Company Registration Number: 09835244

LOCAL PENSIONS PARTNERSHIP INVESTMENTS LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2017

COMPANY INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2017

Directors	Sally Bridgeland Mike Jensen Michael O'Higgins Thomas Richardson Christopher Rule Robert Vandersluis
Company secretary	Greg Smith
Company registration number	09835244
Registered office	County Hall Fishergate Preston United Kingdom PR1 8XJ
Business address	2nd Floor 169 Union Street London SE1 0LL
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2P 2YU
Bankers	National Westminster Bank PO Box 35 10 Southwark Street London SE1 1TJ Handelsbanken Winckley Chambers 30 Winckley Square Preston Lancashire PR1 3JJ

LOCAL PENSIONS PARTNERSHIP INVESTMENTS LTD

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STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Principal activities

Local Pensions Partnership Ltd (LPP) started operations in April 2016 as a pensions services business operating on a 'not-for-profit' philosophy. LPP aims to be 'a leader in pension services'; delivering sustainable pensions and sharing savings with clients.

LPP's principal activity is the provision of a full pension service covering liability and risk management, investment management, and pension administration. LPP manages £12.5 billion of assets on behalf of two full-service clients Lancashire County Pension Fund (LCPF) and London Pension Fund Authority (LPFA) via its subsidiary, Local Pensions Partnership Investments Ltd (LPP I). LPP I is authorised by the Financial Conduct Authority as an Alternative Investment Fund Manager under the Alternative Investments Fund Managers Directive (AIFMD).

As a business operating on a 'not-for-profit philosophy', savings and surpluses not re-invested in the business are passed back to clients through an annual rebate mechanism. Shareholders do not receive a dividend.

Both full-service clients retain their strategic LGPS responsibilities, but they have fully delegated to LPP their pension and investment management activities.

Business strategy

LPP has a dual strategy - to deliver benefits to its two full-service clients as set out in the originating agreements, and to embark on growing the business. LPP I plays an important role in assisting LGPS clients to meet their financial goals. The aim is to deliver sustainable pensions and to share the benefits of success with clients - including members and employers.

The key benefits of the business model are:

- Improved investment returns through lower investment management costs. A governance model with full delegation to LPP I and FCA oversight.
- Scale to gain access to a wider array of investment opportunities;
- Long-term stable and improved funding ratios achieved through an integrated liability and risk management approach.

At the end of period, LPP has exceeded its initial expectations on performance, savings and delivery targets.

In order to meet the growth aspect of it's strategy, LPP recognises that it needs to build scale and strong client relationships. To that end, LPP aims to enhance and develop its liability and risk management solutions, and to continue to build LPP I into a scalable, low-cost, high-performing investment platform that benefits from a robust governance structure. LPP has initiated a Transformation Programme, a group-wide initiative, to critically identify and implement areas of improvement, and reorganise its business operation. It is important that LPP is agile, responsive and efficient as the business moves forward.

LPP is gearing up for growth in its corporate resources including finance, human resources, governance, information technology, legal and client management. These areas are essential to support frontline services and demonstrate to its existing and potential clients that they have a robust and sustainable business model as well as provide top-class service quality.

In the coming years, LPP will continue to develop the business and capitalise on growth opportunities as they arise for the benefit of, not just its clients and shareholders, but ultimately for their pension fund members and employers.

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Business operation

Liability management

Since launch, LPP has invested significantly in the skills, tools and processes to enable effective asset and liability management (ALM) on behalf of clients. The benefit of such an approach to asset and liability management is that; it provides greater stability of contributions for employers and greater certainty of pension payments for members.

The approach and the process LPP has adopted include:

Implementing state-of-the-art analytical tools

LPP has implemented a market-leading asset and liability management tool – to enable LPP to monitor its clients' assets and liabilities through realistic scenario analysis. The tool is an integral part of the evolving Risk Management Framework which aims to deliver the following:

- Projections of assets, liabilities and range of possible future funding levels over the short and long term;
- Identification, monitoring and reporting of key risk drivers;
- Development of risk mitigation strategies;
- Analysis of the impact of policy alternatives;
- Analysis of the impact of hedging strategies;
- Stress testing to help understand possible future risks; and
- Scenario analysis to improve understanding of balance sheet dynamics.

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Investment management

LPP I's investment philosophy has two key aims: (i) to help clients achieve a faster reduction in pension deficits by maximising risk-adjusted investment returns and lowering costs; and (ii) to deliver stable and sustainable investment outcomes to meet clients' long-term pension funding requirements. At all times LPP I operates within each client's independent and sovereign strategic asset allocation objectives.

