017	0

The minimum contribution level required under auto-enrolment legislation increased from 6 April 2018. The participating employers comply with the auto-enrolment requirements by satisfying alternative quality standards as set out in the Regulations and a certificate has been issued to confirm this for the period 1 April 2018 to 30 September 2019. As provided for under this certificate all jobholders paying less than the Scheme's default level were auto-escalated to this level as at 1 April 2019.

Scheme Changes

There have been no Scheme changes during the year.

Financial Development of the Scheme

Changes in the Scheme's net assets during the year were as follows:

	£'000s
Net assets at 5 April 2019	127,102
Net additions from dealings with members	18,325
Net returns on investments	<u>(10,174)</u>
Net assets at 5 April 2020	<u>135,253</u>

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

Taxation Status

The Scheme is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004.

COVID-19

COVID-19 has caused significant disruption to economic activity which has been reflected in global stock market fluctuations and, in turn, in the valuation of pension scheme assets. This matter has been further detailed in Note 21 to the financial statements.

The Trustee continues to monitor this ever evolving situation and is liaising with the Scheme's advisers and the Company to assess and manage the impact of COVID-19 on the Scheme.

Enquiries

All enquiries about the Scheme and individual benefit entitlements should be addressed to the Scheme Trustee:

c/o XPS Administration Limited
Albion
Fishponds Road
Wokingham
Berkshire RG41 2QE

E-mail: futureplanner@xpsgroup.com.

LEONARDO FUTUREPLANNER

Money & Pensions Service (MaPS)

The MaPS is a new service which was introduced in 2019 combining pension guidance, money guidance and debt advice. These services were previously provided by three separate government entities; The Pensions Advisory Service (TPAS), Pension Wise and the Money Advice Service. MaPS can be contacted at:

Money & Pensions Service
Holborn Centre
120 Holborn
London EC1N 2TD

MaPS Tel: 0115 965 9570

Email: contact@maps.org.uk

Website: www.moneyandpensionservice.org.uk

Pensions Ombudsman

Early Resolution Service

The early resolution service is available to assist with any difficulty that has not been resolved or to assist with a potential complaint.

Tel: 0800 917 4487

Email: helpline@pensions-ombudsman.org.uk

Complaints

If a member has a complaint against the Scheme that has not been resolved to his or her satisfaction through the Scheme's Dispute Procedure, the government appointed Pensions Ombudsman can investigate complaints of injustice caused by bad administration, either by the Trustee or Scheme administrators, or disputes of fact or law. The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator (tPR)

The Pensions Regulator can intervene if they consider that a scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Napier House
Trafalgar Place
Brighton BN1 4DW

Tel: 0345 600 0707

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

LEONARDO FUTUREPLANNER

The Pension Scheme Registry

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 00692742RW. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU

Tel: 0800 731 0193

Website: www.gov.uk/find-lost-pension

INVESTMENT REPORT

Market Background

Over the year to 31 March 2020 most return-seeking asset classes performed negatively with unprecedented volatility witnessed in Q1 2020. Global equity markets experienced large sell-offs as rising COVID-19 cases resulted in the shutdown of economies around the world. Volatility notwithstanding, sovereign bond and gold prices rose sharply accompanied by a surge in demand for the dollar.

The 12-month period was largely categorised by the COVID-19 induced end of the 10 year 'Bull-market'. However, the period started with a reversal in monetary policy by central banks, resulting in a global trend of rate cuts. The US/China trade talks oscillated between escalating and easing tensions. UK extended the Brexit deadline from March, to the end of October and then into 2020.

In the US, Q2 2019 economic data began to show downward trends which added a sense of gathering gloom to a global economy already suffering the consequences of a volatile trade war. The impact on consumer confidence was chilling. The revised down economic data subsequently supported central banks movements to cut rates and prop up economics with bond purchases in the second half of the year.

The rally carried on through to the end of September 2019, with increasingly supportive monetary policy outweighing a deceleration in the global economy. But it was not without reversals of its own, in May and August due to escalating tensions between US and Chinese governments.

Throughout the period, there was further momentum towards the global trend of loose monetary policy. The Bank of England kept the base rate at 0.75% but said it was giving serious consideration to cutting rates in light of continued Brexit-related uncertainty. The US Federal Reserve cut the Federal Funds target rate in July, September and October, while the European Central Bank resumed asset purchases as well as cutting its short-term rates, falling further into the negative territory, amid falling economic sentiment. The continued stance towards monetary easing resulted in positive returns for most return-seeking asset classes.

The global trend of interest rate cuts and the flight by investors to safe-haven assets resulted in an extreme decrease in gilt yields in September.

December reflected easing geopolitical tensions and increasing investor sentiment. The US and China announced they had reached 'phase one' of a trade deal and in the UK, the Conservative Party won a large majority, effectively ensuring the UK will leave the EU by the end of January 2020. Alongside this, governments across developed economies have indicated they are willing to increase government expenditure to boost growth, boosting most global equity markets in local currency terms.

Equity and return-seeking bond markets shrugged off an early flaring of US/Iranian tensions and rose strongly in the first couple of weeks of January, led by US equities which hit another all-time high. The UK officially left the European Union on 31 January and now faces a year of trade talks. February began with positive economic data in both Europe and the US, as the S&P 500 set a new record high. President Trump was also acquitted from his impeachment trial, although this was widely expected.

The positive economic momentum was sent into reserve by the advent of the coronavirus outbreak. COVID-19 first emerged in the Chinese city of Wuhan and by mid-February it had taken centre stage. As it became apparent that the coronavirus had spread beyond China, countries began to impose travel restrictions and lockdown parts of their economies. Equities plummeted in the last week of February, as markets moved to price in the ominous economic downturn that would arise from the global lockdown.

March saw the epicentre of the virus move from China to Europe, as health systems struggled to cope with the dramatic increases in the number of infections. Large-scale restrictions in economies became commonplace, as the WHO declared the virus a global pandemic. Markets reacted strongly to this unexpected turn of events, with a combined supply and demand shock occurring simultaneously, bringing economic activity to a stand-still. Over the month investors fled from return-seeking asset classes, driving government bond yields lower as the US 10-year bond yield reached record lows.

LEONARDO FUTUREPLANNER

Central banks and governments reacted with a monetary and fiscal response unprecedented in both its speed and size. These actions allowed equity markets to stabilise towards the end of the month, with most developed equities finishing the month down 10% to 15%.

The energy sector, which is an important component of the credit markets, was badly affected by turbulence in the oil markets, which were roiled by the extent of the global shutdown along with an ongoing price war between Russia and Saudi Arabia.

Sterling depreciated against the Euro, Yen and US Dollar over the course of the 12-month period.

