LPP
Local Pensions Partnership

Company number 09830002

LOCAL PENSIONS PARTNERSHIP LTD

ANNUAL REPORT
and
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 March 2021

Contents

Local Pensions Partnership Ltd

Registration number: 09830002

Company Information

Directors
Sir Peter Rogers (Chair)
Sally Bridgeland
Terence Jagger
Christopher Rule
Alan Schofield
Adrian Taylor

Secretary
Greg Smith

Registered Office
First Floor
1 Finsbury Avenue
London
EC2M 2PF

Auditors
Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

Bankers
National Westminster Bank
PO Box 35
10 Southwark Street
London
E1 1TJ

Handelsbanken
Winckley Chambers
30 Winckley Square
Preston
Lancashire
PR1 3JJ

Strategic Report

Principal activities

Local Pensions Partnership Ltd (LPP) strives to be an exceptional pension services provider.

Formed in 2016, we are a provider of pension administration and investment management services to some of the largest UK local government and public sector pension funds.

LPP initially launched as a collaboration between Lancashire County Council (LCC) and London Pensions Fund Authority (LPFA), ahead of the Government plan to create asset pools from the 89 funds which make up the Local Government Pension Scheme (LGPS). LCC and LPFA took the decision to pool their assets to reduce cost and improve performance and to widen the opportunities that come with scale. LPP is now one of eight national Local Government pools.

Today LPP manages around £20.4bn of pensions assets on behalf of three LGPS clients including the committed capital of GLIL Infrastructure LLP (GLIL). We also provide pensions administration services for more than 600,000 LGPS, Police and Firefighters' pension scheme members across over 1,900 employers.

Section 172(1) Statement 2020-21

LPP 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 the Company.

Board and Committee papers, that require decisions to be made, include a statement on how the decision will assist the Directors in the discharge of their obligations under section 172 of the Companies Act 2006. This requirement for all key papers assists both the Directors in their decision making, and in embedding the consideration of section 172 in the culture of the business and its decision making at senior management level where papers are written. Additionally, all Board and Committee papers require authors to consider corporate social responsibility, which would include any impact on the community and/or the environment.

Directors are mindful of the impact on stakeholders when making decisions. The Group considers its stakeholders to be: its two shareholders; staff; investments and pensions administration clients; the members and employers of those clients, where relevant; suppliers of key services and goods to the LPP Group, such as software; regulatory bodies; the Government.

LPP is committed to maintaining a reputation for high standards of business conduct and does so with its commitment to good standards of corporate governance as described in the corporate governance statement and in its application of the Wates principles.

The key decisions taken during 2020-21 are outlined below and are important steps in the long-term success of the Company. The table describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under section 172 of the Companies Act 2006 to promote the success of the Company when making key decisions.

More generally, LPP seeks to build positive relationships with suppliers by ensuring it acts as a responsible client. This means effective procurement, engagement and operating without payment delays.

Section 172(1) Statement 2020-21 (continued)

Decision taken	Impact on stakeholders
LPP Board decision to restructure the businesses and re-establish Local Pensions Partnership Administration Ltd (LPPA) as a standalone entity. During 2020-21 LPP moved from a position where staff were largely employed by LPP, to one where both front line and corporate services teams were employed directly by the subsidiaries Local Pensions Partnership Investments Ltd (LPPI) and LPPA. LPPI had always been a fully operational subsidiary, directly employing investment management teams. The change required corporate services teams, previously employed by LPP, to be transferred into LPPI. LPPA was established as a fully operational entity with a new Board and with both front line and corporate services teams now being directly employed by LPPA.	Staff: 260 staff were TUPE transferred into either LPPI or LPPA. A staff consultation period lasted two months in the run up to the change and a significant internal communications programme supported the change. Shareholders: Shareholders were consulted on the proposals and welcomed the greater clarity on costs of running the two businesses – pension administration and investment management. In addition, the establishment of the LPPA Board provides for more direct oversight of the pension administration business including shareholder nominated directors on the LPPA Board. Clients: All clients were informed of the changes and the rationale behind them. The resulting structure provides for greater cost clarity and expertise.
LPP Board decision to inject capital into LPPA. This occurred twice during the financial year 2021-22.	LPP injected equity capital into LPPA on 27 May 2020 and 8 March 2021. When taking this decision, the LPP Board considered the Group cashflow, LPPA's clients, suppliers and employees. The capital injection puts LPPA on a strong financial footing as a newly operating business.
LPPI and LPP Board decision to move London Offices. The new London Office, 1 Finsbury Avenue opened on 1 October 2020.	Employee wellbeing was the primary consideration for the office move. The new London office provides enhanced collaboration space and is suitable for social distancing requirements mandated by the Covid-19 pandemic.
LPP Board endorsement of the investment in technology to support the move to homeworking	The outbreak of the Covid-19 pandemic and the move to homeworking from March 2020 for all staff provided the business with an opportunity to bring forward the scheduled investment of the 3 Year IT Strategy. The 3 Year IT Strategy had already been endorsed by the LPP Board, and budgetary approval had been obtained. From March 2020 the business commenced an extended period of homeworking. Significant investment in laptops and home office equipment was made to facilitate this move. This move had a positive impact on staff, shareholders, clients, and the fund members of the clients who LPP serves. In particular solutions were put in place which enabled an immediate operation of the contact centre.

LPP
Local Pensions Partnership

Section 172(1) Statement 2020-21 (continued)

Decision taken	Impact on stakeholders
LPPI decision to participate in the London Fund collaboration.	The London Fund represents a collaboration between LPPI and London Collective Investment Vehicle (London CIV). The fund was launched with clients in mind to provide access to London-wide real estate and other alternative asset classes.
Decision of the LPP Board to approve the Remuneration Policy and to recommend its approval to the Shareholders. The LPPI and LPPA Boards individually adopted the Remuneration Policy.	A new principle included in the Remuneration Policy allowed for a distinction to be made between the remuneration activities of LPPI and LPPA. It also excluded LGPS membership as a matter of principle to higher earners. The decision primarily impacted staff and a consultation was launched which ran between March and April 2021. Alternative pension options and comparable life/ill health benefits were offered to LPP and LPPI staff who were no longer eligible to be members of the LGPS. In line with the flexibility within the Policy, the LPPA Board decided to continue to allow its higher earning staff access to the LGPS.

Strategic Plan 20-25

2020-21 was the first year of LPP's 5 Year Strategic Plan.

The Strategic Plan can be summarised in three key objectives:

- prioritise financial stability and sustainability
- deliver excellent investment performance in excess of LPPI's client targets and benchmarks, and
- focus on improving the member and employer experience

Key projects delivered during 2020-21 which align to our strategy are outlined below. The year was also impacted by the Covid-19 pandemic, but it was pleasing to see delivery across both "business as usual" and strategic tasks during this period.

Covid-19

As Covid-19 struck we moved almost our entire workforce swiftly to homeworking. We have supported our people and operations to ensure we are as close as possible to operating on a "business as usual basis". This was achieved by a significant investment in IT to support homeworking.

Our approach incorporated a heavy emphasis on employee wellbeing with regular communications, surveys and virtual team "get togethers". This was supported by dedicated health and safety and remote working initiatives. Throughout the year LPP operated under various degrees of Business Continuity protocols and had dedicated business continuity teams for LPPI and LPPA.

At the time of writing both LPPI and LPPA continue to operate remotely but the offices are being made available in line with Government guidelines including social distancing measures where required.

