LOCAL PENSIONS PARTNERSHIP INVESTMENTS LTD

Annual Report and Financial Statements

For the Year Ended 31 March 2025

Registered number: 09835244

LOCAL PENSIONS PARTNERSHIP INVESTMENTS LTD

Contents

Company Information

Directors	Margaret Ammon Malcolm Cooper Sonia Gogna (appointed 1 April 2025) Louise Jack Jon Little Tom Richardson Chris Rule Richard J Tomlinson Martin Tully
Company secretary	Daniel Evans
Registered number	09835244
Registered office	First Floor 1 Finsbury Avenue London EC2M 2PF
Independent auditors	Grant Thornton 8 Finsbury Circus London EC2M 7EA
Bankers	National Westminster Bank PO Box 35 10 Southwark Street London SE1 1TJ
	Handelsbanken First Floor, Unit 7b Edward VII Quay, Navigation Way Preston PR2 2YF

Principal Activities

Local Pensions Partnership Investments Ltd (LPPI) is part of the Local Pensions Partnership (LPP) Group and manages £26.5bn[1] of assets for three Local Government Pension Scheme (LGPS) partner funds* and a wider institutional client base who are invested in specific Funds for which LPPI is the investment manager.

LPPI seeks to deliver investment returns in excess of agreed benchmarks, along with ensuring value for money implementation provides savings in the investment management costs which would otherwise be borne by clients. The financial benefits resulting from LPPI’s approach are shown in the statutory accounts of LPPI’s LGPS partner funds, including the reduced costs of running the pension funds. These are achieved by fee negotiation, consolidation of third party managers, increasing allocations to internal management and through broader economies of scale.

**LPPI manages the assets of London Pensions Fund Authority (LPFA), Lancashire County Pension Fund (LCPF) and The Royal County of Berkshire Pension Fund (RCBPF)* via a delegated model whereby *LPPI manages 100% of the assets – LPPI refers to this as Whole Scheme Management ("WSM").*

LPPI’s Delegated Model

LPPI provides tailored advice to partner funds to support them in setting their strategic asset allocation and making other strategic investment policy decisions. LPPI’s partner funds retain responsibility for their investment strategy but delegate fully to LPPI the implementation of investment management activities. This delegation includes all sub-strategy, manager selection and stock selection decisions and allows LPPI to achieve the economies of scale and cost savings mentioned above.

LPPI’s Investment Approach

The LPPI model is built upon three pillars:

- **Scale** – enables access to a broader range of investment opportunities and provides access to a broad range of diversified investment opportunities implemented in a cost-effective and liability-aware manner.

- **Governance** – delegated, independent decision-making and governance structures enable cost-effective investment management.

- **In-house investment and risk management** – deep and broad in-house investment expertise across major asset classes in both public and private markets, enabling LPPI to better understand partner funds' investment priorities and to develop appropriate investment strategies to meet these requirements.

Investment Funds

LPPI operates investment pooling vehicles across seven asset classes. These are housed within two Authorised Contractual Schemes (ACS) and a number of other pooling vehicles.

Further details are available in the statements of accounts for the LPPI Asset Pooling ACS and the LPPI Real Estate ACS available from the LPP website. Details on the investment pooling vehicles are available from Companies House and on the 'Our funds' page within the Investments section of the LPP website.

[1] As at 31 March 2025

Wider Service Provision

Through a partnership with Northern LGPS, LPPI also provides services to, and is the AIFM of, GLIL Infrastructure LLP (GLIL), an innovative collaboration between aligned and like-minded investors who are seeking investment into core infrastructure opportunities predominantly in the United Kingdom. LPPI is also appointed by London CIV as the Investment Manager to The London Fund.

The London Fund

The London Fund Joint Committee (the Fund) was established towards the end of 2020 as a collaboration between LPPI (investment manager) and London CIV (AIFM) with the ambition to provide sustainable, long-term, risk-adjusted value to pension scheme investors, while creating a 'double bottom line' by making a positive contribution to social and environmental issues in London. The Fund has a focus on investment opportunities in residential property and affordable housing, community regeneration, digital infrastructure and clean energy, focussing on investments in the City of London, 32 London boroughs and immediate surroundings. Progress of the existing investments was closely monitored, including how the Fund was meeting its positive ESG credentials, including attaining the Global Real Estate Sustainability Benchmark rating.

Responsible Investment and Stewardship

Responsible Investment principles underpin everything LPPI do and also shape how we do it. In 2024/25 we continued to evolve how our processes integrate Environmental, Social, and Corporate Governance considerations, and to be transparent about our activities. The main focus was the production and publication of a new suite of TCFD[2] reports which offer detailed insight into how we manage the risks and opportunities associated with climate change.

LPPI's *Responsible Investment and Stewardship Annual Report 2023-24* was evaluated and accredited by the FRC for a fourth year, ensuring LPPI retained UK Stewardship Code signatory status.

Net zero

During 2024 LPPI developed and agreed a third phase of net zero targets as a signatory to the Net Zero Asset Manager Initiative. The additional targets increase the proportion of LPPI's assets under management within coverage of net zero targets to over 75%. Having commenced with Global Equities (phase 1) and added corporate fixed income and the directly managed portion of the LPPI Real Estate Fund in phase 2, phase 3 has brought the balance of the Real Estate Fund and the Infrastructure Fund into scope.

Strategic Approach

LPPI operates under a strategic Business Plan which is approved annually, with its budget, by its shareholder LPP and the two Group Shareholders: London Pensions Fund Authority (LPFA) and Lancashire County Council (LCC). The Business Plan delivers the objectives set by shareholders.

LPPI's most important strategic objective is to deliver excellent investment performance which meets partner funds and wider client expectations. This is aligned with LPPI's purpose statement:

We deliver first class, value for money investment outcomes, aligned to our clients' interests.

We bring our expertise and spirit of collaboration together to help our clients invest sustainably in better futures.

[2] Taskforce on Climate related Financial Disclosures. 2024/25 was the first year in which we had to produce TCFD reporting under the compulsory regime introduced and overseen by the Financial Conduct Authority. In prior years our TCFD reporting was on a voluntary basis. The TCFD report can be accessed at: https://www.localpensionspartnership.org.uk/Investment-management/TCFD-reports.