With this philosophy in mind, LPP I has established a fully-functioning, low-cost and high performing FCA-regulated investment business, enabling full investment management delegation from clients. The LPP I model is built upon three pillars:

- Scale - enables LPP I to access a broader range of investment opportunities;
- Governance - delegated, independent decision-making and governance structures enabling effective investment management; and
- In-house investment and risk management - a deep and broad in-house investment and risk management expertise across major asset classes in both public and private markets, which enables LPP I to better understand clients' liabilities and funding requirements and to develop appropriate investment strategies to meet these requirements.

During the first period of operations, LPP I has made significant progress on both the strategic development of the business and capabilities alongside the core investment and risk management objectives. Assets under management (AUM) have increased from £10.5 billion to £12.5 billion.

Key investment highlights

In parallel to the day-to-day tasks of managing the portfolios, LPP I successfully launched the LPP I Global Equities Fund within an Authorised Contractual Scheme (ACS) on 1 November 2016 and transitioned more than £5 billion into this vehicle, consolidated holdings and aligned the portfolio with its thematic objectives. In doing so, LPP I expects to deliver an on-going reduction in investment fees of approximately £7.5 million.

In addition, regulatory permissions were expanded to accommodate wider asset pooling into private markets assets and the new Private Equity pool vehicles were launched at the end of March 2017. LPP I has worked to ensure it shares this experience with it's peers within the LGPS sector and continues to do so as it launches new asset pooling vehicles.

Across asset classes, performance has been strong against a backdrop of increased volatility (geo-political and market) with no material detractors. For LPP I clients, the strong performance has helped deliver significant improvements in their funding ratios. The investment pipeline has remained strong with a combination of high conviction, direct and indirect new investments completed across the portfolios.

Alongside this asset pooling and fund development work, LPP I has made significant investment in its people, systems and processes to ensure it has a broad and resilient infrastructure. LPP I has grown its teams in investment, investment operations and risk, and established robust and efficient governance structures, all of which operate with oversight from its internal compliance function.

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Responsible investment and stewardship

In its own capacity as an asset manager and on behalf of its client pension funds, LPP is responsible for fulfilling the fiduciary duty to protect the long term financial interests of fund members and beneficiaries. This is achieved by investing assets prudently and sustainably with a view to achieving a long-term financial return. Fulfilling these commitments in practice involves governance and investment management arrangements which incorporate rigorous due diligence and effective challenge and oversight processes which generate consistent, insightful and responsible decisions.

The first period of LPP I's operation has involved the successful coming together of two large pension funds with wholly aligned stewardship principles and beliefs, but a range of legacy arrangements which followed different approaches. It has been a priority to design, implement and transition client funds to common arrangements that meet the fiduciary needs of both using a consistent format suited to asset pooling. Central to this has been the establishment of an LPP Stewardship Committee chaired by the Chief Investment Officer. The Committee has responsibility for developing and delivering a coordinated approach to stewardship and engagement across the portfolio of both internally and externally managed investment funds.

Under the oversight of the Stewardship Committee, LPP has developed a Responsible Investment Policy that sets out the beliefs, standards, and procedures integral to its stewardship of client assets. The Policy covers how LPP selects investments, exercise active ownership, and monitor and report on its stewardship activities. Importantly, the due diligence process for each investment contains an assessment from a responsible ownership perspective. Responsible investment is an integral part of its decision-making process rather than a separate consideration. LPP's policy will continue to evolve.

LPP I is seeking to maximise investment value and encourage high standards of corporate governance in the enterprises it invests in on behalf of its clients. LPP I actively uses influence as an institutional asset manager through routes including:

- Central management of shareholder voting with the support of a proxy voting provider;
- Direct representation on company boards or investor and advisory committees as appropriate; and
- Participating in a range of partnerships and collaborations with other investors.

LPP I's two full-service clients are both signatories to the UN Principles for Responsible Investment. They are also members of the Local Authority Pension Fund Forum and the Pensions and Lifetime Savings Association. LPP I participates in stewardship and responsible investment activities alongside these organisations and other associations. LPP I also provides dedicated stewardship support to its clients.

As a member of the Responsible Investment Sub-Group of the LGPS Cross Pool Collaboration Group, the Responsible Investment Manager meets regularly with counterparts at each of the emerging LGPS pools to share insights and ideas. The group works collaboratively to develop responsible investment good practice across the LGPS. Additionally, LPP collaborates with a wide network of UK pension funds through the UK Pension Fund Responsible Investment Roundtable which offers further opportunities for joint action, sharing resources and adding influence to initiatives of common benefit to investors.

LPP I has provided updates and training sessions for Pension Board and Pension Fund Committee members on responsible investment themes including the revised stewardship requirements for Administering Authorities, introduced as part of pre-pooling arrangements under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

As part of LPP I's ongoing support to its clients with regards to climate change, the Responsible Investment Manager organised a seminar for LPFA Board members and stakeholders in February 2017. The seminar encouraged information sharing with other pension funds and stimulated debate around the issue of fossil fuel investment and climate change risk and opportunity for pension funds as long term investors and fiduciaries.