Statement of Investment Principles

A Statement of Investment Principles has been produced as required under Section 35 of the Pensions Act 1995 and a copy is available on request. All investments made during the year were in accordance with this Statement.

The Trustee periodically reviews its investment managers' policies with regard to the exercising of voting rights attached to investments. The Trustee may request the investment managers to exercise these rights in a certain manner, subject to the Trustee acting in the best financial interest of the Scheme's beneficiaries. Where the Scheme's assets are held in pooled investments, the Trustee accepts that it is the manager of the pooled investments who exercises the voting rights attached to the underlying investments on behalf of all participants in the pooled funds.

The Trustee may make its views known to the investment managers on social, environmental and ethical factors and may ask them not to hold certain investments but any request will have regard to the Trustee's duty to act in the best financial interest of the Scheme's beneficiaries. The Trustee accepts that the policy on social, environmental and ethical factors is set by the fund manager in respect of the pooled investments held.

Investment Strategy

The Trustee determines its investment strategy after taking advice from their investment adviser. It has delegated the management of the investments to the investment manager listed on page 2.

The Scheme's assets are all invested through a unit-linked insurance policy, designed for company pension schemes. The unit-linked policy invests in a wide range of investments through a number of investment managers. The Scheme's investment strategy comprises twelve "member funds", which are made available to members through the "Default Lifestyle" arrangement and/or on a self-select, or "Pick 'n' Mix" basis. The funds in which the member funds themselves invest are known as "underlying funds".

The member funds are invested in a wide range of "underlying investments" (through the underlying funds) in different asset classes, including stocks and shares (equities), bonds, cash and other types of investment. The value of the member funds is worked out daily and will rise or fall. Members' investments are directly linked to the performance (after any applicable fees or charges) of the underlying funds in which money is invested.

For example, members may invest in the FuturePlanner Cash Fund – this is a member fund. This fund is itself 100% invested in the LGIM Sterling Liquidity Cash Fund – this is an underlying fund. The LGIM fund will hold various cash investments – these are underlying investments.

The value of the total policy is also worked out daily, based on the total number of units each member has in the unit-linked policy. As the value of the underlying funds rises or falls, so will the value of members' holdings in the policy. The policy can be cashed in on any working day that reflects up to date market valuations.

The investment strategy includes a number of options for members. The "Default Lifestyle" arrangement switches members across four member funds, called Core Funds. Each Core Fund is made up of a variety of underlying funds, managed by different investment managers. Each Core Fund also has its own risk and return objective, thereby taking account of members' changing needs as they approach retirement.

LEONARDO FUTUREPLANNER

For members who choose not to use the Default Lifestyle arrangement, the investment strategy includes a range of self-select, or "Pick 'n' Mix" funds. This range includes three of the Core Funds underlying the Default Lifestyle arrangement (Long Term Growth Fund, Stable Growth Fund, Cautious Growth Fund), as well as three different lifestyle choices targeting alternative options at-retirement (Take Your Pot As Cash, Income For Life/Annuity Purchase, Invest Into Retirement / Income Drawdown) and five funds broadly representing more traditional equities, bonds, cash and property.

To facilitate the investment strategy, an "investment platform" is necessary. The Trustee has appointed Mobius Life ("ML") as provider and therefore the Scheme assets are held by ML. River and Mercantile Solutions ("R&M Solutions") is the investment advisor and has been appointed by the Trustee to carry out asset allocation and selection of the underlying managers in the member funds.

The underlying funds comprise a series of funds managed by professional investment managers (the "underlying managers"): BlackRock and Legal & General Investment Management. The portfolios of underlying investments are held by independent corporate custodians.

All assets held by the Scheme are held through Pooled Investment Vehicles ("PIVs"). Member funds are PIVs whilst the underlying funds consist of PIVs and segregated accounts which are a combination of PIVs and directly held financial instruments.

LEONARDO FUTUREPLANNER

Investment Performance

The manager and total Scheme performance to 5 April 2020 was as follows:

Fund	Return		
	12 Months	3 Years p.a.	Since Inception p.a.
FuturePlanner Long Term Growth Fund	-5.8%	0.4%	6.8%
Long-Term Target	6.5%	6.9%	6.7%
Short-Term Benchmark	-4.5%	1.6%	8.1%
FuturePlanner Stable Growth Fund	-5.8%	0.2%	6.0%
Long-Term Target	5.5%	5.9%	5.7%
Short-Term Benchmark	-3.1%	1.7%	7.0%
FuturePlanner Cautious Growth Fund	-3.1%	1.0%	6.8%
Long-Term Target	4.5%	4.9%	4.7%
Short-Term Benchmark	0.2%	2.8%	6.2%
FuturePlanner Retirement Focus Fund (Default)	0.3%	1.3%	5.2%
Benchmark	4.3%	3.3%	5.9%
FuturePlanner Retirement Focus Fund (Invest into Retirement)	-2.1%	-	-
Benchmark	3.5%	-	-
FuturePlanner Retirement Focus Fund (Take Your Pot As Cash)	0.5%	-	-
Benchmark	0.6%	-	-
FuturePlanner Cash Fund	0.7%	0.4%	0.3%
Benchmark	0.8%	0.6%	0.6%
FuturePlanner Global Equity Fund	-12.2%	-0.6%	7.2%
Benchmark	-12.8%	-0.5%	7.6%
FuturePlanner Corporate Bond Fund	0.1%	1.6%	5.1%
Benchmark	1.5%	2.1%	5.5%
FuturePlanner Fixed Annuity Focus Fund	5.6%	3.8%	7.2%
Benchmark	5.7%	3.9%	7.8%
FuturePlanner Inflation-Linked Annuity Focus Fund	4.5%	3.4%	6.7%
Benchmark	2.7%	3.1%	7.5%

Source: Mobius Life (Fund prices, April 2020), Underlying fund managers (benchmark performance, April 2020), R&M Solutions (Calculations, April 2020).

Performance is shown net of fees deducted from assets. Since inception numbers are as at 25 October 2011 unless otherwise stated. Benchmarks are calculated using comparable market indices for the relevant period.

The alternative Retirement Focus lifestyle options inceptioned in September 2018. As such, only 1-year performance is available.

Employer Related Investments

There were no employer related investments during the year.

LEONARDO FUTUREPLANNER

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (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 the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

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 adequate 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.

The Trustee is responsible under pensions legislation for securing that a Payment Schedule is prepared, maintained and from time to time revised showing the rates of contributions payable towards the Scheme by or on behalf of the 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 are made to the Scheme by the employer in accordance with the Payment Schedule. 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 the members.

The Trustee's Report, which includes the Investment Report and the Statement of Trustee's Responsibilities was approved by the Trustee.