Key Strategic Deliverables Achieved 2024/25

Robust financial performance: Investment cost savings against the pre-pooling position for LCPF, LPFA and RCBPF have been published. In aggregate LPPI has achieved £202m of cumulative savings to end March 2024, compared with the pre-pooling position. This ensured that LPPI met its target of £200m of savings by 31 March 2025 a year early.

A strong balance sheet position is currently in place following the conclusion of discussions with the Group Shareholders in 2023/24 concerning options for the management of LPPI's FRS102 pension liabilities, concluding with LPPI entering into a Fixed Rate Contribution Agreement with LPFA.

Investment performance: Absolute performance was positive over the 1, 3 and 5-year periods for all LPPI clients, however all clients experienced underperformance compared with their respective policy portfolios (market based benchmark) over these periods.

The main cause of this underperformance was underweight holdings in our Global Equity Fund compared to the benchmark in a particularly strong performing narrow group of technology stocks, the 'Magnificent Seven.' Despite the level of inflation moderating during the year, the Infrastructure asset class also underperformed its CPI based benchmark, which remained high relative to historic norms.

The most recent data from PIRC (Pensions & Investment Research Consultants) on the performance of the LGPS shows that at March 2024 medium and long term performance remained robust with LPPI's clients ranked in the 2^{nd}, 3^{rd} and 5^{th} percentiles over 3 years and the 5^{th}, 12^{th} and 33^{rd} percentiles over 5 years.

Responsible investment: Our strategic focus was the continuing evolution of systems and processes core to delivering sustainable investment. This included ensuring extra-financial data needs (for decision-making and reporting purposes) feature alongside financial data in our technology and data road map and a refinement to our stewardship operating model through creating FAARRI. FAARRI is a new group under our Chief Investment Officer which brings Fiduciary, Advisory, Analytics, Research and Responsible Investment activities together more holistically as a delivery agent for the WSM approach to stewardship LPPI provides to partner funds.

During the year we continued to work closely with partner funds, supporting them in review of pension fund Responsible Investment policies, providing dedicated expertise on emerging matters and delivering scheduled training, in addition to comprehensive reporting on our responsible investment activities and stewardship which can be read about in our dedicated report available on the LPP website.

Business and operational initiatives: Initiatives delivered in line with LPPI's Strategic Business Plan have matured elements of LPPI's operating model, including:

- Net Zero roadmap phase 2 metrics agreed;
- Launching a new Environmental Opportunities Fund;
- Selection and implementation of key automation systems for LPPI data and platform.
- Advancing the employee value proposition including reward, learning and development, and recognition.

Client focus: LPPI has been working to build on the existing team and structure to ensure that relationship management is fit for the future. A number of key initiatives have taken place over the last twelve months, including:

- Enhanced reporting – following engagement with existing partner funds, the quarterly performance and risk reports were combined to create and improve standard reports that sit alongside and compliment the quarterly responsible investment reports.

- Relationship management Model – to ensure we continue to provide a “high touch” level of service to all our WSM Partner Funds, we have outlined a relationship management model that delivers the service required with the right level of senior engagement.

- LPPI annual conference – we hosted our third annual conference in September 2024. Building on previous years, we are building an agenda that will provide WSM Partner Funds with insights, updates and opportunities for collaboration.

Looking ahead – 2025/26 strategic priorities

LPPI’s refreshed strategic Business Plan 2025-28 continues the focus on business maturity and improvements to the operating platform in line with discussions with our partner funds. The Government’s response to its “Fit for the Future” consultation, which prescribes requirements for how Pools should operate in the future, presents a potential opportunity to increase our assets under management. This could enable us to achieve greater scale, along with the associated efficiencies and improved outcomes for our partner funds.

The Board has considered the objectives for the coming year which will be delivered in line with LPPI’s Business Plan 25-28.

LPPI’s strategic objectives can be summarised as:

- Outperformance of policy portfolio benchmark;

- Continued enhancements to client reporting and servicing through automation and scalability;

- Continued delivery of the initiatives within a multi-year data and technology roadmap of systems and data enhancements;

- Continued delivery of the ESG Programme – Net Zero Phase 4, TCFD Reporting and the Sustainability Disclosure Regime;

- Engaging with current and prospective partner funds to develop opportunities to evolve the business to further enhance scale and benefit from a broadened partnership.

- Responding to the Government's Fit for the Future consultation and subsequent Pensions Bill reform.

s172(1) Statement 2024/25

LPPI is required to publish a statement explaining key decisions that have been taken during the year and how the Directors have discharged their duty to promote the success of LPPI – the Company. LPPI's Board and committee papers for decision include a statement on how proposed decisions will assist the Directors in the discharge of their obligations under section 172 of the Companies Act 2006. This requirement for papers seeking approval, assists the Directors in their decision making and embeds the consideration of section 172 in the culture of the business and its decision making at senior management level, where papers are written.

Directors are mindful of the impact on stakeholders when making decisions. LPPI considers its stakeholders to be: LPP as its shareholder; its LGPS partner funds including the two Group shareholders; employees; investment clients; the members and employers of those clients where relevant; suppliers of key services and goods (such as software) to the LPP Group; and the Government.

LPPI is committed to maintaining a reputation for high standards of business conduct and its commitment to good standards of corporate governance is described in the corporate governance statement (pages 12 - 14) which reflects its application of the Wates Principles.

Three of the key decisions taken by LPPI's Directors during 2024/25 are outlined below and are important steps in the long-term success of LPPI. For each one, detail has been provided as to how the Directors have had regard to the matters set out in section 172(1) (a) to (e)[3] when performing their duty under section 172 of the Companies Act 2006 when making key decisions or when applying the strategic decisions made at Group level.

More generally, LPPI seeks to build positive relationships with suppliers by ensuring it acts as a responsible client.

1. Budget and Business Plan 2025-28

Decision taken: The Board approved the budget for 2025/26 with the strategic Business Plan for 2025-28.

Section 172(1) paragraph(s) relevant to this decision:

(a) the likely consequences of any decision in the long-term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others; and

(e) the desirability of the Company maintaining a reputation for high standards of business conduct.