LPP is a supporter of the Transition Pathway Initiative, an asset owner-led project launched in January 2017 which assesses how companies are preparing for the transition to a low-carbon economy by evaluating the quality of companies' management of their greenhouse gas emissions and the risks and opportunities related to the low-carbon transition.

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Key Performance Indicators

- Assets under management at 31 March 2017 were £12.5bn
- Number of clients were two.

Future developments

Going into 2017-2018, LPP I's priorities for the business are as follows:

Liability management

LPP I will continue to enhance its asset and liability management tools and reporting capabilities to enable effective asset and liability management on behalf of its clients.

Investment management

New funds will be launched to complete the transition to pooled investments enabling this process to be completed by April 2018. This includes pooled vehicles for infrastructure, credit, fixed income, total return and property. In doing so, LPP I continues to seek innovative solutions for pooling assets that are scalable and cost-effective.

LPP I continues to develop it's internal management capacity and capabilities as it seeks to maintain performance, manage risk and provide maximum flexibility in what LPP I expects to be an increasingly challenging investment environment. LPP I are preparing the business for the implementation of the Markets in Financial Instruments Directive (MiFID) II.

LPP I's collaborative efforts will also continue as it works with its partners to expand the GLIL Infrastructure vehicle, consider similar initiatives in other asset classes, and offer its expertise to other partners.

Risk management

LPP I has a strong risk management culture and as a business LPP I is exposed to a variety of risks as a result of its business activities. As such, effective risk management is a core competence and LPP I actively monitors the potential likelihood and impact of current and future risks. This section explains LPP I's approach to risk management and outlines the key categories of risk that may affect it's business.

Managing risk

The LPP I Board is responsible for risk and oversight of the approach to managing risk. The Board is complemented by the LPP I Risk Committee which provides executive and non-executive oversight with particular focus on the standards and quality of risk management and internal controls. Additional non-executive oversight is also provided by the LPP Audit Committee.

LPP I's approach to risk management recognises that it is the responsibility of all employees to manage risks in their respective areas of business. LPP's Executive Committee is responsible for the monitoring and reporting of risks and controls and regularly reviews the key risks facing the business. Executive oversight of risk is delegated to the Chief Risk Officer who is responsible for the design and implementation of the risk and control framework and reporting of risk.

Risk framework

LPP I's Risk Management Framework can be described as 'a process which helps us prevent an unacceptable level of uncertainty in business objectives'. The Framework sets out what the business will undertake in order to:

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

Best practice methods are adopted in the identification, evaluation and control of risks to ensure that they are treated to an acceptable level. The Framework is used universally across the business and delivers both a 'bottom up' and 'top down' approach.

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Key risk categories

Financial risk: LPP I recognises that poor investment performance could result in a reduction in AUM. LPP I's investment management business charges income as a percentage of AUM. A fall in AUM could result in a fall in income. LPP I closely monitors the risk and performance of the assets it manages and maintains financial resources in an amount sufficient to meet regulatory requirements and to cover a sustained fall in income.

Business risk: LPP I provides investment management services to clients. Service level performance is closely monitored and discussed with clients to assess the quality of service. Costs are controlled as part of the financial budgeting process.

Strategic Risks: The Board has approved a strategic business plan which sets out LPP I's key objectives. Failure to meet the objectives of the plan may undermine the success of the business resulting in increased uncertainty over future revenues and costs. The business environment in which LPP I operates is highly exposed to changes to regulation and government policy, and volatility in the global financial markets. These changes can be unexpected and create additional business uncertainty. The key risks to LPP I's business plan are:

- Recruitment and retention of key staff;
- Maintenance of performance across the business during a significant change programme;
- Regulatory change impacting delivery model;
- Governance failure - regulatory fines and impact on reputation;
- Change of government policy;
- Market related risks and volatility in the financial markets;
- Managing a phased approach to business development;
- Meeting strategic growth targets; and
- Generation of capital to sustain investments, regulatory and loan repayment requirements.

Our mitigation strategy is that LPP I maintains a proactive dialogue and engagement with government, regulators and industry bodies so to keep abreast of potential changes, which are factored into its planning and budgeting process.

Credit and Concentration Risk: LPP I has no significant concentration of credit risk. LPP I does have a risk of client concentration, as a significant portion of its income comes from two large clients.

Operational risk: Operational risks may arise as a result of failures in internal controls or operational processes. Such failures may lead to financial and reputational losses which can have a permanent and negative impact on clients' trust and confidence in LPP I. LPP I have implemented a three-year internal audit plan to review LPP I's business operation. The results of the reviews are reported to the LPP Audit Committee.