For and on behalf of the Trustee

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Date: 16 September 2020

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Date: 16 September 2020

LEONARDO FUTUREPLANNER

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF LEONARDO FUTUREPLANNER

Opinion

We have audited the financial statements of Leonardo FuturePlanner for the year ended 5 April 2020 which comprise the fund account, the statement of net assets (available for benefits) and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 5 April 2020, and of the amount and disposition at that date of its assets and liabilities, other than the 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; 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, made under the Pensions Act 1995.

Basis for opinion

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

Conclusions relating to going concern

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

- the 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 identifiable 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Scheme's Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF LEONARDO FUTUREPLANNER (Continued)

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 13, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Scheme's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Statutory Auditor, Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Date 16 September 2020

LEONARDO FUTUREPLANNER

FUND ACCOUNT

For the year ended 5 April 2020

	Note	2020 £'000s	2019 £'000s
CONTRIBUTIONS AND BENEFITS			
Employer contributions		23,848	19,546
Employee contributions		211	186
Total contributions	4	24,059	19,732
Transfers in	5	1,694	2,862
Other income	6	375	474
		<u>26,128</u>	<u>23,068</u>
Benefits paid or payable	7	1,278	1,417
Payments to and on account of leavers	8	4,896	9,093
Other payments	9	1,166	871
Administrative expenses	10	463	446
		<u>7,803</u>	<u>11,827</u>
NET ADDITIONS FROM DEALINGS WITH MEMBERS		<u>18,325</u>	<u>11,241</u>
RETURNS ON INVESTMENTS			
Investment income	11	12	9
Change in market value of investments	12	(10,186)	6,159
NET RETURNS ON INVESTMENTS		<u>(10,174)</u>	<u>6,168</u>
NET INCREASE IN THE FUND FOR THE YEAR		8,151	17,409
OPENING NET ASSETS		<u>127,102</u>	<u>109,693</u>
CLOSING NET ASSETS		<u><u>135,253</u></u>	<u><u>127,102</u></u>

The notes on pages 18 to 27 form part of these financial statements.

LEONARDO FUTUREPLANNER

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 5 April 2020

	Note	2020 £'000s	2019 £'000s
INVESTMENT ASSETS	12		
Pooled investment vehicles	13	<u>130,509</u>	<u>122,943</u>
TOTAL NET INVESTMENTS		130,509	122,943
CURRENT ASSETS	17	5,517	4,725
CURRENT LIABILITIES	18	<u>(773)</u>	<u>(566)</u>
CLOSING NET ASSETS		<u><u>135,253</u></u>	<u><u>127,102</u></u>

The notes on pages 18 to 27 form part of these financial statements.

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.

These financial statements were approved by the Trustee on 16 September 2020.

Signed on behalf of the Trustee

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 5 April 2020

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Occupational Pensions 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 the guidance set out in the Statement of Recommended Practice (Revised 2018).

As stated in the Statement of Trustee's Responsibilities on page 13, the Trustee is responsible for preparing the Financial Statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue on this basis. The Trustee has undertaken an assessment in relation to going concern and has considered such matters as the potential impact on the Scheme's investment strategy, the Employer's business and its ability to pay contributions to the Scheme, taking into account the Scheme's status as a defined contribution scheme, well diversified investment strategy, strength of the Employer position to continue to support the Scheme. The Trustee has also noted that sufficient unallocated funds exist in the Scheme to meet several years of future expenses. The Trustee Board has determined that whilst there is some uncertainty over the impact of COVID-19 on the Employer's financial performance and resources, this is anticipated to be modest and there is not a material uncertainty as to the ability of the Scheme to continue as a going concern for the foreseeable future and the Trustee therefore believes it remains appropriate to prepare the Financial Statements on a going concern basis.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is c/o XPS Administration Limited, Albion, Fishponds Road, Wokingham, Berkshire RG41 2QE.

E-mail: futureplanner@xpsgroup.com.

3. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared on an accruals basis.

(b) Contributions

Employee contributions, including AVCs, are accounted for when they are deducted from pay by the employer, except for the first contribution due where the employee has been auto-enrolled by the employer, in which case it is accounted for when received by the Scheme.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions.

Employer augmentations are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, on a receipts basis.

(c) Payments to Members

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.

Individual transfers in or out are accounted for when the member liability is accepted or discharged which is normally when the transfer is paid or received.

(d) Expenses

Expenses are accounted for on an accruals basis. The Scheme bears all the costs of administration.

(e) Investment Income

Interest receivable is taken into account on an accruals basis.

LEONARDO FUTUREPLANNER

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

3. ACCOUNTING POLICIES (Continued)

(f) Investments

Investments are included at fair value as follows:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.

(g) Currency

The Scheme's functional and presentation currency is pounds sterling (GBP).

4. CONTRIBUTIONS	2020 £'000s	2019 £'000s
Employer contributions		
Normal	12,837	10,473
Additional voluntary	2,563	2,167
Smart contributions	6,286	5,115
Expense contributions	2,162	1,791
	<u>23,848</u>	<u>19,546</u>
Employee contributions		
Normal	121	114
Additional voluntary	90	72
	<u>211</u>	<u>186</u>
	<u>24,059</u>	<u>19,732</u>

Employer's expense contributions are contributions towards the costs of death in service cover and administration and are ongoing under the Payment Schedule.

Employer's Smart contributions are contributions the Employer pays on behalf of the members who participate in Smart Salary Sacrifice agreement.

Members can pay additional voluntary contributions (AVCs). Employer AVC contributions are paid via Smart and are invested in the same way as other contributions.

5. TRANSFERS IN	2020 £'000s	2019 £'000s
Individual transfers in from other schemes	<u>1,694</u>	<u>2,862</u>
6. OTHER INCOME	2020 £'000s	2019 £'000s
Other income	4	1
Claims on term insurance policies	<u>371</u>	<u>473</u>
	<u>375</u>	<u>474</u>
7. BENEFITS PAID OR PAYABLE	2020 £'000s	2019 £'000s
Commutation of pensions and lump sum retirement benefits	679	441
Purchase of annuities	106	371
Lump sum death benefits	371	473
Refunds of contributions on death	<u>122</u>	<u>132</u>
	<u>1,278</u>	<u>1,417</u>

LEONARDO FUTUREPLANNER

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS	2020	2019
	£'000s	£'000s
Refunds of contributions	3	1
Buy-out of deferred members	-	2,611
Individual transfers out to other schemes	4,893	6,481
	<u>4,896</u>	<u>9,093</u>

Buy-out of deferred members in 2019 refers to the bulk exercise processed in November 2018, with 269 members being transferred to Fidelity.