Thanks to the efforts of our staff and support of our clients, services provided by LPPI and LPPA to clients and their members have largely been maintained as "business as usual".

Key strategic deliverables achieved 2020-21

Robust financial performance: Investment cost savings against the pre-pooling position for LCPF, LPFA, and RCBPF have been published. In aggregate LPPI has achieved £74m of savings compared with the pre-pooling position.

Responsible Investment: Responsible Investment has been integrated with the investment process and high-quality dashboards published quarterly.

LPPA: LPPA delivered a virtually undisrupted move to home working during pandemic. Performance metrics consistently in excess of 99% against the SLAs for all clients. Enhancements were made to the member journey in the form of a new contact centre telephony system, website procurement of a new core system on which to base future member and employer enhancements.

Corporate restructure of the business: LPP moved to operating on a "skinny Group" basis including establishing LPPI and LPPA as fully operational subsidiaries. Both front line and corporate services staff are dedicated to and employed directly by each subsidiary which provides for increased cost transparency and expertise.

London office move: LPPI relocated its office to premises which afford the possibility of more flexible and hybrid working.

Future Strategic Direction

2021-22 will see LPPI and LPPA move into Year 2 of the 5 Year Group Strategy. The Boards of LPPI and LPPA have re-assessed the strategic deliverables for the coming year. No significant strategic shifts are anticipated and the LPP Group will continue to deliver in line with the 5 Year Group Strategy.

Principal risks

LPP's risk framework aims to:

- Establish and operate an effective risk management / internal control environment including risk identification, assessment, monitoring and the development of actions arising
- Establish, operate and report a regular program of Group-wide risk analysis, stress testing, scenario development, thematic review and reverse stress testing
- Integrate risk management into the culture of the Group

LPPI and LPPA each have their own dedicated risk and compliance functions. These are responsible for applying the above risk framework across the subsidiaries. The LPP Board is responsible for identifying key risks facing LPP which are not already owned by the LPPI and LPPA Boards. This will typically be risks associated with achieving the Group Strategy, relations with stakeholders and Group financial resilience.

During 2020-21 the two main risks which were managed were in relation to Brexit and Covid-19. The business was able to operate largely uninterrupted and continues to do so. LPPI is naturally impacted in the short term by movements in the investment markets but also has the benefit of being a long-term investor with a long-term horizon.

Looking forward the LPP will continue to monitor the legislative landscape in relation to asset pooling in the UK and respond accordingly to Government guidance.

Staff Engagement

The Covid-19 pandemic has been a testing time for staff. All staff have responded admirably and have been well supported by the business. LPP has continued to deliver both "business as usual" activities and strategic projects such as corporate reorganisations and the London Office moves. Communication and surveys have demonstrated overall improvements in staff engagement. Wellness and diversity initiatives have been progressed.

- LPPA engagement increased from 6.8 to 7.9 out of 10 with a participation rate 94%.
- Diversity & Inclusion surveys returned 7.2 (LPPI) and 8.5 (LPPA) out of 10

Executive Remuneration Across the Group

LPP is committed to reporting the total remuneration of its Directors and higher earners. The remuneration disclosure goes beyond what legislation requires and reflects LPP's commitment to transparency. The table below shows total remuneration (base salary plus incentives plus pension or cash alternative) of 'higher earners' (employees earning over £100,000) across the LPP Group.

Range	No. of Employees
£100,001 – £150,000	28
£150,001 – £200,000	10
£200,001 – £250,000	6
£250,001 – £300,000	1
£300,001 – £350,000	3
£350,001 – £400,000	3
£400,001 – £450,000	0
£450,001 – £500,000	0
£500,001 – £550,000	1

Environmental Initiatives

LPP has signed up to the Planet Mark initiative. During 2020-21 LPP has been collecting data from across the Group to produce our business operations carbon emissions report. A plan will be put in place based on this data to report on and reduce annually where possible LPP's carbon footprint.

LPPI has produced a Responsible Investment Report for the second year running which can be found on LPP's website. This covers topics such as LPPI's approach to responsible investment, our beliefs, voting, investor engagement and our Climate Change Disclosure/TCFD reporting.

Corporate Governance Statement

The LPP website provides information on LPP's Governance Framework. LPP is now operating a model whereby the core operational activities are fully carried out by LPPI and LPPA. The LPP Board is responsible for the oversight of the subsidiaries plus Group performance, strategy and shareholder engagement.

Conflicts of interest and independence

The process by which Directors' conflicts might be authorised is set out in detail in the relevant Articles of Association. Conflicts of interest policies are also in place, ensuring a proper process for the identification, consideration of, authorisation and appropriate recording of any conflicts of interest. These policies are reviewed regularly, and any amendments approved by the respective Board. Directors declare any conflicts at the start of each Board or Committee meeting to be recorded in the minutes of the meeting and the conflicts of interest register.

This report was approved by the Board of Directors on 5 October 2021 and signed on their behalf.

Christopher Rule
Director
12 October 2021

Directors' Report

The Directors present their report and financial statements for the year ended 31 March 2021.

Directors

The following persons served as Directors during the year and up to the Statement of Financial Position signing date:

Adrian Taylor	
Alan Schofield	
Christopher Rule	
Dermot 'Skip' McMullan	(resigned 31 December 2020)
Jill Mackenzie	(resigned 11 September 2020)
Michael O'Higgins	(resigned 30 June 2021)
Robert Vandersluis	(resigned 11 September 2020)
Sally Bridgeland	
Sarah Laessig	(resigned 11 September 2020)
Sir Peter Rogers	
Terence Jagger	(appointed 1 January 2021)
Thomas Richardson	(resigned 11 September 2020)

Directors' Responsibilities

The Directors are responsible for preparing the Strategic report, 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 the law, the Directors have elected to prepare the financial statements in accordance with United Kingdom applicable law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 (FRS 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, they give a true and fair view of the situation of the Group, and of the profit and loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and 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 Group will continue in business.

The Directors are responsible for ensuring that the Group keeps adequate accounting records that are sufficient to show and explain the Group's transactions; disclose with reasonable accuracy at any time the financial position of the Group; enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group 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 result for the Group for the year is a loss after tax of £5,161k (2020 - profit of £309k). LPP itself made a profit after tax of £15,505k (2020 – loss of £3,252k). Included in the result for the Group is an FRS102 defined benefit charge of £3,322k (2020 – £2,885k), and a credit of £17,454k (2020 – charge of £2,276k) for LPP entity. No dividends were paid during the year (2020 - nil) and no recommendation is made to pay a final dividend.

Capital

LPP has an issued share capital of 25,000,002 ordinary shares of £1. The shareholders are Lancashire County Council and London Pensions Fund Authority, and each holds 12,500,001 fully paid ordinary shares of £1 in value. Of its 12,500,001 shares, Lancashire County Council holds 12,500,000 of these acting in its capacity as administering authority for the Lancashire County Pension Fund.

Going Concern

After making enquiries in relation to the Group's forecasts and projects, and the Covid-19 virus outbreak in the year, the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future and that, therefore, 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.

Political or charitable donations

As part of LPP's environmental strategy to reduce its carbon emissions relating to its business operations, a small contribution of 5% of our external suppliers fee of £7,250 is donated to support The Eden Project which funds their education program to visit schools around the UK and help engage students in the importance of the environment and nature.