Directors' regard to wider stakeholder needs:

- LPPI's Business Plan provides LPP and the Group shareholders with a clear vision of LPPI's strategic direction, aligned to agreed shareholder objectives and with reference to the Government's expectations on the future of LGPS asset pooling.
- For employees, the Business Plan serves as a roadmap, setting clear goals and objectives which contribute to a sense of purpose and direction, promoting productivity and job satisfaction.
- With a solid Business Plan in place, LPPI's LGPS partner funds and clients can feel confident in the Company's long-term stability and commitment to continuous improvement.
- The Business Plan demonstrates LPPI's commitment to proactive planning and regulatory compliance via the "robust foundations" strategic goal.

[3] (f) *the need to act fairly as between members of the company is not addressed as LPPI has only one shareholder: LPP.*

2. LPPI Environmental Opportunities Fund Launch

Decision taken: The Board approved the launch of a new LPPI Fund – the Environmental Opportunities Fund (EOF). The EOF launched successfully on 1 April 2025.

Section 172(1) paragraph(s) relevant to this decision:

(a) the likely consequences of any decision in the long-term;

(c) the need to foster the Company's business relationships with suppliers, customers and others; and

(d) the impact of the Company's operations on the community and the environment.

Directors' regard to wider stakeholder needs:

- The launch of the EOF and its related increase in dedicated resource in the ESG/climate area will assist LPPI in maturing its capabilities in this growing field of expertise, allowing for a broadening of its product offering for future growth.

- The provision of a new asset class to address environmental opportunities will assist LPPI's clients, present and future, with a fund mandate to help them deliver on their commitments to invest in climate and nature-based solutions.

- Asset owner commitments to invest in climate solutions is a crucial part of reducing the devastating impact of climate change on the environment.

3. Entity Taskforce on Climate Related Financial Disclosures (TCFD)

Decision taken: The Board approved the first Entity Taskforce on Climate Related Financial Disclosures Report to meet disclosure requirements mandated by the Financial Conduct Authority. Previous disclosures have been on a voluntary basis.

Section 172(1) paragraph(s) relevant to this decision:

(a) the likely consequences of any decision in the long-term;

(d) the impact of the Company's operations on the community and the environment; and

(e) the desirability of the Company maintaining a reputation for high standards of business conduct.

Directors' regard to wider stakeholder needs:

- LPPI's corporate purpose is to deliver first class, value for money investment outcomes aligned to client's interests. This is achieved by bringing LPPI's expertise and spirit of collaboration together to help clients invest sustainably in better futures.

- LPPI's strategy is to deliver sustainable investment returns for partner funds and broader client base, by seeking investment performance whilst managing and mitigating potential risks to their investment portfolio, including the exposure to climate-related risks.

- The first TCFD report combines specificity and brevity with openness about the challenges faced by LPPI and the UK investment industry and the journey to improve capabilities for quantifying, analysing, forecasting and managing the complexities of climate change.

Consideration of LPPI's Employees, Engagement and Representation

In discharging their duties under section 172(1) directors are mindful of the impact on employees. During the reporting year Directors received assurance that organisational-wide changes are communicated and major strategic projects discussed with employees through firm-wide email communications, intranet announcements and 'town hall' events (which are hybrid). A recent example is the employee "explainer" brochure created on the 2025-2028 LPPI Business Plan, which summarised the progress made to date against LPPI's strategic goals and the specific business initiatives agreed for the coming year. The core purpose is to facilitate the cascade of aligned objectives throughout the firm for the coming year. Strategic update sessions are supplemented with ad hoc updates from the Chief Business Development Officer and his team on our response to critical business matters such as the Fit for the Future government consultation.

Employee voice is formally captured three times a year through anonymous surveys which gauge overall engagement and gather insights on how LPPI is delivering against the four pillars of its Employee Value Proposition (EVP) – purpose, growth, ambition and well-being. The results are transparently shared at the regular 'town hall' events by the Chief People and Culture Officer, together with action plans. During March 2025, an additional independent survey was undertaken resulting in LPPI attaining the Great Place To Work certification for 2025-26. This serves as a powerful endorsement that LPPI values employees and is dedicated to their well-being and growth. LPPI continues to develop the EVP to attract, motivate and retain individuals with the skills, knowledge and experience required to deliver the business strategy and associated performance. Fair and competitive reward is the foundation to any EVP and LPPI continues to use Aon McLagan benchmarking as a reference point for total compensation positioning.

Risk and Capital Management Policies

The LPPI Risk Policies, supported by the Risk Appetite and Tolerances Schedule, provide a framework for managing risk within appetite and form an integral part of management and board processes, including decision-making processes, and is embedded in the formulation of the business strategy, planning, forecast and business model.

The LPPI Risk Management Policy articulates the approach, appetite, and expectations in relation to the management of risks that have the potential to cause material harm should they materialise.

LPPI adopts an enterprise-wide perspective on risk, facilitated through commitment to a strong risk culture. LPPI's ambition is to protect its obligations to partner funds and treat them fairly, whilst making better risk adjusted business decisions based on a balanced awareness of the opportunities and threats; only taking risks it has the capability to understand and manage.

LPPI achieves this by linking its strategic objectives and approach to risk management through to the key business processes.

The Board controls and monitors risk through the application of a risk governance framework, and through setting risk appetite and tolerances across a number of strategic objectives and critical success factors, and through control of the risk profile.

The exposure against the Risk Appetite and Tolerances Schedule is monitored regularly and is reported to the Audit and Risk Committee and the Board quarterly.

The following are the principal risks for LPPI:

- Business risk: the risk that LPPI is unable to generate sustainable earnings to cover expenses and losses that results in depletion of own funds. The exposure to business risk arises mainly from changes in partner fund preferences, economic conditions, competitive environment or regulation.

- Market risk: the risk of volatility of LPPI's income and/or balance sheet due to changes in the values of market prices. The exposure to market risk arises mainly from investment management fee income earned on investments held or managed on behalf of partner funds.

- Counterparty risk: the risk that a counterparty may default on its contractual obligations. LPPI's exposure to this risk primarily arises from banking counterparties and money market funds, where cash is held, as well as from trade debtors related to investment management services provided.

- Liquidity risk: the risk that assets on the balance sheet are invested in such a way that LPPI is unable to meet its obligations in a timely manner without incurring excessive cost. This risk primarily arises from potential failures of banking counterparties or restrictions on redemptions from money market funds during periods of market stress. To mitigate the risk, LPPI diversifies its cash deposits across multiple counterparties and short-term money market funds.