9. OTHER PAYMENTS	2020	2019
	£'000s	£'000s
Premiums on term insurance policies	<u>1,166</u>	<u>871</u>

10. ADMINISTRATIVE EXPENSES	2020	2019
	£'000s	£'000s
Administration	344	327
Legal fees	18	25
Trustee fees & expenses	18	16
Other professional fees	14	27
Investment advice	5	(27)
Audit fees	14	15
PPF levy	6	6
Miscellaneous expenses	44	57
	<u>463</u>	<u>446</u>

11. INVESTMENT INCOME	2020	2019
	£'000s	£'000s
Interest on cash deposits	<u>12</u>	<u>9</u>

12. RECONCILIATION OF INVESTMENTS	Value at	Purchases at	Sales	Change in	Value at
	5.4.2019	cost	proceeds	market value	5.4.2020
	£'000s	£'000s	£'000s	£'000s	£'000s
Pooled investment vehicles	<u>122,943</u>	<u>34,364</u>	<u>(16,612)</u>	<u>(10,186)</u>	<u>130,509</u>

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The amount of indirect transaction costs are not separately provided to the Scheme. Investments purchased by the Scheme are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid.

For members who invest in the Leonardo FuturePlanner managed fund, the investment manager holds the investment units on a pooled basis for the Trustee. The Scheme administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

LEONARDO FUTUREPLANNER

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

12. RECONCILIATION OF INVESTMENTS (Continued)

Defined Contribution assets are allocated to members and the Trustee as follows:

	2020 £'000s	2019 £'000s
Members	130,509	122,943
Trustee	-	-
	<u>130,509</u>	<u>122,943</u>

The total value of AVC investments held within the pooled investments as at 5 April 2020 was £9,295,012 (2019: £7,879,586).

13. POOLED INVESTMENT VEHICLES

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2020 £'000s	2019 £'000s
Equity	5,965	6,286
Bonds	2,414	2,032
Cash	1,325	916
Diversified Growth Funds	120,805	113,709
	<u>130,509</u>	<u>122,943</u>

14. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated 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 measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) 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.

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

	At 5 April 2020			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	<u>-</u>	<u>130,509</u>	<u>-</u>	<u>130,509</u>

	At 5 April 2019			
	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	<u>-</u>	<u>122,943</u>	<u>-</u>	<u>122,943</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

15. INVESTMENT RISK DISCLOSURES (continued)

Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is 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: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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 in following the investment strategy set out below. 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 agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below.

(i) Investment strategy

The Scheme's assets are all invested through a unit-linked insurance policy, designed for company pension schemes. The unit-linked policy invests in a wide range of investments through a number of investment managers. The Scheme's investment strategy comprises twelve "member funds", which are made available to members through the "Default Lifestyle" arrangement and/or on a self-select, or "Pick 'n' Mix" basis. The funds in which the member funds themselves invest are known as "underlying funds".

The member funds are invested in a wide range of "underlying investments" (through the underlying funds) in different asset classes, including stocks and shares (equities), bonds, cash and other types of investment. The value of the member funds is worked out daily and will rise or fall. Members' investments are directly linked to the performance (after any applicable fees or charges) of the underlying funds in which money is invested.

For example, members may invest in the FuturePlanner Cash Fund – this is a member fund. This fund is itself 100% invested in the LGIM Sterling Liquidity Cash Fund – this is an underlying fund. The LGIM fund will hold various cash investments – these are underlying investments.

The value of the total policy is also worked out daily, based on the total number of units each member has in the unit-linked policy. As the value of the underlying funds rises or falls, so will the value of members' holdings in the policy. The policy can be cashed in on any working day that reflects up to date market valuations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

15. INVESTMENT RISK DISCLOSURES (continued)

The investment strategy includes a number of options for members. The "Default Lifestyle" arrangement switches members across four member funds, called Core Funds. Each Core Fund is made up of a variety of underlying funds, managed by different investment managers. Each Core Fund also has its own risk and return objective, thereby taking account of members' changing needs as they approach retirement.

For members who choose not to use the Default Lifestyle arrangement, the investment strategy includes a range of self-select, or "Pick 'n' Mix" funds. This range includes three of the Core Funds underlying the Default Lifestyle arrangement (Long Term Growth Fund, Stable Growth Fund, Cautious Growth Fund), as well as three different lifestyle choices targeting alternative options at-retirement (Take Your Pot As Cash, Income For Life / Annuity Purchase, Invest Into Retirement / Income Drawdown) and five funds broadly representing more traditional equities, bonds, cash and property.

To facilitate the investment strategy, an "investment platform" is necessary. The Trustee has appointed Mobius Life ("ML") as the provider and therefore the Scheme assets are held by ML. River and Mercantile Solutions ("R&M Solutions") is the investment advisor and has been appointed by the Trustee to carry out asset allocation and selection of the underlying managers in the member funds.

The underlying funds comprise a series of funds managed by professional investment managers (the "underlying managers"): BlackRock and Legal & General Investment Management. The portfolios of underlying investments are held by independent corporate custodians.

All assets held by the Scheme are held through Pooled Investment Vehicles ("PIVs"). Member funds are PIVs whilst the underlying funds consist of PIVs and segregated accounts which are a combination of PIVs and directly held financial instruments.

(ii) Risk assessment

The Scheme is subject to various types of risks but member level risk exposures will be dependent on the member funds invested in by members. The main types of risks include (but are not limited to) credit risk and market risk, arising from the underlying investments in the underlying funds. Market risk is composed of foreign exchange ("FX"), interest rate and other price risk.

The Trustee considers risks at a member fund level to be more important, recognising the benefit of diversification and offsetting risks within the investment funds.

Risks are classified as "Direct" if they relate to an investment held directly by the Scheme, or "Indirect" if they relate to an investment held by one of the pooled underlying funds.

All member funds would be exposed to different risks to some degree (for example, a large shift in interest rates could affect equity markets). The main risk exposures of each of the member funds within the investment strategy are set out in the table on page 25.

(iii) Investment Risk

Credit Risk

All assets of the Scheme are subject to direct credit risk in relation to ML through the Scheme's holding in unit-linked insurance funds provided by ML. Direct credit risk relates to insolvency of ML, the underlying managers or the custodians used by the underlying managers to hold fund assets.

ML is authorised by the Prudential Regulation Authority, regulated by the Financial Conduct Authority and the Prudential Regulation Authority and maintains capital for its policyholders. In the event of default by ML, the Trustee is able to apply for compensation as the Scheme is protected by the Financial Services Compensation Scheme ("FSCS").

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

15. INVESTMENT RISK DISCLOSURES (continued)

As well as the regulatory environment in which the investment platform operates, direct credit risk is mitigated at the investment platform level by the assets backing the Scheme's policy being ring-fenced from those of the investment platform provider.