Research and Development

No research and development expenditure was made during the year (2020 - nil).

Financial Instrument Risk

The Group does 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.

Employee engagement and representation

Organisational-wide changes are communicated to employees and major strategic projects are discussed with employees. Staff representatives continue to support staff in their discussions with Executive Management. LPP also held regular strategic update sessions for all employees, supplemented with informal 'Open Door' sessions where employees are encouraged to put questions to the CEO and the Executive Management Team.

Further information on employee engagement is provided in the Section 172(1) statement.

Disabled employees

LPP is committed to ensuring equality of opportunity and access in both its employment and service arrangements. LPP's aim is to promote diversity within its workforce and ensure that services meet the different needs of staff and clients at all times. LPP has published an Equality Statement on its website. Of LPP Group's employees, 8% have reported some form of disability. As a Group, the aim is to ensure fairness and equality towards all applicants through objective based recruitment practices and family friendly policies to support staff during changing circumstances. This has been particularly important during the Covid-19 challenges. 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. Training methods and environments are tailored to support staff with declared disabilities including delivering the training with the support of sign language.

Post balance sheet events

None.

Disclosure of information to auditors

Each of the persons who is a Director at the date of the approval of this report confirms that:

1. So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware; and
2. The Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant information and to establish that the Group's auditor is 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 on 6 October 2020.

This report was approved by the Board of Directors on 5 October 2021 and signed on their behalf.

Christopher Rule
Director
12 October 2021

Independent Auditor's Report

Opinion

We have audited the financial statements of Local Pensions Partnership Ltd (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the consolidated income statement, the consolidated and the company statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent 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 Group's and the Parent 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 Group or the Parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.

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 Group's and the Parent 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 Group and the Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 for the financial statements

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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 Group and the Parent Company and the industry in which it operates. We determined that the following laws and regulations were most significant; FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, Companies Act 2006 (United Kingdom Generally Accepted Accounting Practice) and FCA regulations. We obtained an understanding of how the Group and the Parent Company is complying with these legal frameworks by making inquiries of management and those responsible for legal and compliance procedures. We corroborated the results of our enquiries through our review of the minutes of the Group and the Parent Company's various meetings and its correspondence with the regulators. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Group and Parent Company's operations, including the nature of its operations, and of its objective 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 Group and the Parent Company's control environment to mitigate risks of fraud or non-compliance with the relevant laws and regulations.
- In assessing the appropriateness of the collective competence and capabilities of the engagement team, the engagement partner considered 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 client operates.
- We assessed the susceptibility of the Group and the Parent Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included review of manual journal entries. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
12 October 2021

Consolidated Income Statement
For the year ended 31 March 2021

	Notes	2021	2020
		£'000	£'000
Turnover	5	36,567	34,709
Administrative expenses		(41,372)	(34,612)
Other operating income		878	795
Operating (Loss) / Profit	6	**(3,927)**	**892**
Interest receivable		14	54
Interest payable	9	-	(752)
(Loss) / Profit before taxation		**(3,913)**	**194**
Taxation	10	(1,248)	115
(Loss) / Profit for the financial year		**(5,161)**	**309**

Consolidated and Company Statement of Comprehensive Income

For the year ended 31 March 2021

Group	2021	2020
	£'000	£'000
(Loss) / Profit for the financial year	**(5,161)**	**309**
Other comprehensive income		
Remeasurement of defined benefit obligation	(12,444)	(1,414)
Total tax on components of other comprehensive income	610	269
Other comprehensive income for the year, net of tax	**(11,834)**	**(1,145)**
Total comprehensive income for the year	**(16,995)**	**(836)**

Company	2021	2020
	£'000	£'000
Profit / (Loss) for the financial year	**15,505**	**(3,252)**
Other comprehensive income		
Remeasurement of defined benefit obligation	(8,970)	(453)
Total tax on components of other comprehensive income	-	86
Other comprehensive income for the year, net of tax	**(8,970)**	**(367)**
Total comprehensive income for the year	**6,535**	**(3,619)**

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021	2020
		£'000	£'000
Fixed assets			
Intangible assets	11	1,324	1,074
Tangible assets	12	767	753
		2,091	1,827
Current assets			
Debtors	14	10,711	14,109
Cash at bank and in hand		28,943	27,138
		39,654	41,247
Creditors: amounts falling due within one year	15	(6,122)	(4,894)
Net current assets		**33,532**	**36,353**
Total assets less current liabilities		35,623	38,180
Post-employment benefits	16	(37,059)	(21,293)
Net assets		**(1,436)**	**16,887**
Capital and reserves			
Share capital	17	25,000	25,000
Retirement benefit obligations reserve		(19,572)	(3,866)
Profit and loss account		(6,864)	(4,247)
Total equity		**(1,436)**	**16,887**

The notes on pages 22 to 43 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 5 October 2021 and signed on their behalf.

Adrian Taylor
Director
12 October 2021

Company Statement of Financial Position

As at 31 March 2021

	Notes	2021	2020
		£'000	£'000
Fixed assets			
Intangible assets	11	251	358
Tangible assets	12	517	753
Investments	13	17,000	10,000
		17,768	11,111
Current assets			
Debtors	14	974	9,177
Cash at bank and in hand		6,787	10,959
		7,761	20,136
Creditors: amounts falling due within one year	15	(423)	(2,864)
Net current assets		**7,338**	**17,272**
Total assets less current liabilities		25,106	28,383
Post-employment benefits	16	(8,824)	(17,308)
Net assets		**16,282**	**11,075**
Capital and reserves			
Share capital	17	25,000	25,000
Retirement benefit obligations reserve		(1,244)	(3,605)
Profit and loss account		(7,474)	(10,320)
Total equity		**16,282**	**11,075**

The notes on pages 22 to 43 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 5 October 2021 and signed on their behalf.

Adrian Taylor
Director
12 October 2021

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital	Retirement benefit obligations reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2019	-	(3,866)	(3,411)	**(7,277)**
Profit for the year	-	-	309	**309**
Other comprehensive income for the year	-	-	(1,145)	**(1,145)**
Total comprehensive income for the year	**-**	**-**	**(836)**	**(836)**
Share issue	25,000	-	-	**25,000**
Total transactions with owners recognised directly in equity	**25,000**	**-**	**-**	**25,000**
Balance as at 31 March 2020	**25,000**	**(3,866)**	**(4,247)**	**16,887**
Balance as at 1 April 2020	25,000	(3,866)	(4,247)	**16,887**
Loss for the year	-	-	(5,161)	**(5,161)**
Other comprehensive income for the year	-	-	(11,834)	**(11,834)**
Total comprehensive income for the year	**-**	**-**	**(16,995)**	**(16,995)**
Transfer of net liability relating to new pension scheme members	-	(14,378)	14,378	**-**
Pension reverse deferred tax movement	-	(1,328)	-	**(1,328)**
Balance as at 31 March 2021	**25,000**	**(19,572)**	**(6,864)**	**(1,436)**

