

Local Pensions Partnership Ltd
Annual Report and Financial Statements
For the Year Ended 31 March 2025

Registered number: 09830002

Company Information

Directors Capital Cranfield Pension Trustees Ltd (appointed 1 July 2025)
Clare Scott
John David Preston (appointed 18 September 2024)
Simon Lawrence (appointed 6 June 2025)

Registered number 09830002

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**Group Strategic Report
For the Year Ended 31 March 2025**

Principal Activities

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

Formed in 2016, LPP 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 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's subsidiary (LPPI) is now one of eight national Local Government pools. Under the LGPS government consultation for the future of the LGPS LPPI was approved to continue by the government.

LPPI manages around £26.5bn (31 March 2025) for three Local Government Pension Scheme (LGPS) partner funds* and a wider institutional client base who are invested in specific Funds for which LPPI is the investment manager.

Via its subsidiary (LPPA), LPP provide pensions administration services for circa 700,000 LGPS, Police and Firefighters' pension scheme members across over 2,100 employers, of which 1,400 are active.

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

**Group Strategic Report (continued)
For the Year Ended 31 March 2025**

Section 172(1) statement 2024-25

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. This includes requiring authors of all Board and Committee papers 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 providers; regulatory bodies; and 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 2024-25 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.

LPP is the parent of two standalone subsidiaries, Local Pensions Partnership Investments Ltd (LPPI) and Local Pensions Partnership Administration Limited (LPPA). Decision making primarily takes place within the subsidiaries, with key decisions reserved to LPP Ltd as the group board, with onward approval by the shareholders where appropriate.

**Group Strategic Report (continued)
For the Year Ended 31 March 2025**

Key decisions taken across the Group	Impact on stakeholders
<p>LPP Board Approval of the Group Budget</p> <p>The decisions taken included approval of the LPPI Strategic Business Plan 2025-28 and noted that LPPA continued to operate in line with the 2023-26 Strategic Business Plan.</p>	<p>Shareholders: The approved Budget also receives shareholder approval. The respective LPPI and LPPA plans provide our shareholders with a clear vision of our strategic direction, aligned to agreed shareholder objectives. In LPPI's case the Plans also include reference to Government expectations on the future of LGPS asset pooling.</p> <p>Staff: For our employees, these business plans serve as a roadmap, setting clear goals and objectives. This contributes to a sense of purpose and direction, promoting productivity and job satisfaction.</p> <p>Investments and Pension Administration Clients: With solid business plans in place, our clients can feel confident in our long-term stability and commitment to continuous improvement.</p> <p>Members and Employers of Clients: The business plans ensure our services remain high quality, effective and efficient, meeting the investment and pension administration needs of our clients' members and employers.</p> <p>Regulatory Bodies: The business plans demonstrate our commitment to proactive planning and regulatory compliance via "robust foundations" strategic goals.</p>

Strategic approach

LPP has a set of clear values that underpin the culture, enhance a collaborative approach, and are embedded in people processes across the Group. LPP is the parent of two standalone subsidiaries, LPPI and LPPA. LPP's two shareholders, London Pensions Fund Authority and Lancashire County Council have provided LPP with clear objectives for both LPPI and LPPA which have been used by each Subsidiary as the basis of their strategic business plans. It is through these business plans and business as usual activity that the objectives set by shareholders are met. LPP Ltd is a holding company and does not employ staff. Employees are employed by either LPPI or LPPA.

**Group Strategic Report (continued)
For the Year Ended 31 March 2025**

Key strategic deliverables achieved 2024-25

Financial performance: Overall the LPP Group made a profit before tax, supporting LPP's drive for robust financial performance. As standalone subsidiaries, LPPI made a profit before tax and LPPA made an operating profit (pre-tax and pre-pension liability obligation).

Investment cost savings against the pre-pooling position for LCPF, LPFA, and RCBPF have been published. In aggregate LPPI has achieved £202m (as at 31 March 2024) of savings compared with the pre-pooling position.

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

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

Investment performance: LPPI's absolute performance remains strong over the 1,3 and 5-year periods to 31 March 2025 for all LPPI clients, however all clients experienced underperformance compared with their respective policy portfolios (market based benchmark) over these periods.