Direct credit risk in the underlying funds operated by the underlying managers is mitigated by the underlying investments being ring-fenced from those of the underlying manager and through the regulatory environments in which the underlying managers operate. The amount that can be claimed from FSCS by the Trustee in the event of an insolvency of the underlying manager will depend on the structure of the underlying fund. In the event of a custodian becoming insolvent, the level of asset recovery will depend on the custody agreement in place between the underlying manager and the custodian.

The Trustee carries out due diligence checks on the appointment of the investment platform and new investment managers and, on an ongoing basis, monitors any changes to the regulatory and operating environments of both.

The Scheme's investments are all held in pooled investment vehicles. As at 31 March 2020 the total value of member funds subject to direct credit risk was £131.7m (2019: £122.9m).

The Scheme is also subject to indirect credit risk arising on the underlying investments held by the underlying funds, including the segregated accounts. Credit risk is mitigated by utilising investment managers whose mandate includes one or more of the following:

- invest in government bonds where the credit risk is minimal;
- invest in corporate bonds which are rated at least investment grade;
- diversification of the underlying investments.

Currency risk

Some member funds are subject to indirect currency risk because some of the underlying investments are held in overseas markets via pooled investment vehicles or segregated accounts. The Trustee regards currency risk as one which can, in some cases, add value and have delegated management of this risk to their investment advisor.

There is no direct exposure to currency risk. All member and underlying funds are priced in GBP and no foreign denominated assets are held directly.

Interest rate risk

Some member funds are subject to indirect interest rate risk because some of the underlying investments are held in bonds or cash through pooled vehicles or segregated accounts. If interest rates fall the value of these investments will rise (all else equal) and vice versa.

The Scheme manages this risk through the following:

- diversification, where appropriate, to reduce the impact of a change in interest rates; or
- allowing the risk, where appropriate, in recognition that a change in interest rates will likely be correlated with a change in annuity rates and therefore this degree of "matching" is desirable.

No assets are subject to direct interest rate risk as no interest rate sensitive investments are held directly.

LEONARDO FUTUREPLANNER

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

15. INVESTMENT RISK DISCLOSURES (continued)

Other price risk

All assets are subject to indirect other price risk, including those held in segregated accounts. Other price risk arises in relation to risks not mentioned above, such as those affecting equity markets, property, non-investment grade bonds, etc.

The Scheme manages this risk by making available member funds with a diverse portfolio of investments across various markets, designed to minimise the overall price risk. Members may also invest in funds with a higher degree of overall price risk should they choose.

No assets are subject to direct other price risk as no price sensitive investments are held directly.

Fund ↓	Risk→	Credit (Direct)	Credit (Indirect)	FX	Interest Rate	Other Price
FuturePlanner Long Term Growth Fund		✓	✓	✓	✓	✓
FuturePlanner Stable Growth Fund		✓	✓	✓	✓	✓
FuturePlanner Cautious Growth Fund		✓	✓	✓	✓	✓
FuturePlanner Retirement Focus Fund (Default)		✓	✓	✓	✓	✓
FuturePlanner Retirement Focus Fund (Invest Into Retirement / Income Drawdown)		✓	✓	✓	✓	✓
FuturePlanner Retirement Focus Fund (Take Your Pot As Cash)		✓			✓	✓
FuturePlanner Cash Fund		✓			✓	✓
FuturePlanner Global Equity Fund		✓		✓		✓
FuturePlanner Corporate Bond Fund		✓	✓		✓	✓
FuturePlanner Fixed Annuity Focus Fund		✓	✓		✓	✓
FuturePlanner Inflation-Linked Annuity Focus Fund		✓	✓		✓	✓

LEONARDO FUTUREPLANNER

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

16. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme:

	2020		2019	
	£'000s	%	£'000s	%
FuturePlanner Stable Growth Fund	38,694	28.6	37,839	29.8
FuturePlanner Cautious Growth Fund	39,026	28.8	36,701	28.9
FuturePlanner Long Term Growth Fund	34,568	25.5	31,484	24.8
FuturePlanner Retirement Protection Fund	8,241	6.1	7,567	6.0

17. CURRENT ASSETS

	2020 £'000s	2019 £'000s
Bank balance	5,158	4,352
Prepaid expenses	40	38
Claims on term insurance policies due	263	-
Tax recoverable	56	42
Life assurance paid in advance	-	293
	<u>5,517</u>	<u>4,725</u>

Included in the bank balance is £3,054,950 (2019: £1,969,091) which is not allocated to members.

The tax recoverable by the Employer is VAT on administrative expenses which the Employer reclaims and reimburses to the Scheme.

18. CURRENT LIABILITIES

	2020 £'000s	2019 £'000s
Unpaid benefits	402	516
Accrued expenses	305	50
Tax payable	66	-
	<u>773</u>	<u>566</u>

19. RELATED PARTIES

Seven of the nine current Trustee Directors, who held post during the year, were contributing members of the Scheme during the Scheme year. Their contributions were calculated and paid to the Scheme in accordance with the Scheme rules.

Management and governance services are provided by an in-house pensions team based at Leonardo MW Ltd which is the Principal Employer. Costs of the governance service are agreed with Leonardo MW Ltd and are met by the Scheme. For 2020 these costs amounted to £160,000 (2019: £160,000).

Trustee Directors who are pensioner members of a Leonardo group pension scheme receive remuneration from Leonardo MW Ltd for governance services. Trustee remuneration for 2020 totalled £9,125 (2019: £9,375).

The Trustee is not aware of any material related party transactions that require disclosure in the financial statements, other than those already disclosed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 5 April 2020

20. 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.

21. COVID-19

As a result of the COVID-19 (Coronavirus) pandemic, there was a dramatic downturn in global markets in March 2020. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the Scheme's investment return and the fair value of the Scheme investments.

The Trustee has designed and implemented an investment strategy which takes a necessarily long-term view, whilst also having built in resilience to withstand short term fluctuations. The Trustee continues to take proactive and considered steps, in conjunction with their advisers, to assess the situation and respond to it.

LEONARDO FUTUREPLANNER

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF LEONARDO FUTUREPLANNER

Statement about contributions payable under the Payment Schedule

We have examined the summary of contributions payable to Leonardo FuturePlanner on page 29, in respect of the Scheme year ended 5 April 2020, to which this statement is attached.

In our opinion the contributions for the Scheme year ended 5 April 2020 as reported in the attached summary of contributions on page 29 and payable under the Payment Schedule have in all material respects been paid at least in accordance with the Payment Schedule dated 1 July 2013.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported on page 29 in the attached summary of contributions have in all material respects been paid at least in accordance with the Payment Schedule. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Payment Schedule.

Responsibilities of Trustee and Auditor

As explained more fully on page 13 in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Payment Schedule showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Payment Schedule.