Lines of defence

LPP I's individual business areas are the first line of defence in the management of risk. Business heads continuously identify potential risks, assess their impact and implement appropriate controls. The second line of defence consists of the control functions including: Compliance, Finance, Governance, IT, Legal, Human Resources and Corporate Risk. Internal Audit is the third line of defence providing independent assurance over the effectiveness of the risk and control environment.

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Going Concern

In assessing the basis of preparation of the financial statements for the period ended 31 March 2017, the directors have considered the principles of the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2014'; namely assessing the applicability of the going concern basis, the review period and disclosures.

The directors have undertaken a rigorous assessment of going concern and liquidity, taking into account financial forecasts for the 18 month period from the balance sheet approval date. In order to satisfy themselves that they have adequate resources for the future, the directors have reviewed the strength of the company's balance sheet, the recoverability of assets and availability of funding through the company's existing facilities.

The directors have a reasonable expectation that the company will be able to operate within the level of available facilities and cash for the foreseeable future and accordingly believe that it is appropriate to prepare the financial statements on a going concern basis.

Approved by the board of directors and signed on behalf of the board:

....

Christopher Rule
Director
24 July 2017

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

The directors present their first report and financial statements for the period from 21 October 2015 to 31 March 2017.

Incorporation

The company was incorporated on 21 October 2015 under the name of Lancashire and London Pensions Partnership Investments Ltd.

On 11 February 2016, a special resolution was passed to change the company name to Local Pensions Partnership Investments Ltd.

The company began trading on 8 April 2016.

Directors

The directors in office during the period and at the date of signing this report were as follows:

Sally Bridgeland (appointed 14 December 2015)
Mike Jensen (appointed 14 December 2015)
Michael O'Higgins (appointed 21 October 2015)
Thomas Richardson (appointed 11 July 2016)
Christopher Rule (appointed 21 October 2015)
Angela Smith (appointed 21 October 2015; resigned 10 August 2016)
Robert Vandersluis (appointed 14 December 2015)

Statement of 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 that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. in preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- 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 ensuring that the company keeps 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 enable them to ensure that its 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.

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Results and dividends

The trading result for the company for the period is a profit after tax of £2,074,000.

No dividends were paid during the period.

Board and committee reports

LPP I Board

A key factor in the early success of LPP has been the establishment of LPP I as a FCA authorised entity to manage client assets, enabling a full investment management delegation to be put in place for clients from the day of LPP I's launch.

The day-to-day investment decisions are delegated to the Investment Committee which is executive in nature comprising the Managing Director (Investments), the Co-Chief Investment Officer, the Chief Risk Officer, the Head of Compliance and senior investment professionals within LPP I. The LPP I Board is responsible for ensuring that appropriate policies, procedures and governance are in place in managing client assets. Quarterly reports on the performance of assets are provided to the Board. The Board comprises a Chair who is an independent non-Executive Director (Sally Bridgeland), two non-Executive Directors (Michael O'Higgins and Robert Vandersluis) and three Executive members. The Head of Compliance attends all Board meetings.

In order to fulfil its responsibilities, the LPP I Board has approved the following activities:

- Establishment of an investment committee including the approval of terms of reference and review of processes;
- Establishment of a Valuation Policy and Fair Value Pricing Committee;
- Creation and implementation of a Responsible Investment Policy;
- Implementation of a Compliance Monitoring Programme;
- Development and agreement of LPP I's approach on key regulatory events such as MiFID II;
- Authorising any directly managed internal mandates;
- Pooling strategies; and
- Establishment of a Fund Launch Committee to meet when products are launched.

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

LPP I Risk Committee

Robert Vandersluis is the Chair of LPP I Risk Committee. Other Committee members include Sir Peter Rogers, and Thomas Richardson.

The Committee was established in December 2015 and convened four times during the period. The Committee serves two roles. Firstly, it is the risk committee of a FCA regulated entity responsible for full compliance to regulatory requirements by LPP I. Secondly, it is a group-wide committee responsible for reviewing all aspects of corporate and operational risks of the LPP group.

During the period, the Committee received regular reports on:

- Pooling strategies and running of the internal mandates;
- Regulatory change impacting LPP I;
- Corporate Risk Management – the framework and identification of key corporate risks;
- Compliance monitoring reports including incident identification;
- Data protection and information security audits;
- LPP I's information communications and technology environment and business continuity;
- LPP I's Transformation Programme and the associated risks;
- Liability and risk profile of the two clients; and
- Internal controls.

Directors remuneration

The LPP Remuneration and Nomination Committee sets the remuneration levels for directors within the LPP group. As part of the desire for transparency, the table below summarises the remuneration paid to statutory directors for the company, in the period to 31 March 2017.