- Operational risk: the risk of loss arising from inadequate or failed internal processes, from personnel or systems, or from external events. Operational risk includes legal risk.

- Reputation and conduct risk: the risk that the perception of LPPI and its business practices may not align with its strategic objectives and stakeholder expectations. This misalignment can result in a loss of trust from partner funds and damage relationships with other stakeholders such as regulators and suppliers.

- Climate-related risks: the potential adverse impact on LPPI's ability to deliver its strategic objectives resulting from changes in the global climate. The adverse impacts could be financial, operational, or reputational and have the potential to arise from physical risks and transition risks.

- Concentration risk: the risk of loss resulting from significant exposure to a particular entity or group of entities, such as clients, service providers, or counterparties, as well as specific industries, sectors, or geographic regions.

Risks are identified, assessed and managed on a regular basis using a broad range of inputs, such as the business plan, balance sheet exposures, risk and control self-assessments, risk events, the results of control assurance activities and the compliance monitoring programme.

Strategic risks are considered from a top-down perspective as part of the business planning process and are reviewed and updated regularly. Emerging risks are emerging trends or potential future impacts of which the nature and timing of impact are uncertain. Emerging risks are identified from internal and external sources and consider geopolitical, macroeconomic, legal, regulatory, operational, technological and business and strategic risks.

Exposure to quantifiable principal risks is measured and managed as part of the Internal Capital Adequacy and Risk Assessment process (ICARA) process which is at the core of the LPPI risk management framework and is embedded into key decision-making.

As part of the strategic planning process, the Chief Risk Officer leads the ICARA process that supports the assessment of the amount of own funds and liquid assets required to support the objectives of the business plan on a forward-looking basis. The ICARA process includes:

- Ensuring that LPPI's risk appetite is consistent with its business model and strategy.

- Ensuring that any material risks of misalignment between its business model and operating model are identified and mitigated.

- Considering and assessing the strategic risks that could potentially cause material harm as identified in the strategic planning process and recorded in the strategic risk register.

- Ensuring that LPPI holds own funds and liquid assets which are adequate to ensure that it can remain financially viable throughout the economic cycle, or so that it can be wound down in an orderly manner, considering potential material harm in each case.

- Considering severe but plausible stressors as part of capital and liquidity planning, supported by credible recovery actions.

Strategic and emerging risks are reported to the Executive Committee, the Audit and Risk Committee and the Board quarterly. Strategic and emerging risks are a central component of the ICARA process and are used, for example, to inform LPPI's risk profile, as an input into the estimation of own funds and liquid assets, and for stress and scenario testing.

From the strategic and emerging risks managed throughout the year, the most significant were the following:

Business risk – LPPI is exposed to the ongoing structural reforms to the Local Government Pension Scheme (LGPS) in England and Wales. In May 2025. The UK Government published its response to the "Fit for the Future" consultation, confirming its intention to implement significant changes to the LGPS pooling framework. As part of this reform, two of the eight existing LGPS pools were deeded not to align with the government's vision and their 21 partner funds must now identify alternative pooling arrangements. This development introduces uncertainty across the sector and may impact the competitive landscape and future partnership opportunities.

Geopolitical risks – Geopolitical tension remains a significant source of uncertainty for global markets and long-term investment strategies. In 2025, the global landscape continues to be shaped by persistent and emerging conflicts, shifting alliances, and rising protectionism.

Climate change risk – Recent developments in the US and different regulatory and client expectations in investors' respective jurisdictions have led the six founding network partners of NZAM to launch a review of the initiative to ensure it remains fit for purpose in the new global context. We are supportive of the review. Our position on climate change as a systemic risk remains unchanged. We use net zero targets to help us identify climate-related risks and opportunities and monitor their trajectory over time. Our net zero commitment is approved by the Board and is a priority objective identified in our business plan. As part of our ESG Programme, we continue to evolve our approach and update and implement net zero targets for our asset classes.

Corporate Governance Statement

Board

Board Composition

During the reporting year the Board was chaired by Jon Little. During the reporting year, the other Non-Executive Directors were: Margaret Ammon; Malcolm Cooper; Sarah Laessig (until 31 March 2025); and Martin Tully. Sonia Gogna was appointed as an additional Non-Executive Director effective 1 April 2025. Executive Directors of the Board for 2024/25 were: Louise Jack; Tom Richardson; Chris Rule; and Richard J Tomlinson.

At 31 March 2025 Board Directors were 33 per cent female.

Directors' Conflicts of Interest and Independence

The process by which Directors' conflicts might be authorised is set out in detail in LPPI's Articles of Association. A process for the identification, consideration of, authorisation and appropriate recording of any director conflicts of interest is in place and, in addition to the detail in the Articles of Association, this is set out in the Code of Conduct for Board Members. This LPPI-specific Code of Conduct was approved by the Board in March 2022 and most recently reviewed in October 2024. Directors declare any conflicts at the start of each Board or Committee meeting to be recorded in the minutes of the meeting and the LPPI Directors' Register of Interests and Potential Conflicts.

Activity During the Year

The Board met six times during the year. Three meetings were preceded by 'deep dive' presentations on different areas of the business, delivered in line with the Board approved schedule of deep dives. All quarterly meetings provided the opportunity for the Non-Executive Directors to hold informal private discussions. All meetings were well attended. The Board is responsible for overseeing the investment manager business and directing the affairs of LPPI in accordance with its Articles of Association, applicable regulatory requirements and the LPP Group's Shareholders Agreement. The Board sets the overall direction and culture of LPPI, overseeing LPPI's performance against its Business Plan. It also sets the risk appetite and framework for LPPI, ensuring a strong framework of policies and procedures is in place.

During the reporting year the Board's activity included:

- Selecting and appointing a new Non-Executive Director.
- Maintaining oversight of the delivery of the Business Plan.
- Approving and overseeing the launch of the new EOF, effective 1 April 2025 and closure of the Diversifying Strategies Fund.
- Review of LPPI's investment beliefs.
- Approving the updated Risk Appetite and Tolerances Schedule.
- Discussions on People and Culture, including developing the EVP, employee engagement surveys, the Great Place To Work accreditation and reward benchmarking.
- Appointing Grant Thornton UK LLP as external auditors for a four-year term.
- Formation of the new Fiduciary Advisory Analysis Research & Responsible Investment Team.
- Approving LPPI's first TCFD Entity report.