It is our responsibility to provide a statement about contributions paid under the Payment Schedule and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee as a body, in accordance with the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Scheme's Trustee as a body, for our audit work, for this statement, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor, Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Date 16 September 2020

LEONARDO FUTUREPLANNER

SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

During the year, the contributions paid to the Scheme by the employer under the Payment Schedule were as follows:

	£'000s
Employer normal contributions	12,837
Employer Smart contributions	6,286
Employer expense contributions	2,162
Employee normal contributions	<u>121</u>
Total contributions paid	<u>21,406</u>
Reconciliation to the financial statements:	
Contributions paid under the Payment Schedule	21,406
Employer Additional Voluntary Contributions	2,563
Members' Additional Voluntary Contributions	<u>90</u>
Contributions receivable per the financial statements	<u><u>24,059</u></u>

This summary was approved by the Trustee on 16 September 2020.

Signed on behalf of the Trustee

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

Trustee Director, Leonardo FuturePlanner (Trustee) Ltd

LEONARDO FUTUREPLANNER

GOVERNANCE STATEMENT FOR LEONARDO FUTUREPLANNER

Governance requirements apply to defined contribution ("DC") pension arrangements like Leonardo FuturePlanner, to help members achieve a good outcome from their pension savings. The Trustee is required to produce a yearly statement to describe how the governance requirements have been met in relation to:

- the default investment arrangement;
- requirements for processing core financial transactions;
- charges and transaction costs borne by members;
- a value for members assessment and
- Trustee knowledge and understanding.

This statement covers the period from 6 April 2019 to 5 April 2020.

Investment strategy

The Trustee has in place a Statement of Investment Principles ("SIP") which governs decisions about investments and sets out the aims and objectives of the Scheme's investment strategy, including full information about the default investment strategy. In particular it covers:

- the Trustee's investment policy, including policies on risk, balancing and realising assets, return and ethical investing; and
- how the default investment strategy is intended to ensure that assets are invested in the best interests of members and beneficiaries.

Generally, the Trustee reviews the default strategy on an ongoing basis, particularly in response to any significant changes in investment market conditions, member demographics or the regulatory framework. The most recent change to the default strategy was made from 1 July 2018 when the benchmark allocation within the Retirement Focus fund was adjusted. This fund is used as the final phase of the default switching process in the three years leading up to the Target Retirement Age and was changed to reflect the way members on average are drawing their retirement benefits. The performance of the funds underlying the default investment strategy is formally reviewed quarterly as part of the quarterly investment reporting to the Trustee provided by the Scheme's Investment Manager. The last review was carried out on 10 June 2020 for the period ending 31 March 2020, The DC strategy was reviewed and no changes were considered necessary. The next performance review as at 30 June 2020 is due to be considered at the September 2020 DC investment committee meeting.

You can find the SIP at www.futureplanner.co.uk (within library/trustee documents).

Financial transactions

Core financial transactions are processed by the various service providers to the Trustee. These providers are appointed under agreements with specific service standards. The providers issue quarterly reports against these standards which are reviewed at the Trustee meetings. Service standards have been met or exceeded during the year. Where areas for improvement have been identified, these have been addressed expediently and discussed at length with the relevant service provider.

The service standard provides for contributions to be invested in member Retirement Accounts no later than required by regulatory guidance. Over the year, XPS Administration Limited (the Scheme administrator) achieved this comfortably with contributions invested between 4 and 7 working days after final amounts have been received. XPS have robust monitoring and reporting mechanisms in place and monitor compliance with each service standard. Detailed reporting on each service standard is provided on a quarterly basis to the Trustee.

For members claiming benefits, service standards have been agreed typically of between 5 and 10 working days, depending on the type of transaction. During the year, XPS Administration Limited completed 93.48% of the reported tasks within the standards.

The Trustee is satisfied that core financial transactions were processed promptly and accurately.

LEONARDO FUTUREPLANNER

Charges and transaction costs

Member charges differ between the investment funds that are available. The charges applicable to the funds underlying the default lifestyle strategy and the 'pick & mix' options available on a self-select basis as at 31 March 2020 are set out in the table below:

	Fund	TER*
Default Lifestyle Funds	Long Term Growth	0.49%
	Stable Growth Fund	0.51%
	Cautious Growth Fund	0.47%
	Retirement Focus Fund (Default)	0.39%
Self-Select Funds	Retirement Focus Fund (Invest into Retirement)	0.44%
	Retirement Focus Fund (Income for Life)	0.31%
	Retirement Focus Fund (Take Your Pot as Cash)	0.35%
	Global Equity Fund	0.15%
	Corporate Bond Fund	0.12%
	Fixed Annuity Focus Fund	0.12%
	Inflation-Linked Annuity Focus Fund	0.12%
	Cash Fund	0.12%

Source: Mobius Life, R&M Calculations as at July 2020

(*) TER: Total Expense Ratio

Transaction costs incurred by members are complex and are associated with different member, Trustee or manager actions. They can be split into three areas:

1. **Transaction costs incurred by members as part of changes in the fund range**

There have been no changes to the fund range at a member level (e.g. replacing Long Term Growth with another blend at a strategic level) for the period under review. Therefore, those members self-selecting their investment options would not have incurred any transaction costs as a result of changes in the fund range over the year.

Within the Lifestyle option there are four blended funds, each with varying allocations to underlying managers and securities. The fiduciary manager alters these underlying allocations with a view to generating fund returns and managing risk, ensuring each fund performs in line with its objective. These changes can be subject to transaction costs, primarily through dealing costs associated with the buying and selling of funds and securities.

These costs are reflected as part of the transaction cost details set out under "3. Frictional Costs" below.

2. **Transaction costs incurred by members buying and selling funds as part of a lifestyle**

A member in the default lifestyle is required to buy and sell assets when automatically switching between funds within the lifestyle. We estimate that over a member's life, the cost of entering the lifestyle, switching between funds and subsequently redeeming assets upon retirement for each £1 of income invested in the Long Term Growth Fund is c. 0.184% (or 0.18p) in a worst case scenario. This equates to an average of 0.004% per annum, as at 31 March 2020.

A breakdown of the cost estimate on a worst case basis is provided in the table below. The calculations do not take account of netting trades within the funds (e.g. cancelling out selling common underlying funds between the blends). It also assumes that a member pays a cost of "bid price – mid price" for any sale of assets and "mid price – offer price" for any purchase of assets (hence the "worst case scenario").

LEONARDO FUTUREPLANNER

Members will experience varying levels of cost depending on their position within the lifestyle. Actively contributing members would have experienced at least one source of transition cost on the contributions they made over the year. Deferred members may or may not have experienced transition costs of this nature, depending on if they phased between funds or not. These costs will continue in the future at a level expected to be similar to what is shown in the table below.