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

Operational Resilience: Initiatives delivered in line with LPPI's Strategic Business Plan have continued to mature elements of LPPI's operating model, including:

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

LPPA continues to focus on service delivery and modernising the member and employer experience. An Efficiency and Service Improvement Plan is leveraging the benefits of the administration system in line with LPPA's goal to become digitally enabled. Regulatory change implementation will continue to be a focus with the McCloud remedy deadlines and connection to the Pension Dashboard's central ecosystem on the horizon for 2025/26. LPPA continues to be acutely aware of the risks posed by cyber security threats and has achieved Cyber Essentials Plus re-accreditation. Embedding LPPA's culture through staff training and development continues to be a priority, with a focus on accountability and customer service. LPPA continues to strive to make the company an employer of choice and have done significant work on wellbeing as well as career development paths for staff.

**Group Strategic Report (continued)
For the Year Ended 31 March 2025**

Future strategic direction

The Boards of LPPI and LPPA have re-assessed the strategic deliverables for the coming year. No significant strategic shifts are anticipated.

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

Within LPP's 5-year strategy, LPPA's priorities can be summarised in four key strategic goals:

- Self-sufficiency and sustainability.
- High-quality, cost-effective pensions administration with focus on improving the member and employer experience.
- An exciting, forward thinking, and collaborative place to work.
- Reflecting local and international excellence.

LPPA operates under a strategic Business Plan which is reviewed annually, with its budget, by its board and shareholders. The plan supports the vision of the company "to be the Pension administrator of choice to the public sector".

LPPA's strategic business plan is underpinned by seven strategic goals:

Outcome Goals

1. High performance and accountability – a performance driven business.
2. Customer focused – focus on shareholders, clients and their employers and members.
3. Experts in pension administration and payroll – a trusted partner.
4. Innovative mindset – a digitally enabled business.

Enabling Goals

5. Value for money – delivering a high quality, value for money service.
6. Robust foundations – security of data.
7. A great place to work – LPPA being the employer of choice.

**Group Strategic Report (continued)
For the Year Ended 31 March 2025**

The plan is underpinned by LPPA's values:

- **Committed to excellence:** We do our best to make the pension process straightforward and stress-free. We take responsibility for actions and outcomes, striving for the highest standards.
- **Forward thinking:** We embrace new technologies and approaches to improve services and operations to make life easier for members.
- **Doing the right thing:** We act with honesty and integrity to deliver results the right way always. We are accountable and speak the truth, good news or bad, openly without fear.
- **Working together:** We work together as a team striving for the highest standards in service delivery and operations. We value individual and cultural differences as a defining strength.

The LPPA business plan is due a refresh in 2025/26 and the executive leadership are working towards an updated plan which will be approved by the LPPA Board in December 2025. As the company matures and the Pension Administration landscape continues to change, the goals of the business are being refined, and the updated plan will be focusing on the following key areas; providing excellent member experience and a member focused organisation, optimising operational efficiency and driving business growth.

Principal risks

LPPI and LPPA each have their own dedicated risk and compliance functions. These are responsible for applying the 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 regulatory change, relations with stakeholders, IFPR Group requirements and Group financial resilience.

Staff Engagement

Both LPPI and LPPA periodically issue staff engagement surveys, these have seen high levels of staff interaction both in terms of engagement but also follow up post survey results, with wellness and diversity initiatives key drivers for staff engagement.

- LPPA and LPPI engagement scores were 7 (LPPA) and 8.2 (LPPI) on the Peakon Scale.
- LPPA and LPPI participated in initiatives to improve diversity across the Group. LPPI participates in the 10,000 Interns programme. LPPA launched an EDIB group to focus on employee initiatives which support neurodiversity and celebrate a sense of belonging for all employees within LPPA. LPPA employee surveys are carried out twice a year with a focus on various engagement drivers including culture, values, behaviour, health and wellbeing, staff rewards, personal development and training, health and safety and employee relations. A People Champion team meets regularly to provide valuable input and feedback on LPPA's people plans and to promote belonging, recognition, and reward at LPPA.
- LPPI received recognition for the Best Workplace for Women and a Great Place to Work for 2025.

Further information can be found in the sub entities' annual reports and accounts.