The Board received 'deep dive' presentations on: Diversity and Inclusion, Client Management, Risk Culture, EOF, Technology and Data Roadmap and the Business Development Function.

Outlook for 2025/26

The Board will continue with Government engagement following its recent consultation update.

The Board will oversee revised reporting as a result of the updated Stewardship Code.

The Board will receive LPPI's TCFD Entity Report and be asked to approve its publication.

A formal programme of Board deep dives and briefing sessions continues to run throughout the year.

An internal Board performance review will be scheduled for 2025.

Committees

The Board delegates to its committees in accordance with the matters reserved to the Board and the committees' terms of reference.

Audit and Risk Committee
Membership: Non-Executive Directors only

The Audit and Risk Committee, chaired by Malcolm Cooper, met a total of five times during the reporting year and was well attended by its four Non-Executive Director Members and the Chair of the Board as an observer.

The Committee assists the Board with its oversight responsibilities for present and emerging risks associated with the Company's activities; and for the financial reporting process, the system of internal control, the internal and external audit process and the Company's process for monitoring compliance with laws and regulations. During the year the Committee approved LPPI's AAF 01/02 Type II controls assurance audit report (for the period 1 December 2023 to 31 December 2024). The Committee has confirmed that the business is satisfied that internal audit has the appropriate resources in place.

LPPI Remuneration Committee
Membership: Non-Executive Directors only

The LPPI Remuneration Committee, chaired by Martin Tully, met three times during the reporting year and was well attended by its three Non-Executive Director Members, which includes the Chair of the Board.

This Committee has taken on the remuneration responsibilities specific to LPPI.

Executive Committee
Membership: Executive only

The Executive Committee assists the Chief Executive Officer with overseeing the activities of the Company and determining key strategic and/or operational decisions under delegation from the Board. It also provides executive leadership of the business, taking responsibility for monitoring progress against the strategic objectives and providing an escalation point for important decisions. The Executive Committee meets monthly, or more frequently as required.

During 2024/25 the Executive Committee met formally 15 times.

Investment Committee
Membership: Executive only

This Committee met on a quarterly basis during the reporting year, with additional ad hoc meetings as required to consider investment proposals. The Investment Committee acts under delegated authority from the Board and is responsible for the monitoring of investment performance and risk analytics, investment proposals, ongoing asset management and investment strategy.

Fair Value Pricing Committee
Membership: Executive only

This Committee met on a quarterly basis with additional informal meetings held as required. The Committee's delegation from the Board is to monitor compliance with LPPI's Valuation Policy; to approve the valuation of pooled assets; to appoint and monitor the use of independent external valuers; and approve and monitor the use of valuation models developed internally or by third party valuation providers.

Product Governance Committee
Membership: Executive only

This Committee meets on an ad hoc basis around fund launches and annually to review product governance. It reports on at least an annual basis to the Board following the annual product governance review. Further to the Board's approval in principle approval to establish or wind-up any fund, asset pool or collective investment vehicle the Committee's main duty is to provide a final 'go-live' decision and to review existing products in accordance with product governance requirements. In the reporting year it met three times and launched the EOF.

GLIL Investment Committee
Membership: representatives from each Class X Member; two non-independent representatives appointed by the AIFM; and two persons independent of both the Class X Members and the AIFM

This Committee acts under delegated authority from the LPPI Board and is responsible for investment proposals for GLIL Infrastructure, forming a key part of LPPI's role as AIFM of GLIL. The Committee met monthly during the year with additional ad hoc meetings as required to consider investment proposals.

This report was approved by the Board on 22 July 2025 and signed on its behalf.

Chris Rule
Director
Date: 22 July 2025

The Directors present their report and the financial statements for the year ended 31 March 2025.

Directors

The Directors who served during the year were:

Margaret Ammon
Malcolm Cooper
Sonia Gogna (appointed 1 April 2025)
Louise Jack
Sarah Laessig (resigned 31 March 2025)
Jon Little
Tom Richardson
Chris Rule
Richard J Tomlinson
Martin Tully

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Corporate Governance Arrangements

LPP's Directors have agreed to the adoption of the Wates Corporate Governance Principles for the Group and although not meeting the threshold requiring the provision of a statement of corporate governance arrangements, LPP's Directors wish to report on LPP's application of these principles and have done so though the provision of a detailed report on LPP's website.

Results and Dividends

The trading result for the Company for the year is a profit after tax of £362k (2024: profit after tax of £1,828k).

No dividends were paid during the year (2024: £nil).

Capital

LPPI has an issued share capital of 3,000,001 ordinary shares of £1.

Going Concern

After making enquiries in relation to the Company's forecasts and projects, the Directors are satisfied that the Company has adequate resources to continue in business for the period of at least 12 months from the date of approval of the financial statements. Added to this, the Company continues to have the support of its immediate parent LPP, who, if required, would be able to call upon loan facilities from its parent entities, in order to provide a capital injection into the Company. Therefore, the Directors feel that it is appropriate to adopt the going concern basis in preparing the financial statements.

Expected Future developments

Expected future developments are set out in the strategic report on page 5.

Political or Charitable Donations

No political or charitable donations were made during the year (2024: £nil).

Research and Development

No research and development expenditure was incurred during the year (2024: £nil).

Financial Instrument Risk

During the reporting year LPPI did not use hedging or financial risk management instruments and all cash is held within bank accounts with highly rated financial institutions.

Business Relationships

Information on business relationships is provided in the Section 172(1) statement on pages 6 - 8.

Employee Engagement and Representation

Information on employee engagement is provided in the Section 172(1) statement on pages 6 - 8.

Reward and Recognition

All employees across LPPI have the opportunity to earn variable pay as part of their remuneration package. Variable pay is linked to performance ratings and considers delivery of objectives alongside conduct and behaviours in line with the LPPI valued behaviours. LPPI is committed to rewarding high performance and good conduct whilst addressing instances of poor conduct in a timely manner.