Lifestyling is carried out automatically for members who are invested in the default lifestyle. Market conditions are considered in the context of deciding on the composition of the funds in the lifestyle, but not when automatically phasing members between funds. The funds are established and governed in a way which is cognisant of market conditions, therefore it is not necessary (or practical) to consider market conditions for each member each month when lifestyling.

The funds are priced on a "single swinging basis", meaning they may be priced at bid or offer on any day, depending on the net cashflow (from all investors in/out of the fund) that day. Therefore, in practice, the cost incurred is unlikely to be the full amount below and may even provide an uplift, should fund prices swing favourably. Members will also experience varying levels of costs depending on their position within the lifestyle. Therefore, it is not practical to split out the actual costs incurred by each member.

Movement between funds	Worst case cost
Buy Long Term Growth	0.021%
Long Term Growth → Stable Growth	0.028%
Stable Growth → Cautious Growth	0.033%
Cautious Growth → Retirement Focus	0.073%
Sell Retirement Focus	0.030%
Total	0.184%
Total p.a.	0.004%

Source: Underlying fund managers. R&M Solutions' calculations as at July 2020.

Assumptions:

- (1) members join the Scheme 40 years from retirement
- (2) price swings are all unfavourable to members
- (3) no netting of trades occurs

3. **'Frictional costs' incurred by members due to internally buying and selling underlying assets (e.g. stocks or bonds)**

As part of day-to-day trading activities, the funds may incur "frictional costs". Frictional costs are categorised as explicit costs and implicit costs. Explicit costs are directly observable and in most cases managers are in a position to report them. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but do have an impact on fund performance. Examples of implicit costs include bid-offer spreads and market impact.

These costs would be incurred every time a fund manager makes a trade within that fund and are intended to improve investment returns, reduce risk, or contribute to the smooth running of a fund. Some costs will be cognisant of market conditions (e.g. some active investment decisions), and some costs are in respect of decisions not linked to market conditions.

LEONARDO FUTUREPLANNER

The table below sets out the total transaction costs for each fund within the default and self-select range covering the period 06/04/2018 to 05/04/2020.

	Fund	FuturePlanner
Default Lifestyle Funds	Long Term Growth	0.019%
	Stable Growth Fund	0.138%
	Cautious Growth Fund	0.068%
	Retirement Focus Fund (Default)	0.035%
Self-Select Funds	Retirement Focus Fund (Invest into Retirement)	0.052%
	Retirement Focus Fund (Income for Life)	N/A ¹
	Retirement Focus Fund (Take Your Pot as Cash)	0.004%
	Global Equity Fund	-0.084%
	Corporate Bond Fund	0.000%
	Fixed Annuity Focus Fund	-0.005%
	Inflation-Linked Annuity Focus Fund	0.014%
	Cash Fund	-0.012%

Source: OMW from 6 April 2018 to 30 January 2019. ML from 31 January 2019 to 5 April 2020. Underlying fund managers. R&M calculations as at July 2020.

The Appendix on pages 36 to 38 provides illustrative examples of the cumulative effect over time of the application of charges and costs on the value of a member's pension pot.

Value for members review

The Trustee considers that members get value for money, as the costs and charges deducted from members' pots provide good value in relation to the benefits and services provided.

The Trustee keeps value for members generally in mind on an on-going basis, including as an item on the Scheme's risk register. The Trustee undertakes an annual value for members' review which consists of two phases; a self-assessment facilitated by our investment advisors and then an independent assessment through a third party adviser at least every three years.

1. Value for members – self-assessment

The most recent self-assessment was conducted in July 2020 and looked at whether the total cost of Scheme membership represented value for money, whether the investment risk profile is tailored to the needs of members, the level of contributions in the light of the membership profile, the degree of flexibility available and the transaction costs incurred by members.

The Trustee considered, among other items, the absolute level of charges, the competitiveness of charges relative to the marketplace and the level of service provided to members. The Trustee also notes that the costs of administering Scheme benefits are met by the employer.

In accordance with the Pensions Regulator's guidance for DC schemes in this area, it was concluded that, with an average annual fee of 0.49% for the default funds, FuturePlanner represents value for its members as it offers above average service levels while passing on an average level of charge to members. In particular, value for members is demonstrated through:

- A bespoke investment strategy that takes account of membership needs and controls risk based on the time to retirement and the need for protection to increase.
- Good investment performance, with the funds on average performing broadly in line with the fund objectives as advised to members.
- Risk management within the blend funds through delegation of day to day investment decisions and asset allocation to a fiduciary manager and investment managers.
- Robust internal controls and operations covering business continuity plans, internal and external audit of the funds and a wide range of investment operations.

¹ No transaction costs as at 31/03/2020 as there has been no member investment

The average fee compares favourably to the charge cap set by the Government of 0.75%.

2. Value for members – independent assessment

An independent assessment of value for members was conducted by LCP in August 2020. The report assessed all areas of the Scheme as “good” or “very good”, with governance and communications receiving particularly high ratings. The only suggestion for improvement was to consider the cost of advice and governance within the investment charges. The Trustee will review this suggestion and implement any resulting actions over the coming 12 months.

The Trustee will conduct a further independent review no later than 2023 to assess the impact of these changes and other best practice developments.

Knowledge and understanding

The Trustee Directors have sufficient knowledge and understanding of the law relating to pensions and trusts, and sufficient understanding of the relevant principles relating to the funding and investment of occupational pension schemes. The Trustee has a training policy with the objective of ensuring that Trustee Directors understand their duties and that their knowledge is at a level to enable them to take decisions with the level of skill and competence that members can expect from someone familiar with the issues concerned. The Trustee Directors’ combined knowledge and understanding, together with available advice, enables them to properly exercise their functions.

New Trustees are briefed by the Chairman and Secretary to the Trustee and familiarise themselves with Plan documentation, including the Trust Deed and Rules, SIP and all other documents setting out the Trustee’s current policies as appropriate to ensure that they have a good working knowledge of these documents.

Within six months of appointment, Trustee Directors are able to attend an introductory training course through an external provider, and are expected to complete the Pensions Regulator’s Trustee Toolkit.

On an ongoing basis all Trustee Directors aim to complete at least two days (fourteen hours) training per year during the course of their appointment. One day of training is provided on a collective basis to address joint needs, and this always includes a session on Trustee effectiveness. Other training opportunities are selected on the basis of the individual needs of each Trustee Director. During the year, six Trustee directors achieved the 14 hours objective, completing an average level of 21.38 hours per Trustee Director. During 2020, online training opportunities have been more widely available and all Trustee Directors have been encouraged to participate in a range of training webinars.