Paid by LPP (unless stated)		Basic salary	Bonuses	Pensions	Total
		£	£	£	£
Sally Bridgeland		32,019	-	-	32,019
Mike Jensen	1	141,568	56,000	23,248	220,816
Michael O'Higgins		68,708	-	-	68,708
Thomas Richardson		109,365	24,750	17,150	151,265
Christopher Rule	1	235,594	120,000	42,671	398,265
Robert Vandersluis		34,412	-	-	34,412
Total		621,666	200,750	83,069	905,485
Employers NI					108,125
					1,013,610

1 Paid by LPP I

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

Disclosure of information to Auditors

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

1. So far as the directors are aware, there is no relevant audit information of which the company'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 company'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.

On 29 February 2016, Grant Thornton UK LLP were appointed as auditors of Local Pensions Partnership Ltd and its subsidiaries. Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting in accordance with s487 of the Companies Act 2006.

Approved by the board of directors and signed on behalf of the board:

....

Christopher Rule
Director
24 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF LOCAL PENSIONS PARTNERSHIP INVESTMENTS LTD

We have audited the financial statements of Local Pensions Partnership Investments Ltd for the period ended 31 March 2017, which comprise the income statement, the statement of comprehensive Income, the statement of financial position, the statement of changes in equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the period 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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 period 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.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF LOCAL PENSIONS PARTNERSHIP INVESTMENTS LTD

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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Grant Thornton UK LLP

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Paul Flatley

for and on behalf of Grant Thornton UK LLP, Chartered Accountants & Statutory Auditor

~~24~~ 25 July 2017

INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	From 21 Oct 2015 to 31 Mar 2017 £'000
Turnover	5	12,184
Administrative expenses		(9,478)
Operating profit	6	2,706
Interest receivable and similar income		10
Interest payable and similar charges		(105)
Profit on ordinary activities before taxation		2,611
Tax on profit on ordinary activities	8	(537)
Profit for the financial period		2,074

All the results shown in the above profit and loss account are from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	From 21 Oct 2015 to 31 Mar 2017 £'000
Profit for the financial period		2,074
Net actuarial loss on defined benefit schemes	14	(1,184)
Deferred tax asset on actuarial loss		201
Total comprehensive income for the financial period		1,091

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	2017
		£'000
Fixed assets		
Investments	9	-
Current assets		
Debtors	10	6,216
Cash at bank and in hand	11	11,406
		17,622
Current liabilities		
Creditors: amounts falling due within a year	12	(2,763)
Net current assets		14,859
Total assets less current liabilities		14,859
Creditors: amounts falling due after one year	13	(2,500)
Post employment benefits	14	(1,829)
Net assets		10,530
Capital and reserves		
Called up share capital	15	-
Share premium account		10,000
Retirement benefit obligations reserve	14	(561)
Profit and loss account		1,091
Total shareholders' funds		10,530

The financial statements on pages 17 to 37 were approved by the board of directors on and authorised for issue on 24 July 2017 and were signed on their behalf by:

T. J. R.
....
Thomas Richardson
Director

Company Registration Number: 09835244

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017

	Called-up share capital	Share premium account	Retirement benefit obligations reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
At 21 October 2015	-	-	-	-	-
Profit and total comprehensive income for the period	-	-	-	1,091	1,091
Issue of shares	-	10,000	-	-	10,000
Retirement benefit obligations deficit	-	-	(645)	-	(645)
Deferred tax asset on retirement benefit obligation deficit	-	-	84	-	84
At 31 March 2017	-	10,000	(561)	1,091	10,530

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

1. Company information

Local Pensions Partnership Investments Ltd is a private company limited by shares and incorporated in England. Its registered office is County Hall, Fishergate, Preston, United Kingdom, PR1 8XJ.

The company's principal activities and nature of operations is included in the Strategic report on page 4-10.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. These financial statements have been prepared on the historical cost basis.

The financial statements of Local Pensions Partnership Investments Limited have also adopted the following disclosure exemptions, which the shareholders have 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.
- the exemption has been claimed not to disclose related party transactions (s33 FRS 102).

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

3. Significant judgements and estimates

In the process of applying the company's accounting policies, which are described in note 4, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements. As described below, many of these areas of judgement also involve a high level of estimation uncertainty.

Deferred taxation

The financial statements include judgments and estimates that been made regarding deferred taxation, as described in note 4.6

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. A firm of consulting actuaries are 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

4. Principal accounting policies

4.1 Investment in subsidiaries

The financial statements of the company do not include the results of any subsidiary entity but merely the company's investment in the subsidiary.

4.2 Debtors

Short term debtors are measured at transaction price, less any impairment. 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.

4.3 Cash at bank and in hand

Cash at bank and in hand also includes deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

4.4 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.

4.5 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 group 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, taking into account 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.