Disabled Employees

LPPI is committed to ensuring equality of opportunity and access in both employment and service arrangements. It aims to promote diversity within its workforce and ensure that its services meet the different needs of its staff and clients at all times. 3 per cent of LPPI's employees have reported some form of disability.

LPPI aims to ensure fairness and equality towards all applicants through objective based recruitment practices and family friendly policies to support staff during changing circumstances. This includes flexible working arrangements to support participation in religious and/or cultural events, to care for dependents or where reasonable adjustments are required to roles/working patterns to support declared disabilities. LPPI has implemented an online diversity focussed 'Getting to know you' preferences form. This encourages new joiners and current employees to optionally declare any diversity related preferences around work activities and communication which can then be discussed with their manager for reasonable adjustments to support their needs.

Training methods and environments are tailored to support staff with declared disabilities including delivering the training with the support of sign language.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Grant Thornton UK LLP was reappointed as auditor of the Company, in accordance with s487 of the Companies Act 2006 by a written shareholder resolution via LPP AGM (Annual General Meeting) on 25 October 2023.

Post balance sheet events

Information on post balance sheet events is provided in note 27 on page 40.

This report was approved by the Board on 22 July 2025 and signed on its behalf.

Chris Rule
Director
Date: 22 July 2025

Opinion

We have audited the financial statements of Local Pensions Partnership Investments Ltd (the 'company') for the year ended 31 March 2025, which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and 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 Financial Reporting Standard 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 give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors’ 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern

In our evaluation of the directors’ conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as global conflicts and changeable interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant are those that relate to the reporting frameworks, FRS 102, Companies Act 2006, and the FCA Client Asset Rules;

- We enquired of the directors and management to obtain an understanding of how the company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through out review of the minutes of the company’s board meetings;

- We assessed the susceptibility of the company’s financial statements to material misstatement including how fraud might occur by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risk identified included:

  - Evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;

  - Testing journal entries, including manual journal entries processed at the year-end for financial statements preparation, and;

  - Challenging the assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner’s assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team’s:

  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;

  - Knowledge of the industry in which the Company operates.

- In assessing the potential risks of material misstatement, we obtained an understanding of:

  - the Company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement; and

  - the rules and interpretative guidance issued by the Financial Conduct Authority applicable to the Company and the scope of its authorisation.

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

Grant Thornton UK LLP

Mitesh Tanna
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
22 July 2025

Income Statement
For the Year Ended 31 March 2025

	Note	2025 £000	2024 £000
Turnover	7	34,656	30,009
Administrative expenses		(35,614)	(30,514)
Other operating income		312	242
Operating loss	8	(646)	(263)
Interest receivable and similar income	12	1,140	1,008
Profit before tax		494	745
Tax on profit	13	(132)	1,083
Profit for the financial year		362	1,828

The notes on pages 26 to 40 form part of these financial statements.

Statement of Comprehensive Income
For the Year Ended 31 March 2025

	Note	2025 £000	2024 £000
Profit for the financial year		362	1,828
Other comprehensive income			
Actuarial gain on defined benefit schemes		-	1,308
Movement on deferred tax relating to pension gains/(losses)	22	-	(327)
Other comprehensive income for the year		-	981
Total comprehensive income for the year		362	2,809

The notes on pages 26 to 40 form part of these financial statements.

Statement of Financial Position
As at 31 March 2025

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	14	900	841
Tangible assets	15	313	161
Investments	16	0	0
		1,213	1,002
Current assets			
Debtors: amounts falling due within one year	17	7,523	5,792
Cash and cash equivalents		28,909	28,982
Current Liabilities			
Creditors: amounts falling due within one year	18	(8,276)	(6,923)
Net current assets		28,156	27,851
Total assets less current liabilities		29,369	28,853
Creditors: amounts falling due after more than one year	20	(1,022)	(924)
Provisions for liabilities			
Other provisions	19	(107)	(51)
		(107)	(51)
Net assets		28,240	27,878
Capital and reserves			
Called up share capital	21	3,000	3,000
Share premium account		10,000	10,000
Profit and loss account		15,240	14,878
		28,240	27,878

The financial statements were approved by the Board on 22 July 2025 and were signed on its behalf by:

Tom Richardson
Director
Date: 22 July 2025

The notes on pages 26 to 40 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 March 2025

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2023	3,000	10,000	12,069	25,069
Comprehensive income for the year				
Profit for the year	-	-	1,828	1,828
Actuarial gains on pension scheme	-	-	981	981
Other comprehensive income for the year	-	-	981	981
Total comprehensive income for the year	-	-	2,809	2,809
At 1 April 2024	3,000	10,000	14,878	27,878
Comprehensive income for the year				
Profit for the year	-	-	362	362
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	362	362
At 31 March 2025	3,000	10,000	15,240	28,240

The notes on pages 26 to 40 form part of these financial statements.

1. General information

The Company is part of the Local Pensions Partnership Group of Companies and was formed on 21 October 2015. The Company is a wholly owned subsidiary of Local Pensions Partnership Ltd, whose other subsidiaries include Local Pensions Partnership Administration Ltd. The principal activity of the Company is the provision of management of assets on behalf of its three Local Government Pension Scheme ("LGPS") clients and GLIL Infrastructure LLP, providing economies of scale and consolidation of third-party fund managers.

The Company is a regulated entity incorporated (as a limited liability company under the laws of England and Wales) in the UK. The Registered Office is located at First Floor, 1 Finsbury Avenue, London, EC2M 2PF. The Company is authorised and regulated by the Financial Conduct Authority FRN No.724653.

The Company's parent undertaking, Local Pensions Partnership Ltd includes the Company and the Company's subsidiaries in its Consolidated financial statements which are prepared in accordance with United Kingdom Accounting Standards and are available to the public and may be obtained from First Floor, 1 Finsbury Avenue, London, EC2M 2PF.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the Companies Act 2006.

The financial statements are presented in sterling (£) which is the functional and presentational currency of the Company and rounded to the nearest £'000 except where otherwise stated.

In these financial statements, the Company is a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes
- Related party disclosures
- Key management compensation
- Categories of financial instruments
- Items of income, expenses, gains, or losses relating to financial instruments
- Exposure to and management of financial risks relating financial instruments

3. Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

4. Going concern

The Company manages and monitors its capital and liquidity, and various assessments and stresses are applied to those positions to understand potential impacts of market downturns. Based upon the available information, the Directors consider that the Company remains financially strong.