Trustee Directors review their own knowledge and understanding against the Pensions Regulator’s guidance at least annually and are supported by the Secretary in selecting suitable training opportunities. Individual training requirements are addressed through a combination of internal and external training and individual training logs are kept to assess compliance with the policy.

In addition training on DC matters is included within the agenda for the joint DC investment committee and within the formal Trustee training day which is held each year jointly with the sister UK pension schemes in the Leonardo group.

MARTIN FLAVELL

Chair of the Trustee

Date: 16 September 2020

LEONARDO FUTUREPLANNER

Appendix: Projected pension pots, in today's terms

The tables below provide illustrative examples of the cumulative effect over time of the application of charges and costs on the value of a member's pension pot. This has been prepared taking account of all relevant statutory guidance.

The examples outline the effects of charges and transaction costs (as described in the Governance Statement) across the fund range and over different time periods (in years).

The tables show the projected 'Gross' fund and then fund 'Net' of all charges, lifestyling costs and buy/sell costs as appropriate. The projections are based on assumptions which can be found after the projection tables.

Projected pension pot for the Default investment strategy:

Years	Default strategy	
	Gross	Net
1	£2,500	£2,500
3	£7,300	£7,300
5	£12,600	£12,400
10	£27,700	£27,000
15	£45,400	£43,600
20	£65,800	£61,900
25	£89,700	£82,900
30	£116,000	£105,600
35	£144,400	£129,600
40	£172,600	£153,100

Projected pension pot for the Blend funds:

Years	Long Term Growth Fund		Stable Growth Fund		Cautious Growth Fund		Retirement Focus Fund (Default)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
1	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,400	£2,400
3	£7,300	£7,300	£7,200	£7,200	£7,200	£7,200	£7,000	£7,000
5	£12,600	£12,400	£12,400	£12,200	£12,400	£12,200	£11,700	£11,600
10	£27,700	£27,000	£26,900	£26,000	£26,900	£26,000	£24,100	£23,600
15	£46,000	£44,300	£44,000	£41,900	£44,000	£41,900	£37,400	£36,200
20	£68,200	£64,700	£64,100	£60,100	£64,100	£60,100	£51,600	£49,500
25	£94,900	£88,800	£87,800	£80,900	£87,800	£80,900	£66,900	£63,600
30	£126,900	£117,100	£115,500	£104,500	£115,500	£104,500	£83,200	£78,300
35	£165,200	£150,200	£147,800	£131,400	£147,800	£131,400	£100,700	£93,800
40	£210,900	£188,800	£185,400	£161,800	£185,400	£161,800	£119,300	£110,200

LEONARDO FUTUREPLANNER

Projected pension pot for self-select funds:

Years	Global Equity Fund		Corporate Bond Fund		Cash Fund	
	Gross	Net	Gross	Net	Gross	Net
1	£2,500	£2,500	£2,400	£2,400	£2,400	£2,400
3	£7,400	£7,400	£6,900	£6,900	£6,800	£6,800
5	£12,800	£12,800	£11,400	£11,400	£11,300	£11,300
10	£28,800	£28,700	£23,000	£22,800	£22,400	£22,300
15	£48,900	£48,600	£34,800	£34,500	£33,600	£33,300
20	£74,000	£73,500	£46,900	£46,400	£44,800	£44,300
25	£105,400	£104,400	£59,400	£58,700	£56,100	£55,400
30	£144,200	£142,600	£72,300	£71,200	£67,600	£66,600
35	£192,300	£189,800	£85,600	£84,100	£79,200	£77,900
40	£251,600	£247,800	£99,300	£97,300	£91,000	£89,300

Years	Fixed Annuity Focus Fund		Inflation-Linked Annuity Focus Fund	
	Gross	Net	Gross	Net
1	£2,400	£2,400	£2,400	£2,400
3	£6,900	£6,900	£6,900	£6,900
5	£11,300	£11,300	£11,300	£11,300
10	£22,600	£22,500	£22,600	£22,500
15	£34,000	£33,800	£34,000	£33,700
20	£45,600	£45,100	£45,600	£45,100
25	£57,400	£56,700	£57,400	£56,500
30	£69,400	£68,400	£69,400	£68,200
35	£81,700	£80,200	£81,700	£80,000
40	£94,200	£92,400	£94,200	£92,100

Projected pension pot for funds focused on retirement (alternative lifestyle options):

Years	Retirement Focus Fund (Invest into Retirement)		Retirement Focus Fund (Income for Life)		Retirement Focus Fund (Take Your Pot as Cash)	
	Gross	Net	Gross	Net	Gross	Net
1	£2,400	£2,400	£2,400	£2,400	£2,400	£2,400
3	£7,100	£7,000	£6,800	£6,800	£6,800	£6,800
5	£12,000	£11,800	£11,200	£11,100	£11,300	£11,200
10	£25,100	£24,500	£22,200	£21,900	£22,400	£22,000
15	£39,600	£38,200	£33,100	£32,400	£33,600	£32,700
20	£55,800	£53,200	£44,000	£42,700	£44,800	£43,300
25	£73,700	£69,400	£54,900	£53,000	£56,100	£53,900
30	£93,500	£87,000	£65,800	£63,200	£67,600	£64,500
35	£115,200	£106,000	£76,800	£73,300	£79,200	£75,000
40	£139,200	£126,500	£87,900	£83,500	£91,000	£85,700

LEONARDO FUTUREPLANNER

Assumptions for the projected pension pots:

- Values shown are estimates and are not guaranteed;
- Frictional transaction costs used are an average of those over the 24 months to 31 March 2020, which is the longest timeframe over which consistent data is available;
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation;
- Inflation of 2.5% per annum;
- Charges in future years are equal to charges today (transaction costs are shown in the table above);
- A member is aged 25 years old now and stops contributing at age 65;
- An overall contribution rate of 9% of annual salary, the £ amount of which increases in line with assumed salary inflation;
- A member salary of £25,000 in Year 0, increasing at 1% per annum above inflation;
- The accumulation rates used, are set out below:

	Fund	Real accumulation rate per annum (gross of charges)
Default 'blend' funds	Long Term Growth	3.3%
	Stable Growth Fund	2.7%
	Cautious Growth Fund	2.1%
	Retirement Focus Fund (Default)	0.5%
Self-select funds	Retirement Focus Fund (Invest into Retirement)	1.3%
	Retirement Focus Fund (Income for Life)	-1.2%
	Retirement Focus Fund (Take Your Pot as Cash)	-1.0%
	Global Equity Fund	4.1%
	Corporate Bond Fund	-0.5%
	Fixed Annuity Focus Fund	-0.8%
	Inflation-Linked Annuity Focus Fund	-0.8%
Cash Fund	-1.0%	

Source: Mobius Life, R&M calculations as at May 2020