4. Principal accounting policies

4.6 Taxation

Current tax is recognised for the amount of income 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 and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

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.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

4. Principal accounting policies

4.7 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.

4.8 Employee and pension costs

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

5. Turnover

	From 21 Oct 2015 to 31 Mar 2017 £'000
Investment management fees	12,184

6. Operating profit

	From 21 Oct 2015 to 31 Mar 2017 £'000
Operating profit is stated after charging:	
Staff costs (note 7)	2,590

The audit fee for the company will be paid for, as part of the Group audit, by its immediate parent.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

7. Directors and employees

	From 21 Oct 2015 to 31 Mar 2017
	£'000
Wages and salaries	2,080
Social security costs	259
Other pension costs	251
	2,590

The company employees are members either of the defined benefit pension schemes of London Pensions Fund Authority or Lancashire County Pensions Fund. Pension payments are recognised as an expense during the period amount to £251,000.

The average monthly number of employees during the period was:	2017
	Number
Investment services	23

The split of the average number of employees is 2 directors and 21 other staff.

Directors emoluments
Remuneration in respect of directors was as follows:

	From 21 Oct 2015 to 31 Mar 2017
	£'000
Emoluments	553
Social security costs	75
Pension contributions to defined benefit schemes	66
	694

Not included in Emoluments above is an LTIP payment of £43,750 made to a director by a shareholder.

The amounts set out above include remuneration in respect of the highest paid director and are as follows:

	£'000
Emoluments	355
Social security costs	48
Pension contributions to defined benefit schemes	43
	446

Other directors of the company were paid a total of £319,344 in remuneration by the company's immediate parent for acting as directors of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

8. Taxation

The tax charge is based on the profit for the period and represents:	From 21 Oct 2015 to 31 Mar 2017 £'000
UK corporation tax	563
Deferred tax:	
Origination and reversal of timing differences	(31)
Effect of changes in tax rates	5
Tax on results on ordinary activities	537

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom at 20%. The differences are explained as follows:

	£'000
Profit on ordinary activities before tax	2,611
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20% (2016: 20.25%)	522
Expenses not deductible for tax purposes:	
Expenses not deductible	10
Tax rate changes	5
Tax on results on ordinary activities	537

Deferred taxation	**£'000**
Deferred tax charge to income statement for the period	(26)
Deferred tax charge in equity for the period	(84)
Deferred tax charge in OCI for the period	(201)
	(311)

9. Investments

	Investment in subsidiaries £'000
Cost	
Additions in the period	-
At 31 March 2017	-

In June 2016, the company purchased Daventry GP Limited for £1, the nominal value of the share capital. In December 2016 the company purchased two companies, LPPI Scotland (No.1) Ltd and LPPI Scotland (No.2) Ltd for £2 each, the nominal value of the share capital. These entities were not consolidated within the company as they are consolidated in the financial statements of LPP.

Subsidiaries	Type of shares held	Proportion held	Country of incorporation	Nature of business
LPPI Scotland (No.1) Ltd	Ordinary	100%	UK	Investment
LPPI Scotland (No.2) Ltd	Ordinary	100%	UK	Non-trading
Daventry GP Limited	Ordinary	100%	UK	Property

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

10. Debtors

	2017
Amounts falling due within one year:	£'000
Trade debtors	4,524
Deferred tax	311
Prepayments and accrued income	1,381
	6,216

11. Cash at bank and in hand

	2017
	£'000
Cash at bank	11,406

12. Creditors: amounts falling due within a year

	2017
	£'000
Trade creditors	300
Taxation and social security costs	230
Corporation tax	563
Other creditors	58
Accruals	1,612
	2,763

13. Creditors: amounts falling due after one year

	2017
	£'000
Amounts due to group companies	2,500

In April 2016, the company's immediate parent loaned the company £2.5m unsecured, interest has been charged at 4.25% per annum. The loan is for ten years with no schedule of fixed repayments. The interest rate is deemed to be at market rate.

14. Pension schemes

Defined benefit pension schemes

On 8 April 2016 current employees of the London Pensions Fund Authority (LPFA) and Lancashire County Council (LCC) who were members of the Lancashire County Pension Fund (LCPF) were TUPE transferred to the Local Pensions Partnership Investments Ltd (LPPI).

The transferring employees are all members of the Local Government Pension Scheme.(LGPS). LPPI was allocated notional shares of the LPFA and LCPF Fund assets equal to 100% of the value of the transferring pension liabilities. These liabilities were calculated on the ongoing basis appropriate for funding, either the LPFA or LCPF 2016 Triennial valuation assumptions depending on the Fund from which employees' liabilities were transferred. As such LPPI 's pension liabilities were 100% funded on the relevant ongoing bases at the dates of transfer.