The Directors have taken into consideration the guidance provided by the Financial Reporting Council ("FRC") on 'Going Concern and Liquidity Risk' published in April 2016. The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for a period of, but not limited to, 12 months from the date of approval of the financial statements. Therefore, they have considered it appropriate to continue to adopt the going concern basis of accounting when preparing the financial statements.

Potential implications of the macroeconomic climate on the Company

The Directors, together with their advisors, have been actively monitoring the potential impacts on the Company arising from macroeconomic uncertainties such as ongoing global conflicts.

The Company's clients are based in the UK and most of its transactions are in Sterling, therefore the Directors do not feel that the Company is exposed to any foreign exchange risk or macroeconomic risks as a result of the ongoing global conflicts.

LPPI is impacted by the uncertainty in the US markets via an impact on its revenue. The CEO and COO monitor and consider the impact of this on a regular basis and both they and the other Directors have considered the capital and liquidity position in that context.

The Directors have considered the inherent risk mentioned above and do not believe that any material uncertainties relating to this event will impact the Company's ability to continue as a going concern.

5. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Basis of Preparation

The preparation of financial statements under FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out in Note 6.

5.2 Investment in subsidiaries and associate

The Company has claimed an exemption not to produce consolidated financial statements, under Section 9 of FRS 102 and therefore does not include the results of any subsidiary entities but merely the Company's investment in the subsidiaries. Investment in the subsidiaries and associate are held at cost less accumulated impairment losses.

5. Summary of significant accounting policies (continued)

5.3 Intangible fixed assets

Intangible fixed assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

The intangible fixed assets are amortised over the following useful economic lives:

- Software costs - 3 years or length of license

5.4 Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Costs includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount over their residual values over their estimated useful lives, as follows:

- Furniture and Fittings - 3 to 5 years
- Computer hardware - 3 to 5 years
- Leasehold improvements - Length of Lease

5.5 Debtors

These amounts generally arise from the normal operating activities of the Company. Debtors that are receivables within one year are recorded at the undiscounted amount expected to be received. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

5.6 Cash at bank and in hand

Cash at bank and in hand also includes deposits held at call with banks and other short-term highly liquid investments with original maturities of three months. Bank overdrafts (which The Company does not have), when applicable, are shown within borrowings in current liabilities.

5.7 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

5.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rental payments under operating leases are charged to the income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

5. Summary of significant accounting policies (continued)

5.9 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

5.10 Taxation

Current tax is recognised for corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax charge (credit) is presented either in income statement, other comprehensive income or equity depending on the transaction that resulted in the tax charge (credit).

5.11 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of investment management services.

Revenue from investment management services is recognised in accordance with the terms of the underlying investment management agreements, based on a specified fee structure and over a defined period of time.

5.12 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.13 Intercompany debtors and creditors

These amounts generally arise from normal operating activities within the LPP Group. Due to the short-term nature of these receivables and payables, usually less than one year, the carrying amount is the same as the fair value.

As investment management services are performed by an indeterminate number of acts over a specified period of time, the Entity recognises revenue on a straight-line basis over the specified period.

5. Summary of significant accounting policies (continued)

5.14 Employee benefits

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined Contribution pension plan

On 1 April 2024, a new pension fund admission agreement was entered into between the Company and LPFA. Under the terms of this agreement, the Company agrees to pay LPFA a fixed rate contribution, and as such, the pension scheme moved from being accounted for as a defined benefit scheme to a defined contribution scheme.

The Company also operates a separate defined contribution scheme for its employees.

Contributions to the defined contribution schemes are recognised as an expense in the income statement when they are due. The Company has no legal or constructive obligation to pay further contributions.

The financial statements disclose the total expense recognised in the income statement for contributions to the defined contribution schemes during the reporting period. Additionally, any outstanding contributions at the balance sheet date are disclosed as liabilities.

Annual bonus Plan

The Company operates an annual bonus scheme for its employees. An expense is recognised in the income statement when the Company has legal or constructive obligation to make payments under the scheme as a result of past events and a reliable estimate of the obligation can be made.

6. Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are reflected in the judgements made about carrying amounts of assets and liabilities that are not objectively verifiable.

Actual results may differ from the estimates made. Estimates and underlying assumptions are reviewed on an ongoing basis and where necessary are revised to reflect current conditions. The accounting estimates discussed below are those considered to be particularly critical to an understanding of the financial statements of the Company because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on the financial results.

(i) Taxation

The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The amount of such provisions is based on various factors including interpretations of tax regulations.

Estimation is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with an assessment of the effect of future tax planning strategies.

(ii) Useful economic life

The Company estimates useful economic life of tangible assets based on the number of years they are likely to remain in service for based on condition at time of purchase and nature of use.

The Company's intangible assets are deemed to have a finite life in line with legal or contractual provisions and consideration of our historical experience in renewing or extending similar arrangements.

7. Turnover

An analysis of turnover by class of business is as follows:

	2025 £000	2024 £000
Investment Management Fees	34,656	30,009

Analysis of turnover by country of destination:

	2025 £000	2024 £000
United Kingdom	34,656	30,009

8. Operating loss

The operating loss is stated after charging:

	2025 £000	2024 £000
Other operating lease rentals	1,111	1,064

9. Employees

Staff costs, including Directors' remuneration, were as follows:

	2025 £000	2024 £000
Wages and salaries	19,846	16,847
Social security costs	2,484	2,114
Cost of defined benefit scheme	-	2,632
Cost of defined contribution scheme	2,363	444
	24,693	22,037

The average monthly number of employees, including the Directors, during the year was as follows:

	2025 No.	2024 No.
Company headcount (including Directors)	146	137

10. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2025 £000	2024 £000
Included within administration expenses are:		
Audit Services:		
Audit fees payable to the Company's auditor	41	39
Non-Audit Services		
Audit-related assurance services payable to the Company's auditor	10	9

11. Directors' remuneration

	2025 £000	2024 £000
Directors' emoluments	2,062	2,115

The highest paid Director received remuneration of £636,000 (2024 - £620,000).