**Group Strategic Report (continued)
For the Year Ended 31 March 2025**

Environmental initiatives

LPPI has signed up to the Planet Mark initiative and has been awarded its accreditation for its fourth year running. During 2024-25 LPPI has been collecting data from across its different business areas to produce its business operations carbon emissions report.

LPPI has produced a Responsible Investment Report for the fourth 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 22 September 2025 and signed on its behalf.



Clare Scott
Director
Date: 25 September 2025

**Directors' Report
For the Year Ended 31 March 2025**

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

Directors

The Directors who served during the year were:

Alan Schofield (resigned 2 May 2025)
Capital Cranfield Pension Trustees Ltd (appointed 1 July 2025)
Charles Edwards (resigned 2 May 2025)
Clare Scott
Fiona Scott Stark (resigned 30 June 2025)
John David Preston (appointed 18 September 2024)
Robert John Branagh (resigned 6 September 2024)
Simon Lawrence (appointed 6 June 2025)

Directors' responsibilities statement

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

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

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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 adopted the Wates Corporate Governance Principles, and this has been adopted by the subsidiaries in the Group. LPP does not meet the threshold requiring the provision of a statement of corporate governance arrangements; however, LPP's directors wish to voluntarily report on LPP's application of these recognised governance principles (purpose and leadership, board composition, director responsibilities, opportunity and risk, remuneration, stakeholder relationship and engagement). A statement on our compliance with the Wates Principles is on the LPP's website.

**Directors' Report
For the Year Ended 31 March 2025**

Results and dividends

Excluding the impact of the FRS102 defined benefit charge, LPP Group made a profit after tax of £282k (2024 – profit after tax of £2,028k) and LPP entity a loss after tax of £2,968k (2024 – profit after tax of £595k). Including the FRS102 defined benefit charge, LPP Group made a profit after tax of £643k (2024 – profit after tax of £7,098k) and LPP entity a loss after tax of £2,968k (2024 – profit after tax of £594k).

No dividends were paid during the year (2024 - £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, the Directors are satisfied that the Group has adequate resources to continue in business for the period of at least 12 months from the date of signing. 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

None.

Research and Development

No research and development expenditure was made during the year (2024 - nil).

Financial Instrument Risk

During the year LPP continued to hold cash within a AAA rated Money Market Fund which invests in short-term, high quality debt securities. All other Group 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 on a regular basis. LPP's business subsidiaries (LPP and LPPA) hold regular strategic update sessions for all employees, supplemented with informal 'Open Door' sessions where employees are encouraged to put questions to the Executive Management Teams.

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

**Directors' Report
For the Year Ended 31 March 2025**

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.

Of LPP Group's employees, 10% 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 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.

Streamlined Energy and Carbon Report

In line with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Company is required to provide a streamlined energy and carbon report ("SECR") in its Directors' Report. However, both subsidiaries of the Company are medium-sized for the purposes of the regulations requiring SECR reporting, and, as such, the Company is exempt from reporting on their energy usage. The Company itself uses a negligible amount of energy. Accordingly, it is exempt from being required on its own usage by virtue of being a low energy user.

Disclosure of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Grant Thornton UK LLP was reappointed as auditor of the Company, in accordance with s487 of the Companies Act 2006 by a written shareholder resolution via LPP AGM (Annual General Meeting) on 23 October 2024.

Post balance sheet events

Information on post balance sheet events is provided in note 27 on page 48.

**Directors' Report
For the Year Ended 31 March 2025**

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors on 22 September 2025 and signed on its behalf.



Clare Scott
Director
Date: 25 September 2025

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

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 2025, which comprise the consolidated income statement, the consolidated 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, the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2025 and of the group's and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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 global conflicts and changeable interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

In the light of the knowledge and understanding of the group and the parent company and their 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.

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the parent company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006;
- We enquired of management including legal and compliance to obtain an understanding of how the group and the parent company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the group and the parent company company's board and audit and risk committee meetings;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation and
 - challenging the assumptions and judgements made by management in its significant accounting estimates.

Independent Auditors' Report to the Members of Local Pensions Partnership Ltd

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the group and the parent company operates; and
 - understanding of the legal and regulatory frameworks applicable to the group and the parent company.

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.