Notwithstanding differences between the LPFA and LCPF ongoing 2016 Triennial valuation bases, when the pension liabilities are valued for the purposes of IAS19 disclosures, the basis is prescribed by Regulations and set with reference to corporate bond yields. The assessment of pension liabilities on this accounting basis at the date of transfer results in pension liabilities greater than those assessed on the LPFA and LCPF ongoing valuation bases. Therefore at the date of transfer LPPI's pension liabilities on the IAS19 accounting basis were not fully funded.

LGPS is a tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The benefits under the scheme are based on the length of membership and the average salary. Each member contributes a proportion of their salary, within a 5.5% to 12.5% range depending of their rate of pay. LPPI, as the employing body, also contributes in to the scheme on the employee's behalf at 12.0% of the employee's salary. Barnett Waddingham are the actuaries for the LPFA and Mercer for the LCPF.

LGPS is accounted for as a defined benefits scheme. The liabilities of the LGPS attributable to LPPI are included in the balance sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

In accounting for the defined benefit schemes, the company has applied the following principles:

- No pension assets are invested in the group's own financial instruments or property.

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

- Investment risk - the present value of the defined benefit schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, a deficit will be created;

- Interest risk - a decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return of the plan's debt investments;

- Longevity risk - the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability; 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.

14. Pension schemes (cont.)

London Pensions Fund Authority

The actuaries for LPFA are Barnett Waddingham.

The normal contributions expected to be paid during the financial year ending 31 March 2018 are £187,000 (2017 : £120,000).

A summary of the defined benefit pension schemes on the company balance sheet is as follows:

	2017
	£'000
Retirement benefit assets	403
Retirement benefit obligations	(974)
Net retirement benefit deficit	(571)

Scheme assets - Changes in the fair value of scheme assets are as follows:

	2017
	£'000
At 8 April 2016 - transfer in of assets	154
Interest income on scheme assets - employer	9
Return on scheme assets less interest income	41
Employer contributions	120
Contributions by employees	93
Benefits paid	(14)
At 31 March 2017	403

Analysis of assets - The major categories of scheme assets are as follows:

	2017
	£'000
Equity instruments	239
Target return portfolio	85
Infrastructure	21
Property	21
Cash and other	37
At 31 March 2017	403

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company. Virtually all equity and debt instruments have quoted prices in an active market.

Scheme liabilities - Changes in the fair value of scheme liabilities are as follows:

	2017
	£'000
At 8 April 2016 - transfer in of liabilities	353
Current service cost - employer	205
Effect of changes in financial assumptions	322
Interest cost - employer	15
Benefits paid	(14)
Contributions by scheme participants	93
At 31 March 2017	974

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

14. Pension schemes (cont.)

Amounts recognised in the profit and loss account

	2017 £'000
Amounts recognised in operating profit	
Current service cost	205
Recognised in arriving at operating profit	205
Amounts recognised in interest receivable and similar income	
Interest cost on scheme liabilities - employer	6
Recognised in interest receivable and similar income	6
Total recognised in the profit and loss account	211

Amounts recognised in the statement of comprehensive income

	2017 £'000
Remeasurements recognised in the statement of comprehensive income	
Return on scheme assets less interest income	41
Effect of changes in financial assumptions	(322)
	(281)
Total pension cost recognised in the statement of comprehensive income	(281)

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2017 %
Discount rate	2.8
Future salary increases	4.2
Future pension increases (CPI)	2.7
Future pension increases (RPI)	3.6
Inflation assumption (CPI)	2.7
Inflation assumption (RPI)	3.6

14. Pension schemes (cont.)

Post retirement mortality assumptions

	2017
	Years
Current UK pensioners at retirement age - male	21.7
Current UK pensioners at retirement age - female	24.5
Future UK pensioners at retirement age - male	24.0
Future UK pensioners at retirement age - female	26.7

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 2017 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 2017 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.

Assumption	Change in assumption	Change of +0.1% in present value of scheme liabilities	Change of (0.1%) in present value of scheme liabilities
		2017	2017
LPPI	%	£'000	£'000
Discount rate: 2.8%	0.1	1,008	(1,008)
Inflation: 2.1% CPI	0.1	941	(941)
Rate of salary increase: 4.2%	0.1	974	(974)

If the mortality rate was increased by one year to the post retirement range of assumptions applied for male and female, current and future pensioners from 21.7 - 26.7, the change in present value of scheme liabilities would increase 0.3%.

Management acknowledges that the method used of presuming that all other assumptions remaining constant has inherent limitation given that it is more likely for a combination of changes, but highlights the value of each individual risk and is therefore a suitable basis for providing this analysis.

14. Pension schemes (cont.)

Lancashire County Pension Fund

The actuaries for LCPF are Mercer.

The normal contributions expected to be paid during the financial year ending 31 March 2018 are £88,000 (2017 : £89,000).