Company Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital	Retirement benefit obligations reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance as at 1 April 2019	-	(3,605)	(6,701)	**(10,306)**
Loss for the year	-	-	(3,252)	**(3,252)**
Other comprehensive income for the year	-	-	(367)	**(367)**
Total comprehensive income for the year	**-**	**-**	**(3,619)**	**(3,619)**
Share issue	25,000	-	-	**25,000**
Total transactions with owners recognised directly in equity	**25,000**	**-**	**-**	**25,000**
Balance as at 31 March 2020	**25,000**	**(3,605)**	**(10,320)**	**11,075**
Balance as at 1 April 2020	**25,000**	**(3,605)**	**(10,320)**	**11,075**
Profit for the year	-	-	15,505	**15,505**
Other comprehensive income for the year	-	-	(8,970)	**(8,970)**
Total comprehensive income for the year	**-**	**-**	**6,535**	**6,535**
Transfer of net liability relating to new pension scheme members	-	3,689	(3,689)	-
Pension reverse deferred tax movement	-	(1,328)	-	(1,328)
Balance as at 31 March 2021	**25,000**	**(1,244)**	**(7,474)**	**16,281**

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021	2020
Operating activities		**£'000**	**£'000**
(Loss) / Profit for the financial year		(5,161)	309
Adjustments for:			
Tax on (loss) / profit on ordinary activities		1,248	(115)
Depreciation	12	478	350
Loss on disposal of fixed assets		72	-
Amortisation of intangible assets	11	251	140
Pensions movement in the year		3,322	3,154
Increase / (decrease) in debtors		1,856	(532)
Decrease / (increase) in creditors		1,380	(183)
Cash generated from operating activities		3,446	3,123
Corporation tax paid		(574)	(314)
Net cash generated from operating activities		**2,872**	**2,809**
Investing activities			
Payments to acquire intangible fixed assets		(501)	(841)
Payments to acquire tangible fixed assets		(566)	(223)
Cash used in investing activities		**(1,067)**	**(1,064)**
Financing activities			
Proceeds from the issue of shares		-	25,000
Repayment of loans		-	(17,500)
Cash generated from financing activities		**-**	**7,500**
Net movement in cash and cash equivalents			
Cash generated from operating activities		2,872	2,809
Cash used in investing activities		(1,067)	(1,064)
Cash generated from financing activities		-	7,500
		1,805	**9,245**
Cash and cash equivalents at 1 April		**27,138**	**17,893**
Cash and cash equivalents at 31 March		**28,943**	**27,138**
Cash and cash equivalents comprise:			
Cash at bank		28,943	27,138

Notes to the Financial Statements Year Ended 31 March 2021

1. Introduction

The Company is a private company limited by shares and is incorporated (as a limited liability company under the laws of England and Wales) in the UK. The Registered Office is located at 1 Finsbury Avenue, London, EC2M 2PF.

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.

2. Statement of compliance

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

The financial statements of the Company have also adopted the following disclosure exemptions, which the shareholder has been informed about:

- the requirement to present a statement of cash flows and related notes (s7 FRS 102)
- financial instrument disclosures (s11 & s12 FRS 102), including:
  - categories of financial instruments
  - items of income, expenses, gains or losses relating to financial instruments; and
  - exposure to and management of financial risks.
- related party transactions (s33 FRS 102).

3. Going concern

The financial position of the Group is presented in the primary financial statements and disclosure notes on pages 22 to 43. The Group 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 Group 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 Group 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.

Withdrawal of the United Kingdom from the European Union ('Brexit')

The Group's clients are based in the UK and as most of its transactions are in Sterling, the Directors do not feel that the Group is exposed to any foreign exchange risk.

4. Basis of presentation and significant accounting policies

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.

(a) Basis of Preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company 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 disclosed in note 5.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

(b) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings results made up to 31 March 2021. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-group transactions, balances, income, and expenses are eliminated on consolidation.

(c) Investment in subsidiaries

Investment in a subsidiary company is held at cost less accumulated impairment losses.

(d) 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 - length of licence or 3 years

(e) 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:

• Fixtures and Fittings	3 to 5 years
• Office equipment	3 to 5 years
• IT equipment	3 to 5 years

Notes to the Financial Statements Year Ended 31 March 2021

Summary of significant accounting policies (continued)

(f) 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.

(g) 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, when applicable, are shown within borrowings in current liabilities.

(h) 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.

(i) 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.

(j) 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.

(k) 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. If all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that 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), comprehensive income or equity depending on the transaction that resulted in the tax charge (credit).

Notes to the Financial Statements Year Ended 31 March 2021

Summary of significant accounting policies (continued)

(l) 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, administration, risk management and corporate services.

(m) 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.

(n) Inter and intra company 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.

(o) 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 benefit pension plan

Participation by Company employees in two administered defined benefit scheme funds began on 8 April 2016. Contributions from the employer are payable to the schemes and are charged to the profit and loss account in the period to which they relate.

A defined benefit scheme defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The liability is recognised in the statement of financial position in respect of the defined benefit scheme, and is the present value of the defined benefit obligation at the reporting date less the fair value of the scheme assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on AA rated corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with FRS102 fair value hierarchy and in accordance with the Company's policy for similar held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions together with the return on scheme assets, less amounts included in net interest, are disclosed as 'Remeasurements of net defined benefit obligations'.

The cost of the defined benefit scheme, recognised in the income statement as staff costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as an expense.

Summary of significant accounting policies (continued)

Annual Bonus scheme

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.

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 in this section are those considered to be particularly critical to an understanding of the financial statements of the Company and Group because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on the financial results.

Sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts to the assets and liabilities within the next financial year are addressed below.

(i) Taxation

The Company establishes provisions based on reasonable estimates. 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) Pensions liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two consulting actuaries were engaged to provide the Company with expert advice about the assumptions to be applied. However, because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

(iii) Useful economic life

The Group 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 Group’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.

Notes to the Financial Statements Year Ended 31 March 2021

Summary of significant accounting policies (continued)

Critical judgements

On 1 June 2020 and 1 July 2020, employees of the Company, who are members of the London Pensions Fund Authority ("LPFA") Pension Fund and Lancashire County Pension Fund ("LCPF") respectively, were transferred to LPPA and LPPI under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE"). These transactions were part of the restructuring carried out during the year. As the transactions were part of the Group's strategic plan, management has made a judgement that they had the commercial substance akin to a transaction carried out at arms-length basis with independent third parties. As a result, these transfers have been accounted for in these financial statements as commercial transactions.

The transfer of employees from LPP to LPPA participating in LCPF was carried out on a share of funds basis. A subsequent actuarial calculation revealed a short fall of £0.3m in pension fund assets at the date of transfer.

Legal advice obtained supported management's judgement that no distribution at law had taken place, notwithstanding the £0.3m shortfall, as the overall transaction was carried out on a commercial basis and was deemed to be at market value.

See note 16 for additional information.

5. Analysis of Turnover

	2021 £'000	2020 £'000
Investment management fees	23,125	22,422
Pension administration fees	12,046	11,227
Risk management services	1,396	1,855
Total	**36,567**	**35,504**
Geographical analysis		
UK	36,567	35,504
Total	**36,567**	**35,504**

6. Operating Profit

	2021 £'000	2020 £'000
Operating Profit is stated after charging:		
Wages and salaries	19,290	16,035
Social security costs	2,218	1,774
Defined benefit pension costs	5,479	4,552
Other pension costs	129	112
Staff costs	**27,116**	**22,473**
Reorganisation expense	52	180
Loss on disposal of tangible assets	72	-
Impairment of trade receivables	(13)	13
Operating lease charges	1,882	1,403

Defined benefit pension costs include a one-time gain of £57k, relating to a defined benefit scheme settlement during the year

Included within administration expenses are:	2021 £'000	2020 £'000
Audit services:		
Fees payable to the company's auditor for the audit of the parent company and the group's consolidated financial statements	35	31
Fees payable to the company's auditor for other services:		
• Audit of the company's subsidiaries	73	48
• Audit-related assurance services	8	7
Total amount payable to the company's auditor	**116**	**86**

7. Directors and employees

	2021	2020
	£'000	£'000
The Directors' emoluments were as follows:		
Aggregate remuneration	2,139	2,117
The number of Directors who are members of a defined benefit pension scheme:	3	4
	2021	**2020**
Highest paid Director (included in the above figures)	**£'000**	**£'000**
Total amount of emoluments	509	391
Defined benefit pension costs	-	24
Other pension costs	31	18
Total	**540**	**433**

The average monthly number of employees for the Group during for the year (including executive Directors) was 361 (2020: 308).