Use of our report

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

Grant Thornton UK LLP

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

25 September 2025

Consolidated Income Statement
For the Year Ended 31 March 2025

	Note	2025 £000	2024 £000
Turnover	6	56,811	49,023
Administrative expenses		(57,384)	(49,617)
Other operating income		364	242
Operating loss	7	<u>(209)</u>	<u>(352)</u>
Interest receivable and similar income	11	1,218	1,092
Profit before tax		<u>1,009</u>	<u>740</u>
Tax on profit	12	(366)	6,358
Profit for the financial year		<u><u>643</u></u>	<u><u>7,098</u></u>

The notes on pages 23 to 48 form part of these financial statements.

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 March 2025**

	Note	2025 £000	2024 £000
Profit for the financial year		643	7,098
Other comprehensive income			
Actuarial gain on defined benefit schemes	20	180	4,512
Movement on deferred tax relating to pension losses	22	(45)	(7,135)
Other comprehensive income for the year		135	(2,623)
Total comprehensive income for the year		778	4,475

The notes on pages 23 to 48 form part of these financial statements.

Consolidated Statement of Financial Position
As at 31 March 2025

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	13	4,866	4,442
Tangible assets	14	650	566
		5,516	5,008
Current assets			
Debtors: amounts falling due within one year	16	11,322	9,268
Cash at bank and in hand		33,829	34,097
		45,151	43,365
Creditors: amounts falling due within one year	17	(10,638)	(9,150)
		34,513	34,215
Net current assets			
		40,029	39,223
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	18	(1,042)	(944)
Provisions for liabilities			
Deferred taxation	22	(1,518)	(1,107)
Other provisions	19	(305)	(134)
		37,164	37,038
Net assets excluding pension asset			
Post-employment benefits	20	5,538	4,886
		42,702	41,924
Net assets			
Capital and reserves			
Called up share capital	23	25,000	25,000
Profit and loss account		17,702	16,924
		42,702	41,924
Equity attributable to owners of the parent Company			
		42,702	41,924

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2025.



Clare Scott
 Director
 Date: 25 September 2025

The notes on pages 23 to 48 form part of these financial statements.

Company Statement of Financial Position
As at 31 March 2025

	Note	2025 £000	2024 £000
Fixed assets			
Investments	15	15,862	18,876
		15,862	18,876
Current assets			
Debtors: amounts falling due within one year	16	1,404	1,082
Cash at bank and in hand		2,520	3,139
		3,924	4,221
Creditors: amounts falling due within one year	17	(233)	(576)
		3,691	3,645
Net current assets		3,691	3,645
Total assets less current liabilities		19,553	22,521
Net assets		19,553	22,521
Capital and reserves			
Called up share capital	23	25,000	25,000
Profit and loss account		(5,447)	(2,479)
		19,553	22,521
		19,553	22,521

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 September 2025.



Clare Scott
Director

Date: 25 September 2025

The notes on pages 23 to 48 form part of these financial statements.

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2023	25,000	12,449	37,449
Profit for the year	-	7,098	7,098
Actuarial losses on pension scheme	-	(2,623)	(2,623)
Other comprehensive income for the year	-	(2,623)	(2,623)
Total comprehensive income for the year	-	4,475	4,475
At 1 April 2024	25,000	16,924	41,924
Profit for the year	-	643	643
Actuarial gains on pension scheme	-	135	135
Other comprehensive income for the year	-	135	135
Total comprehensive income for the year	-	778	778
At 31 March 2025	25,000	17,702	42,702

The notes on pages 23 to 48 form part of these financial statements.

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2023	25,000	(3,073)	21,927
Profit for the year	-	594	594
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	594	594
At 1 April 2024	25,000	(2,479)	22,521
Loss for the year	-	(2,968)	(2,968)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(2,968)	(2,968)
At 31 March 2025	25,000	(5,447)	19,553

The notes on pages 23 to 48 form part of these financial statements.