A summary of the defined benefit pension schemes on the company balance sheet is as follows:

	2017
	£'000
Retirement benefit assets	1,724
Retirement benefit obligations	(2,982)
Net retirement benefit deficit	(1,258)

Scheme assets - Changes in the fair value of scheme assets are as follows:

	2017
	£'000
At 8 April - transfer in of assets	1,305
Interest income on scheme assets - employer	51
Return on scheme assets less interest income	217
Administrative expenses and taxes	(4)
Employer contributions	89
Contributions by employees	66
At 31 March 2017	1,724

Analysis of assets - The major categories of scheme assets are as follows:

	2017
	£'000
Equity instruments	1,491
Bonds	62
Property	152
Cash and other	19
At 31 March 2017	1,724

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company. Virtually all equity and debt instruments have quoted prices in an active market.

14. Pension schemes (cont.)

Scheme liabilities - Changes in the fair value of scheme liabilities are as follows:

	2017
	£'000
At 8 April - transfer in of liabilities	1,599
Current service cost - employer	137
Effect of changes in financial assumptions	706
Effect of experience adjustments	414
Interest cost - employer	60
Contributions by scheme participants	66
At 31 March 2017	2,982

Amounts recognised in the profit and loss account

	2017
	£'000
Amounts recognised in operating profit	
Current service cost	137
Administrative expenses and taxes	4
Recognised in arriving at operating profit	141
Amounts recognised in interest receivable and similar income	
Interest cost on scheme liabilities - employer	60
Interest cost on scheme assets - employer	(51)
Recognised in interest receivable and similar income	9
Total recognised in the profit and loss account	150

14. Pension schemes (cont.)

Amounts recognised in the statement of comprehensive income

	LPPI 2017 £'000
Remeasurements recognised in the statement of comprehensive income	
Return on scheme assets less interest income	217
Effect of changes in financial assumptions	(706)
Effect of experience adjustments	(414)
	(903)
Total pension cost recognised in the statement of comprehensive income	**(903)**

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	2017 %
Discount rate	2.6
Future salary increases	3.7
Future pension increases (CPI)	2.2
Future pension increases (RPI)	3.1
Inflation assumption (CPI)	2.2

Post retirement mortality assumptions

	LPPI 2017 Years
Current UK pensioners at retirement age - male	22.6
Current UK pensioners at retirement age - female	25.2
Future UK pensioners at retirement age - male	24.9
Future UK pensioners at retirement age - female	27.9

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.

14. Pension schemes (cont.)

The sensitivities have been derived in the same manner as the defined benefit obligation as at 31 March 2017 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 2017 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.

Assumption	Change in assumption	Change of +0.1% in present value of scheme liabilities	Change of (0.1%) in present value of scheme liabilities
		2017	2017
	%	%	%
Discount rate: 3.8%	0.1	2,903	(2,903)
Inflation: 2.1% CPI	0.1	3,063	(3,063)
Rate of salary increase: 2.6%	0.1	3,019	(3,019)

If the mortality rate was increased by one year to the post retirement range of assumptions applied for male and female, current and future pensioners from 22.6 - 27.9, the change in present value of scheme liabilities would increase 2%.

Management acknowledges that the method used of presuming that all other assumptions remaining constant has inherent limitation given that it is more likely for a combination of changes, but highlights the value of each individual risk and is therefore a suitable basis for providing this analysis.

Post employment benefits summary	LPFA	LCPF	Total
	£'000	£'000	£'000
Net assets	403	1,724	2,127
Net liabilities	(974)	(2,982)	(3,956)
	(571)	(1,258)	(1,829)
Statement of comprehensive income	281	903	1,184
Total pension benefit deficit	(290)	(355)	(645)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017

15. Share capital

	2017
Authorised, allotted and fully paid:	**£**
1 ordinary share of £1 each	1

Ordinary shares	
Share issue - on incorporation	1
As at 31 March 2017	1

The shares issued in the period have full rights in the company with respect to voting, dividends and distributions.

16. Contingent liabilities and capital commitments

The company has no contingent liabilities at the period end.

The company has no capital commitments at the period end.

17. Related party transactions and ultimate controlling party

The key management personnel emoluments paid by the company total £691,053 for the period.

The directors of Local Pensions Partnership Investments Ltd had no transactions with the company or its subsidiaries during the period other than service contracts and directors' liability insurance. Details of the directors' remuneration are disclosed in the notes to the accounts.

The company's immediate parent and controlling party is Local Pensions Partnership Ltd, a company incorporated in the United Kingdom and registered in England and Wales. Local Pensions Partnership Ltd is the parent undertaking of the smallest and largest group to consolidate these financial statements. These financial statements are available upon request from the Company Secretary, Local Pensions Partnership Ltd, County Hall, Fishergate, Preston, United Kingdom, PR1 8XJ.