The Group headcount as at 31 March 2021 was 382 (2020 – 318).

8. Interest receivable and similar income

	2021	2020
	£'000	£'000
Bank interest received	14	54
Total	**14**	**54**

9. Interest payable and similar charges

	2021	2020
	£'000	£'000
Interest payable on loans	-	752
Total	-	**752**

10. Taxation

	2021	2020
	£'000	£'000
Analysis of charge in year		
Current tax:		
- UK Corporation tax charge on profits for the year	59	678
- Adjustments in respect of previous years	(2)	(50)
Total current tax charge	**57**	**628**
Deferred taxation:		
- Origination and reversal of timing differences	1,191	(743)
Total Deferred tax	**1,191**	**(743)**
Tax charge / (credit) in the Profit and Loss Account	**1,248**	**(115)**

	2021	2020
Tax expense / (income) included in Other Comprehensive Income Statement	**£'000**	**£'000**
Deferred tax:		
- Origination and reversal of timing differences	(596)	(269)
- Impact of change in tax rate	(14)	-
Total tax expense / (income) included in Other Comprehensive Income	**(610)**	**(269)**

10. Taxation (continued)

Reconciliation of tax charge

	2021 £'000	2020 £'000
The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:		
(Loss) / profit before Tax	(3,913)	194
(Loss) / profit multiplied by the standard rate of tax in the UK of 19%	(744)	37
Effects of:		
- Unrecognised deferred tax	1,956	-
- Expenses not deductible for tax purposes	20	75
- Adjustments to tax charge in respect of prior years	17	(50)
- Re-measurement of deferred tax - change in UK tax rate	-	(178)
- Loss brought forward from prior years	(1)	-
Tax charge / (credit) for the year	**1,248**	**(115)**

The Finance Bill 2021 contained provisions to increase the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. As this change had not been substantially enacted at 4 June 2021, no account was taken of this in providing for deferred tax in the financial statements. However, if deferred tax had been provided at the rate of 25%, rather than 19%, the impact would have been to increase the deferred tax asset by £631,000.

11. Intangible assets

	Company			Group		
	Software	**Assets Under Construction**	**Total**	**Software**	**Assets Under Construction**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost						
At 1 April 2020	**670**	**-**	**670**	**670**	**716**	**1,386**
Transfers	-	-	**-**	858	(858)	**-**
Additions	**8**	**-**	**8**	**39**	**462**	**501**
At 31 March 2021	**678**	**-**	**678**	**1,567**	**320**	**1,887**
Accumulated amortisation						
At 1 April 2020	**312**	**-**	**312**	**312**	**-**	**312**
Amortisation during the year	115	-	**115**	251	-	**251**
At 31 March 2021	**427**	**-**	**427**	**563**	**-**	**563**
Net book value at 1 April 2020	**358**	**-**	**358**	**358**	**716**	**1,074**
Net book value at 31 March 2021	**251**	**-**	**251**	**1,004**	**320**	**1,324**

12. Tangible assets

	Company					Group				
	Leasehold Improvem't	IT Equipm't	Fixtures Fittings Office Equipm't	Assets Under Const'n	Total	Leasehold Improvem't	IT Equipm't	Fixtures Fittings Office Equipm't	Assets Under Const'n	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost										
At 1 April 2020	**196**	**1,026**	**141**	**138**	**1,501**	**196**	**1,026**	**141**	**138**	**1,501**
Transfers	71	-	67	(138)	**-**	71	-	67	(138)	**-**
Additions	-	233	15	-	**248**	-	487	79	-	**566**
Disposals	-	(119)	(63)	-	**(182)**	-	(119)	(76)	-	**-195**
At 31 March 2021	**267**	**1,140**	**160**	**-**	**1,567**	**267**	**1,394**	**211**	**-**	**1,872**
Depreciation										
At 1 April 2020	**109**	**580**	**59**	**-**	**748**	**109**	**581**	**58**	**-**	**748**
Charge for the year	57	318	46	-	**421**	57	361	60	-	**478**
On Disposals	-	(91)	(28)	-	**(119)**	-	(91)	(30)	-	**(121)**
At 31 March 2021	**166**	**807**	**77**	**-**	**1,050**	**166**	**851**	**88**	**-**	**1,105**
Net book value at 1 April 2020	**87**	**446**	**82**	**138**	**753**	**87**	**445**	**83**	**-**	**753**
Net book value at 31 March 2021	**101**	**333**	**83**	**-**	**517**	**101**	**543**	**123**	**-**	**767**

13. Investment in Subsidiaries

	Company	
	2021	**2020**
Cost	**£'000**	**£'000**
At 1 April 2020	10,000	10,000
Investment during the year	7,000	-
At March 2021	**17,000**	**10,000**

	Type of Capital held	Proportion held	Country of incorporation	Nature of business
Subsidiaries - direct				
Local Pensions Partnership Administration Ltd	Equity	100%	UK	Administration Services
Local Pensions Partnership Investments Ltd	Equity	100%	UK	Investments

13. Investment in Subsidiaries (continued)

Subsidiaries - indirect				
LPPI Scotland (No.1) Ltd	Equity	100%	UK	Investments
LPPI Scotland (No.2) Ltd	Equity	100%	UK	Investments
LPPI Credit GP Limited	Equity	100%	UK	General Partner
LPPI Diversifying Strategies GP Limited	Equity	100%	UK	General Partner
LPPI Infrastructure GP LLP	Debt	100%	UK	General Partner
LPPI PE GP (No.1) LLP	Debt	100%	UK	General Partner
LPPI PE GP (No.2) LLP	Debt	100%	UK	General Partner
LPPI PE GP (No.3) LLP	Debt	100%	UK	General Partner
Associate - indirect				
The London Fund GP LLP	Debt	49%	UK	General Partner

Daventry GP Limited was dissolved on 17 November 2020.

14. Debtors

	Company		Group	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors less than one year	69	3,335	3,086	9,127
Trade debtors more than one year	-	-	215	-
Amounts owed by group undertakings	307	1,325	-	-
Corporation tax	399	419	366	-
Deferred taxation	-	3,177	1,998	3,906
Other taxes and social security costs	35	-	-	-
Prepayments and accrued income	164	921	5,046	1,076
Total	**974**	**9,177**	**10,711**	**14,109**

Amounts owed by Group undertakings are unsecured, interest free, no fixed repayment date and repayable on demand.

Group Trade debtors are stated after provisions for impairment of £16,685 (2020 - £63,707).

Company Trade debtors are stated after provisions for impairment of £7,125 (2020 - £63,707).