**Consolidated Statement of Cash Flows
For the Year Ended 31 March 2025**

	2025	2024
	£000	£000
Cash flows from operating activities		
Profit for the financial year	643	7,098
Adjustments for:		
Amortisation of intangible assets	911	791
Depreciation of tangible assets	315	284
Loss on disposal of tangible assets	72	4
Taxation charge	366	(6,358)
(Increase)/decrease in debtors	(2,081)	2,071
Increase in creditors	1,758	1,877
(Decrease)/increase in net pension assets/liabilities	(472)	1,010
Corporation tax received/(paid)	26	(6)
Net cash generated from operating activities	<u>1,538</u>	<u>6,771</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,368)	(911)
Purchase of tangible fixed assets	(438)	(563)
Net cash from investing activities	<u>(1,806)</u>	<u>(1,474)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(268)</u>	<u>5,297</u>
Cash and cash equivalents at beginning of year	34,097	28,800
Cash and cash equivalents at the end of year	<u>33,829</u>	<u>34,097</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	33,829	34,097
	<u>33,829</u>	<u>34,097</u>

The notes on pages 23 to 48 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

1. General information

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 First Floor, 1 Finsbury Avenue, London, EC2M 2PF.

2. Basis of measurement and preparation of financial statements

The financial statements of LPP and its subsidiaries, Local Pensions Partnership Investments Ltd (LPPi) and Local Pensions Partnership Administration Ltd (LPPA), (together 'the Group'), 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 are presented in sterling (£) which is the functional and presentational currency of the Company and rounded to the nearest £'000 except where otherwise stated.

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

- Cash flow statement and related notes
- Disclosure of key management personnel compensation
- Categories of financial instruments
- Items of income, expenses, gains, or losses relating to financial instruments
- Exposure to and management of financial risks relating to financial instruments

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

3. Going Concern

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.

Potential implications of the macroeconomic climate on the Group

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

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

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

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

4. 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.

4.1 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.

4.2 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 2025. 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.

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

4. Summary of significant accounting policies (continued)

4.3 Investment in subsidiaries and associates

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

4.4 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.

- Software costs - 3 years or length of license

4.5 Tangible fixed assets

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

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

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

4.6 Debtors

These amounts generally arise from the normal operating activities of the Group. Debtors that are receivables within one year are recorded at the undiscounted amount expected to be received.

4.7 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.

4.8 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.

4.9 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 Group. 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.

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

4. Summary of significant accounting policies (continued)

4.10 Provisions for liabilities

Provisions are recognised when the Group 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, 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.

4.11 Taxation

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

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

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

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

4.12 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.

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

4.13 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.

4.14 Inter and intra company debtors and creditors

These amounts generally arise from normal operating activities within the 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.

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

4. Summary of significant accounting policies (continued)**4.15 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 Group employees in two administered defined benefit pension scheme funds (LPPA and LPPI) began on 8 April 2016. As of 1 April 2024, the LPPI pension scheme was no longer accounted for as a defined benefit scheme and recognised as a defined contribution for accounting purposes. 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 factors such as length of service and remuneration.

The liability is recognised in the statement of financial position in respect of the defined benefit scheme as 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 Group 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 Group'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 employee 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.

Defined Contribution pension plan

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

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

4. Summary of significant accounting policies (continued)

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

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

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

Annual bonus Plan

The Group operates an annual bonus scheme for its employees. An expense is recognised in the income statement when the Group 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.

5. Significant judgements and estimates

(a) Sources of estimation uncertainty

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.

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

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

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

5. Judgements in applying accounting policies (continued)

(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 Group 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.

The calculation of the asset ceiling applied to the FRS102 accounting surplus requires a judgement on the existence of an economic benefit to the Company of that surplus, and where judged to exist, an estimation of the monetary value of that economic benefit. Reliance has been placed on the calculation of present value of future service costs and secondary contributions provided to the Company by its consulting actuaries.

(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.

(iv) Impairment in subsidiaries

The Company has assessed at the reporting date whether there is any indication of impairment in the carrying value of its investments in subsidiaries. As a result, the Company estimated the recoverable amount of LPPA to ascertain if impairment at the year-end was required.

In establishing the recoverable amount, both the value in use and fair value less costs to sell methods were considered. However, due to the absence of an active market or observable inputs to reliably determine the fair value of the asset, value in use was deemed the only appropriate method. Following value in use calculations performed using third-party support, and following an internal review process, an impairment of £3,014k was deemed appropriate. The accumulated impairment is £5,738k and as a result the carrying value of the investment in LPPA has decreased to £1,562k at year-end.

Due to the variables involved in the value in use calculations, there is a risk that the carrying amount of the investment could be adjusted within the next financial year.