12. Interest receivable

	2025 £000	2024 £000
Interest receivable and similar income	1,140	1,008

13. Taxation

	2025 £000	2024 £000
Corporation tax		
Adjustments in respect of previous periods	-	(483)
Total current tax	-	(483)
Deferred tax		
Origination and reversal of timing differences	132	(364)
Adjustments in respect of previous years	-	(236)
Total deferred tax	132	(600)
Tax on profit/(loss)	132	(1,083)

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2024 - lower than) the standard rate of corporation tax in the UK of 25% (2024 - 25%). The differences are explained below:

	2025 £000	2024 £000
Profit on ordinary activities before tax	494	745
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	123	186
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9	9
Adjustments to tax charge in respect of prior periods - corporation tax	-	(483)
Adjustments to tax charge in respect of prior periods - deferred tax	-	(236)
Group relief	-	(559)
Total tax charge for the year	132	(1,083)

14. Intangible assets

	Assets under construction £000	Software £000	Total £000
Cost			
At 1 April 2024	135	1,443	1,578
Additions	-	50	50
Additions - internal	418	12	430
Disposals	(63)	(33)	(96)
At 31 March 2025	490	1,472	1,962
Amortisation			
At 1 April 2024	-	737	737
Charge for the year on owned assets	-	325	325
At 31 March 2025	-	1,062	1,062
Net book value			
At 31 March 2025	490	410	900
At 31 March 2024	135	706	841

15. Tangible fixed assets

	Fixtures, fittings, & office equipment £000	IT equipment £000	Total £000
Cost or valuation			
At 1 April 2024	70	438	508
Additions	9	348	357
Disposals	-	(83)	(83)
At 31 March 2025	79	703	782
Depreciation			
At 1 April 2024	56	291	347
Charge for the year on owned assets	5	162	167
Disposals	-	(45)	(45)
At 31 March 2025	61	408	469
Net book value			
At 31 March 2025	18	295	313
At 31 March 2024	14	147	161

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of Instrument	Holding
LPPI Scotland (No.1) Ltd	Direct	Investments	Equity	100%
LPPI Scotland (No.2) Ltd	Direct	Investments	Equity	100%
LPPI Diversifying Strategies GP Limited	Direct	General Partner	Equity	100%
LPPI PE GP (No.1) LLP	Indirect	General Partner	Debt	100%
LPPI PE GP (No.2) LLP	Indirect	General Partner	Debt	100%
LPPI PE GP (No.3) LLP	Indirect	General Partner	Debt	100%
LPPI Infrastructure GP LLP	Indirect	General Partner	Debt	100%
LPPI Credit GP Limited	Indirect	General Partner	Equity	100%
LPPI EOF GP LLP	Indirect	General Partner	Debt	100%

The indirect subsidiaries are held jointly by LPPI Scotland (No.1) Ltd and LPPI Scotland (No.2) Ltd.

Indirect Associate - The London Fund GP LLP - 49% debt investment held

Country of incorporation for all entities is United Kingdom.

17. Debtors

	2025 £000	2024 £000
Trade debtors	210	1,365
Amounts owed by group undertakings	165	68
Other debtors	243	235
Prepayments and accrued income	6,567	3,628
Tax recoverable	276	302
Deferred taxation	62	194
	7,523	5,792

18. Creditors: Amounts falling due within one year

	2025 £000	2024 £000
Trade creditors	617	306
Amounts owed to group undertakings	-	241
Other taxation and social security	561	491
Other creditors	221	680
Accruals and deferred income	6,877	5,205
	8,276	6,923

19. Provisions for other liabilities

	£000
At 1 April 2024	51
Charged to profit or loss	107
Released in year	(51)
At 31 March 2025	107

The above relates to reorganisational costs that are expected to be fully utilised and paid by 31 March 2026.

20. Creditors: Amounts falling due after more than one year

	2025 £000	2024 £000
Deferred remuneration	1,022	924
	1,022	924

21. Share capital

	2025 £000	2024 £000
Allotted, called up and fully paid		
3,000,001 (2024 - 3,000,001) Ordinary shares of £1 each	3,000	3,000

22. Deferred taxation

	2025 £000
At beginning of year	194
Charged to profit or loss	(132)
At end of year	62

The deferred tax asset is made up as follows:

	2025 £000	2024 £000
Accelerated capital allowances	(267)	(207)
Tax losses carried forward	19	-
Pension surplus	55	170
Deferred Remuneration	255	231
	62	194

On 30 March 2024, the LPPI-LCPF scheme ceased, with active members transferring to the LPPI-LPFA scheme on 31 March 2024.

23. Post-employment benefits

On 1 April 2024, a new pension fund admission agreement commenced between LPPI and LPFA that agreed new terms in relation to the LPPI-LPFA defined benefit pension scheme (“pension scheme”). Under this new agreement, from the date of signing, LPPI agrees to pay a fixed rate contribution of 20% to LPFA and will no longer account for the pension scheme as a defined benefit scheme under FRS102, but rather a defined contribution scheme. The contributions are included as an expense in the income statement.

As a result of the pension scheme being accounted for as a defined contribution, there are no actuarial gains or losses to account for as The Company's obligation is limited to the contributions made which is accounted for under the accruals basis.

In addition, there are no plan assets or liabilities as the obligation ends with the contributions (accounted for under the accruals basis) made by The Company.

Contributions through profit & loss

	2025 £'000	2024 £'000
Staff pension costs - defined contribution	2,363	444

24. Commitments under operating leases

At 31 March 2025 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2025 £000	2024 £000
Not later than 1 year	1,850	1,486
Later than 1 year and not later than 5 years	2,043	2,967
	3,893	4,453

25. Related party transactions

In accordance with Section 33 of FRS102, the Company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group. Excluding the parent company, there were no related party transactions with non-wholly owned companies with the Group.

26. Controlling party

The Company's immediate parent is LPP, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate controlling parties are LPFA and LCC. LPP is the parent undertaking of the smallest and largest group to wholly consolidate these financial statements. These financial statements are available upon request from the Company Secretary, Local Pensions Partnership Ltd, First Floor, 1 Finsbury Avenue, London EC2M 2PF.

27. Post balance sheet events

There are no known Post Balance Sheet Events at the point of publication.