15. Creditors: amounts falling due within one year	Company		Group	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	5	368	477	527
Corporation tax	-	-	-	152
Other taxation and social security	-	779	494	952
Other creditors	5	142	291	206
Accruals and deferred income	370	1,395	4,817	2,877
Provisions	43	180	43	180
Total	**423**	**2,864**	**6,122**	**4,894**

Amounts owed by Group undertakings are unsecured, interest free, no fixed repayment date and repayable on demand

16. Post-employment benefits

Defined benefit schemes

On 1 June 2020 and 1 July 2020, some current employees of LPP, who are members of the London Pensions Fund Authority ("LPFA") and Lancashire County Pension Fund ("LCPF"), were transferred to Local Pensions Partnership Investments Ltd ("LPPI") and Local Pensions Partnership Administration Ltd ("LPPA") under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE").

The transferring employees are all members of the Local Government Pension Scheme ("LGPS") through participation in either LPFA or LCPF. The transfer from LPP to LPPI was carried out on a fully funded basis, and the transfer from LPP to LPPA was carried out on a share of funds basis. The liabilities were calculated on the ongoing basis appropriate for funding, using either the LPFA or LCPF 2019 Triennial valuation basis assumptions depending on the Fund from which employees' liabilities were transferred. LPPI and LPPA acquired their share of assets and liabilities based upon members transferred. The net liability acquired at the time of transfer was £2.1m and £15.8m for LPPI and LPPA respectively. The transaction was accounted for in LPP's financial statements by crediting the settlement gain to the profit and loss and debiting the pension liability. The corresponding introduction expense was accounted for in the profit and loss of LPPI and LPPA. This was accounted for on an FRS 102 valuation basis.

It has subsequently been identified there was a deficit in relation to the funding of LCPF of £0.3m based on the latest available triennial valuation. The Directors of LPP have undertaken to invest an additional £0.3m in LPPA to compensate for this shortfall which was calculated on an ongoing basis.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet. There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements and the 2016 cost cap process. Currently, each member contributes a proportion of their salary to the scheme, between 5.5% to 12.5% per annum depending on their rate of pay. LPP and its subsidiaries, as the employing bodies, also contribute to the scheme as determined by each Fund's respective Fund actuary on the employee's behalf, currently between 12.0% and 14.9% of salary p.a. The liabilities of the LGPS attributable to the Group are included in the Consolidated Statement of Financial Position.

In accounting for the defined benefit schemes, the Group has applied the principle that no pension assets are invested in the Group's own financial instruments or property.

16. Post-employment benefits (continued)

The schemes in the UK typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk, as follows:

- Investment risk. The Funds hold investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Funds' liabilities for accounting purposes are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Funds hold assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. The benefits under the Funds are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation;
- Longevity risk. In the event that the members live longer than assumed, a deficit will emerge. There is also other demographic risk; and
- Salary risk. The present value of the defined benefit scheme liability is calculated by reference to the future salaries of plan participants, as such an increase in the salary of the plan participants will increase the plan's liability.

Post-employment benefits summary		**Year to 31 March 2021**		
	LPP	**LPPA**	**LPPI**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of plan assets	7,704	20,586	10,170	38,460
Defined benefit obligation	(16,528)	(38,272)	(20,719)	(75,519)
Net defined benefit liability	**(8,824)**	**(17,686)**	**(10,549)**	**(37,059)**

		Year to 31 March 2020		
	LPP	**LPPA**	**LPPI**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of plan assets	25,190	-	5,961	31,151
Defined benefit obligation	(42,498)	-	(9,946)	(52,444)
Net defined benefit liability	**(17,308)**	**-**	**(3,985)**	**(21,293)**
Consolidated statement of comprehensive income	8,970	339	3,135	12,444
IAS19 pension costs accrued for the period	(17,454)	17,347	3,429	3,322

Management considers the significant actuarial assumptions with regards to the determination of the defined benefit obligation to be the discount rate, inflation, the rate of salary increases and mortality.
Sensitivity analysis is provided below, based on reasonably possible changes of the assumptions occurring at the end of the reporting period, assuming all other assumptions are held constant.

The sensitivities have been derived in the same manner as the defined benefit obligation as at 31 March 2021 where the defined benefit obligation is estimated using the Projected Unit Credit method. Under this method each participant's benefits are attributed to years of service, taking into consideration future salary increases and the scheme's benefit allocation formula. Thus, the estimated total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

The defined benefit obligation as at 31 March 2021 is calculated on the actuarial assumptions agreed as at that date. The sensitivities are calculated by changing each assumption in turn following the methodology above with all other things held constant. The change in the defined benefit obligation from updating the single assumption represents the impact of that assumption on the calculation of the defined benefit obligation.

16. Post-employment benefits (continued)

LPP Pensions Information	LPFA		LCPF	
	2021	2020	2021	2020
The principal actuarial assumptions used were as follows:	**%**	%	%	%
Discount rate	2.1	2.4	-	2.3
Future salary increases	3.9	3.0	-	3.6
Future pension increases (CPI)	2.9	2.0	-	2.2
Future pension increases (RPI)	3.4	2.0	-	2.8
Inflation assumption (CPI)	2.8	2.0	-	2.2
Inflation assumption (RPI)	3.4	2.6	-	2.8

	LPFA		LCPF	
Longevity at age 65 for current pensioners	**2021**	**2020**	**2021**	**2020**
	Years	**Years**	**Years**	**Years**
- Men	21.0	21.8	-	21.9
- Women	24.4	24.4	-	24.5
Longevity at age 65 for future pensioners				
- Men	23.2	23.2	-	22.7
- Women	26.0	25.9	-	25.8

The defined benefit pension scheme on the LPP Company Statement of Financial Position is as follows:

	LPFA		LCPF	
Reconciliation of defined benefit obligation	**2021**	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit obligation at start of year	**24,579**	**23,712**	**17,919**	**15,339**
Current service cost	544	1,767	212	1,108
Past service cost	-	192	-	41
Benefits (received) / paid	(333)	(954)	(12)	127
Contributions by employees	143	446	49	246
Scheme settlements	(16,398)	-	(21,559)	-
Interest cost	352	576	70	388
Remeasurements				
Effect of changes in financial assumptions	7,967	(1,292)	3,321	200
Effect of changes in demographic assumptions	(154)	251	-	-
Effect of experience adjustments	(172)	(119)	-	470
Defined benefit obligation at end of year	**16,528**	**24,579**	**-**	**17,919**

	LPFA		LCPF	
Reconciliation of fair value of plan assets	**2021**	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of plan assets at beginning of year	**13,159**	**13,866**	**12,031**	**10,606**
Interest income on scheme assets - employer	174	343	47	276
Administrative expenses and taxes	(17)	(18)	(4)	(23)
Employer contributions	214	752	112	466
Contributions by employees	143	446	49	246
Benefits paid	(333)	(954)	(12)	127
Scheme settlements	-	-	(12,845)	-
Remeasurements				
Return on scheme assets less interest income	1,370	(395)	622	333
Actuarial gains / (losses)	-	(881)	-	-
Fair value of plan assets at end of year	**7,704**	**13,159**	**-**	**12,031**

16. Post-employment benefits (continued)

LPP Pensions Information

	LPFA		LCPF	
Analysis of assets	**2021**	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Equities instruments and others	4,186	7,102	-	10,370
Bonds	-	-	-	301
Target return portfolio	1,813	3,390	-	-
Infrastructure	653	959	-	-
Property	701	1,306	-	1,023
Cash and other	351	402	-	337
Total assets	**7,704**	**13,159**	**-**	**12,031**

	LPFA		LCPF	
Defined benefit costs recognised in income statement	**2021**	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Current service cost	544	1,767	212	1,108
Past service cost	-	192	-	41
Net interest on defined liability	178	233	23	112
Administrative expenses and taxes	17	18	4	23
Settlements received	(9,392)	-	(8,714)	-
Total defined benefit costs recognised in income statement	**(8,653)**	**2,210**	**(8,475)**	**1,284**

No amounts were included (2020: nil) in the cost of assets.
No amounts included in assets (2020: nil) relate to property leased by the Company.