Notes to the Financial Statements
For the Year Ended 31 March 2025
6. Turnover

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

	2025	2024
	£000	£000
Investment management fees	34,656	30,010
Pension administration fees	22,155	19,013
	<u>56,811</u>	<u>49,023</u>

7. Operating loss

The operating loss is stated after charging:

	2025	2024
	£000	£000
Reorganisation expense	466	117
Loss on disposal of intangibles	72	4
Other operating lease rentals	1,381	1,299
	<u>1,919</u>	<u>1,420</u>

8. Auditors' remuneration

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

	2025	2024
	£000	£000
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	40	39
Fees payable to the Company's auditors and their associates in respect of:		
Audit of the Company's subsidiaries	100	96
	<u>140</u>	<u>135</u>
The auditing of accounts of associates of the Company		
Fees payable to the Company's auditors and their associates in connection with the Group's pension scheme(s) in respect of:		
Audit-related assurance services	10	9
	<u>10</u>	<u>9</u>

Notes to the Financial Statements
For the Year Ended 31 March 2025
9. Employees

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

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Wages and salaries	33,683	28,198	155	148
Social security costs	3,898	3,258	14	13
Cost of defined benefit scheme	1,531	4,163	-	-
Cost of defined contribution scheme	2,363	444	-	-
	<u>41,475</u>	<u>36,063</u>	<u>169</u>	<u>161</u>

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

	2025 No.	2024 No.
Group headcount (including Directors)	<u>501</u>	<u>451</u>

10. Directors' remuneration

	2025 £000	2024 £000
Directors' emoluments	2,691	2,684
	<u>2,691</u>	<u>2,684</u>

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

11. Interest receivable

	2025 £000	2024 £000
Bank interest receivable	<u>1,218</u>	<u>1,092</u>

Notes to the Financial Statements
For the Year Ended 31 March 2025
12. Taxation

	2025	2024
	£000	£000
Corporation tax		
Adjustments in respect of previous years	-	(251)
	<u>-</u>	<u>(251)</u>
Total current tax	<u>-</u>	<u>(251)</u>
Deferred tax		
Origination and reversal of timing differences	412	(209)
Adjustments in respect of previous years	(46)	(5,898)
	<u>366</u>	<u>(6,107)</u>
Total deferred tax	<u>366</u>	<u>(6,107)</u>
	<u>366</u>	<u>(6,358)</u>

Factors affecting tax charge for the year

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

	2025	2024
	£000	£000
Profit on ordinary activities before tax	<u>1,009</u>	<u>740</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	252	185
Effects of:		
Unrecognised deferred tax	(11)	3
Expenses not deductible for tax purposes	171	181
Adjustments to tax charge in respect of prior years	-	(251)
Adjustments to tax charge in respect of prior years: DT	(46)	(5,898)
Group relief	-	(578)
Total tax charge for the year	<u>366</u>	<u>(6,358)</u>

Notes to the Financial Statements
For the Year Ended 31 March 2025
13. Intangible assets
Group

	Development expenditure £000	Computer software £000	Total £000
Cost			
At 1 April 2024	146	6,639	6,785
Additions	-	562	562
Additions - internal	1,348	12	1,360
Disposals	(554)	(683)	(1,237)
At 31 March 2025	940	6,530	7,470
Amortisation			
At 1 April 2024	-	2,343	2,343
Charge for the year on owned assets	-	911	911
On disposals	-	(650)	(650)
At 31 March 2025	-	2,604	2,604
Net book value			
At 31 March 2025	940	3,926	4,866
At 31 March 2024	146	4,296	4,442

**Notes to the Financial Statements
For the Year Ended 31 March 2025****13. Intangible assets (continued)****Company**

	Computer software £000
At 1 April 2024	650
Disposals	(650)
At 31 March 2025	<u>-</u>
At 1 April 2024	650
On disposals	(650)
At 31 March 2025	<u>-</u>
Net book value	
At 31 March 2025	<u>-</u>
At 31 March 2024	<u>-</u>

Notes to the Financial Statements
For the Year Ended 31 March 2025
14. Tangible fixed assets
Group