	LPFA		LCPF	
Defined benefit costs recognised in other comprehensive income	**2021**	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Return on scheme assets less interest income	(1,370)	(395)	(622)	(333)
Other actuarial losses	-	(881)	-	-
Effect of changes in financial assumptions	7,967	1,292	3,321	200
Effect of changes in demographic assumptions	(154)	(251)	-	-
Effect of experience adjustments	(172)	119	-	470
Total defined benefit costs recognised in other comprehensive income	**6,271**	**(116)**	**2,699**	**337**

Reconciliation of funded position	LPFA		LCPF	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Net defined benefit liability at start of the year	**(11,420)**	**(9,846)**	**(5,888)**	**(4,733)**
Expense recognised in profit and loss	(739)	(2,210)	(239)	(1,284)
Transfer of assets and liabilities	9,392	-	8,714	-
Loss recognised in OCI	(6,271)	(116)	(2,699)	(337)
Contributions by the Company	214	752	112	466
Net defined benefit liability at end of the year	**(8,824)**	**(11,420)**	**-**	**(5,888)**

16. Post-employment benefits (continued)

LPP Pensions Information

Sensitivity analysis

The sensitivity to principal assumptions used to measure the scheme liabilities are set out below:

Approximate increase to defined benefit obligation

	LPFA		LCPF	
	%	**£'000**	**%**	**£'000**
0.1% decrease in discount rate	2.52	416	-	-
0.1% increase in long-term salary increases	0.23	38	-	-
0.1% increase in pension increases	2.26	374	-	-
+1 year in life expectancy assumption	3.94	652	-	-

Post-employment benefits summary	LPFA		LCPF	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of plan assets	7,704	13,159	-	12,031
Defined benefit obligation	(16,528)	(24,579)	-	(17,919)
Net defined benefit liability	**(8,824)**	**(11,420)**	**-**	**(5,888)**

16. Post-employment benefits (continued)

LPPA Pensions Information	LPFA		LCPF	
	2021	2020	2021	2020
The principal actuarial assumptions used were as follows:	**%**	%	%	%
Discount rate	2.1	-	2.2	-
Future salary increases	3.8	-	4.2	-
Future pension increases (CPI)	2.8	-	2.7	-
Future pension increases (RPI)	3.4	-	3.4	-
Inflation assumption (CPI)	2.8	-	2.7	-
Inflation assumption (RPI)	3.4	-	3.4	-

	LPFA		LCPF	
Longevity at age 65 for current pensioners	**2021**	**2020**	**2021**	**2020**
	Years	**Years**	**Years**	**Years**
- Men	21.5	-	21.9	-
- Women	23.7	-	24.6	-
Longevity at age 65 for future pensioners				
- Men	22.8	-	22.7	-
- Women	25.2	-	25.8	-

The defined benefit pension scheme on the LPPA Company Statement of Financial Position is as follows:

	LPFA		LCPF	
Reconciliation of defined benefit obligation	**2021**	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Defined benefit obligation at start of year	**-**	**-**	**-**	**-**
Current service cost	667	-	1,417	-
Benefits received	(5)	-	(120)	-
Contributions by employees	105	-	264	-
Interest cost	175	-	289	-
Curtailments	-	-	61	-
Scheme introductions	12,687	-	21,559	-
Remeasurements				
Effect of changes in financial assumptions	1,725	-	(280)	-
Effect of changes in demographic assumptions	(184)	-	-	-
Effect of experience adjustments	(88)	-	-	-
Defined benefit obligation at end of year	**15,082**	**-**	**23,190**	**-**

	LPFA		LCPF	
Reconciliation of fair value of plan assets	**2021**	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of plan assets at beginning of year	**-**	**-**	**-**	**-**
Interest income on scheme assets - employer	79	-	177	-
Administrative expenses and taxes	(6)	-	(23)	-
Employer contributions	179	-	648	-
Contributions by employees	105	-	264	-
Benefits Paid	(5)	-	(120)	-
Scheme introductions	5,609	-	12,845	-
Remeasurements				
Return on scheme assets less interest income	341	-	493	-
Fair value of plan assets at end of year	**6,302**	**-**	**14,284**	**-**

16. Post-employment benefits (continued)

LPPA Pensions Information	LPFA		LCPF	
	2021	2020	2021	2020
Analysis of assets	£'000	£'000	£'000	£'000
Equities instruments and others	3,425	-	6,700	-
Target return portfolio	1,483	-	-	-
Infrastructure	534	-	-	-
Property	573	-	2,028	-
Cash and other	287	-	5,556	-
Total assets	**6,302**	**-**	**14,284**	**-**

	LPFA		LCPF	
Defined benefit costs recognised in income statement	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Current service cost	667	-	1,417	-
Past service cost	-	-	61	-
Net interest on defined liability	96	-	112	-
Administrative expenses and taxes	6	-	23	-
Scheme introductions	7,078	-	8,714	-
Total defined benefit costs recognised in income statement	**7,847**	**-**	**10,327**	**-**

No amounts were included (2020: nil) in the cost of assets.
No amounts included in assets (2020: nil) relate to property leased by the Company.

Defined benefit costs recognised in other comprehensive income	LPFA		LCPF	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Return on scheme assets less interest income	(341)	-	(493)	-
Effect of changes in financial assumptions	1,725	-	(280)	-
Effect of changes in demographic assumptions	(184)	-	-	-
Effect of experience adjustments	(88)	-	-	-
Total defined benefit costs recognised in other comprehensive income	**1,112**	**-**	**(773)**	**-**

Reconciliation of funded position:		LPFA		LCPF
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Net defined benefit (liability) / asset at start of the period	-	-	-	-
Expense recognised in profit and loss	(769)	-	(1,613)	-
Transfer of assets and liabilities	(7,078)	-	(8,714)	-
Gain recognised in OCI	(1,112)	-	773	-
Contributions by the Company	179	-	648	-
Net defined benefit liability at end of the period	**(8,780)**	**-**	**(8,906)**	**-**

16. Post-employment benefits (continued)

LPPA Pensions Information

Sensitivity analysis

The sensitivity to principal assumptions used to measure the scheme liabilities are set out below:

Approximate increase to defined benefit obligation

	LPFA		LCPF	
	%	**£'000**	**%**	**£'000**
0.1% decrease in discount rate	3.18	479	2.41	562
0.1% increase in long-term salary increases	0.72	108	0.55	129
0.1% increase in pension increases	2.44	368	2.47	576
+1 year in life expectancy assumption	3.81	575	2.85	665

Post-employment benefits summary	**LPFA**		**LCPF**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of plan assets	6,302	-	14,284	-
Defined benefit obligation	(15,082)	-	(23,190)	-
Net defined benefit liability	**(8,780)**	**-**	**(8,906)**	**-**

16. Post-employment benefits (continued)

LPPI Pensions Information	LPFA		LCPF	
	2021	2020	2021	2020
The principal actuarial assumptions used were as follows:	%	%	%	%
Discount rate	2.1	2.4	2.2	2.3
Future salary increases	3.8	3.0	4.2	3.6
Future pension increases (CPI)	2.8	2.0	2.8	2.2
Future pension increases (RPI)	3.4	2.6	3.4	2.8
Inflation assumption (CPI)	2.8	2.0	2.7	2.2
Inflation assumption (RPI)	3.4	2.6	3.4	2.8

	LPFA		LCPF	
Longevity at age 65 for current pensioners	2021	2020	2021	2020
	Years	Years	Years	Years
- Men	22.9	23.0	21.9	21.9
- Women	24.3	24.7	24.6	24.5
Longevity at age 65 for future pensioners				
- Men	24.2	24.3	22.7	22.7
- Women	25.7	26.2	25.8	25.8

The defined benefit pension scheme on the LPPI Company Statement of Financial Position is as follows:

	LPFA		LCPF	
Reconciliation of defined benefit obligation	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Defined benefit obligation at start of year	**5,178**	**2,221**	**4,768**	**4,037**
Current service cost	1,683	775	275	261
Past service cost	-	(33)	-	-
Benefits paid	229	164	47	-
Contributions by employees	548	243	89	81
Interest cost	180	59	111	102
Scheme introductions	3,637	-	-	-
Remeasurements				
Effect of changes in financial assumptions	3,356	(171)	907	44
Effect of changes in demographic assumptions	(127)	91	-	-
Effect of experience adjustments	(162)	1,829	-	243
Defined benefit obligation at end of year	**14,522**	**5,178**	**6,197**	**4,768**

	LPFA		LCPF	
Reconciliation of fair value of plan assets	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fair value of plan assets at beginning of year	**3,097**	**1,366**	**2,864**	**2,477**
Interest income on scheme assets - employer	117	43	69	64
Administrative expenses and taxes	(4)	(2)	(6)	(6)
Employer contributions	729	341	172	115
Contributions by employees	548	243	89	81
Benefits paid	229	164	47	-
Scheme introductions	1,380	-	-	-
Remeasurements				
Return on scheme assets less interest income	579	(49)	260	133
Actuarial gains/(losses)	-	991	-	-
Fair value of plan assets at end of year	**6,675**	**3,097**	**3,495**	**2,864**

16. Post-employment benefits (continued)

LPPI Pensions Information

Analysis of assets	LPFA 2021 £'000	LPFA 2020 £'000	LCPF 2021 £'000	LCPF 2020 £'000
Equities instruments and others	3,627	1,672	1,639	2,469
Bonds	-	-	-	72
Target return portfolio	1,571	798	-	-
Infrastructure	566	226	-	-
Property	607	307	496	243
Cash and other	304	94	1,360	80
Total assets	**6,675**	**3,097**	**3,495**	**2,864**

Defined benefit costs recognised in income statement	LPFA 2021 £'000	LPFA 2020 £'000	LCPF 2021 £'000	LCPF 2020 £'000
Current service cost	1,683	775	275	261
Past service cost	-	(33)	-	-
Net interest on defined liability	63	16	42	38
Administrative expenses and taxes	4	(2)	6	6
Scheme introductions	2,257	-	-	-
Total defined benefit costs recognised in income statement	**4,007**	**760**	**323**	**305**

No amounts were included (2020: nil) in the cost of assets.
No amounts included in assets (2020: nil) relate to property leased by the Company.

Defined benefit costs recognised in other comprehensive income	LPFA 2021 £'000	LPFA 2020 £'000	LCPF 2021 £'000	LCPF 2020 £'000
Return on scheme assets less interest income	(579)	(49)	(260)	133
Other actuarial gains	-	991	-	-
Effect of changes in financial assumptions	3,356	171	907	(44)
Effect of changes in demographic assumptions	(127)	(91)	-	-
Effect of experience adjustments	(162)	(1,829)	-	(243)
Total defined benefit costs recognised in other comprehensive income	**2,488**	**(807)**	**647**	**(154)**

Reconciliation of funded position	LPFA 2021 £'000	LPFA 2020 £'000	LCPF 2021 £'000	LCPF 2020 £'000
Net defined benefit liability at start of the year	**(2,081)**	**(855)**	**(1,904)**	**(1,560)**
Expense recognised in profit and loss	(1,750)	(760)	(323)	(305)
Transfer of assets and liabilities	(2,257)	-	-	-
Loss recognised in OCI	(2,448)	(807)	(647)	(154)
Contributions by the Company	729	341	172	115
Net defined benefit liability at end of the year	**(7,847)**	**(2,081)**	**(2,702)**	**(1,904)**

16. Post-employment benefits (continued)

LPPI Pensions Information

Sensitivity analysis

The sensitivity to principal assumptions used to measure the scheme liabilities are set out below:

Approximate increase to defined benefit obligation

	LPFA		LCPF	
	%	**£'000**	**%**	**£'000**
0.1% decrease in discount rate	3.37	489	2.42	150
0.1% increase in long-term salary increases	0.17	25	0.61	38
0.1% increase in pension increases	3.17	460	2.49	154
+1 year in life expectancy assumption	3.78	549	2.79	173

Post-employment benefits summary	**LPFA**		**LCPF**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of plan assets	6,675	3,097	3,495	2,864
Defined benefit obligation	(14,522)	(5,178)	(6,197)	(4,768)
Net defined benefit liability	**(7,847)**	**(2,081)**	**(2,702)**	**(1,904)**

17. Share Capital

	Number	**£'000**
Ordinary shares of £1 each Allotted and fully paid		
At 1 April 2020 and at 31 March 2021	**25,000,002**	**25,000**
At 31 March 2021	**25,000,002**	**25,000**

During the year no ordinary shares were issued.

There are two classes of ordinary shares. X shares have no voting rights but have full rights in respect of dividends and distributions. Only A and B shares have full rights in the Company with respect to voting, dividends and distributions.

There are no restrictions on the distribution of dividends and the repayment of capital.

18. Deferred tax

The provision for deferred tax consists of the following deferred tax assets:	2021 £'000	2020 £'000
Accelerated capital allowances	16	58
Post-employment benefits	1,981	3,848
Total asset	**1,998**	**3,906**

19. Capital and other commitments

	2021 £'000	2020 £'000
Contracts for future capital expenditure not provided in the financial statements	13	-

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payment due	2021 £'000	2020 £'000
Not later than one year	1,484	1,221
Later than one year and not later than five years	798	363
Total	**2,282**	**1,585**

20. Related party transactions

In accordance with Section 33 of FRS102, the Company is exempt from disclosing related party transactions within other companies that are wholly owned within the Group.

The Key Management Personnel emoluments paid by the Group total £3,510,285 (2020 - £5,269,957) for the year.

The Directors of LPP had no transactions with the Company or its subsidiaries during the year other than service contracts and Directors liability insurance. A summary of Directors' remuneration is disclosed in the notes to the accounts.

21. Contingent liabilities

There are no contingent assets or liabilities. (2020 - nil).

22. Controlling Party

The Company is a joint venture and its ultimate parents and controlling parties are London Pensions Fund Authority and Lancashire County Council.

23. Events after the end of the reporting period

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