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 April 2024	267	549	1,720	2,536
Additions	-	21	417	438
Disposals	(267)	(157)	(1,058)	(1,482)
At 31 March 2025	-	413	1,079	1,492
Depreciation				
At 1 April 2024	267	265	1,438	1,970
Charge for the year on owned assets	-	73	242	315
Disposals	(267)	(157)	(1,019)	(1,443)
At 31 March 2025	-	181	661	842
Net book value				
At 31 March 2025	-	232	418	650
At 31 March 2024	-	284	282	566

**Notes to the Financial Statements
 For the Year Ended 31 March 2025**
Company

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
At 1 April 2024	267	157	932	1,356
Disposals	(267)	(157)	(932)	(1,356)
At 31 March 2025	-	-	-	-
At 1 April 2024	267	157	932	1,356
Disposals	(267)	(157)	(932)	(1,356)
At 31 March 2025	-	-	-	-
Net book value				
At 31 March 2025	-	-	-	-
At 31 March 2024	-	-	-	-

Notes to the Financial Statements
For the Year Ended 31 March 2025
15. Fixed asset investments
Company

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Total £000
Cost or valuation			
At 1 April 2024	20,300	1,300	21,600
At 31 March 2025	20,300	1,300	21,600
Impairment			
At 1 April 2024	2,724	-	2,724
Charge for the period	3,014	-	3,014
At 31 March 2025	5,738	-	5,738
Net book value			
At 31 March 2025	14,562	1,300	15,862
At 31 March 2024	17,576	1,300	18,876

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Local Pensions Partnership Administration Ltd	Level 2 Christ Church Precinct, County Hall Complex, Preston, England, PR1 8XJ	Administration services	Ordinary	100%
Local Pensions Partnership Investments Ltd	First Floor, 1 Finsbury Avenue, London, United Kingdom, EC2M 2PF	Investments	Ordinary	100%

Notes to the Financial Statements
For the Year Ended 31 March 2025
15. Fixed asset investments (continued)
Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
LPPi Scotland (No. 1) Ltd	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	Investments	Ordinary	100%
LPPi Scotland (No. 2) Ltd	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	Investments	Ordinary	100%
LPPi Diversifying Strategies GP Ltd	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	General Partner	Ordinary	100%
LPPi Credit GP Limited	7th Floor Capital Square, 58 Morrison Street, Edinburgh, United Kingdom, EH3 8BP	General Partner	Ordinary	100%

16. Debtors

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Trade debtors	2,542	3,539	4	4
Amounts owed by group undertakings	-	-	1,102	1,078
Other debtors	555	247	298	-
Prepayments and accrued income	7,949	5,180	-	-
Tax recoverable	276	302	-	-
	11,322	9,268	1,404	1,082

Notes to the Financial Statements
For the Year Ended 31 March 2025
17. Creditors: Amounts falling due within one year

	Group 2025 £000	Group 2024 £000	Company 2025 £000	Company 2024 £000
Trade creditors	1,111	557	10	-
Amounts owed to group undertakings	-	-	163	-
Other taxation and social security	903	1,300	4	515
Other creditors	447	876	-	-
Accruals and deferred income	8,177	6,417	56	61
	<u>10,638</u>	<u>9,150</u>	<u>233</u>	<u>576</u>

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

	Group 2025 £000	Group 2024 £000
Deferred remuneration	1,042	944
	<u>1,042</u>	<u>944</u>

All amounts shown above are payable within four years after the reporting date.

19. Provisions
Group

	Reorganisation £000	Accommodation £000	Total £000
At 1 April 2024	95	39	134
Charged to profit or loss	452	-	452
Released in year	(242)	(39)	(281)
At 31 March 2025	<u>305</u>	<u>-</u>	<u>305</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

20. Pension commitments

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.

Uncertainties remain in relation to LGPS benefits due to the McCloud and Sargeant judgements and the 2016 cost cap process.

The Directors are aware of the High Court judgment in the case of 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)'. The case deals specifically with private sector schemes and HM Treasury are assessing the implications of the judgment for public sector schemes, where the 'scheme' would be the LGPS as a whole, rather than a specific fund such as LCPF or LPFA. It is understood that the HMT view is that relevant amendments in the LGPS would have been made by legislation and would therefore remain valid until revoked or repealed by subsequent legislation or declared void by a court.

The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 and where scheme rules were amended which would potentially impact benefits accrued from 1 April 1997 to 5 April 2016. The judge ruled that such alterations to scheme rules were void and ineffective because of the absence of written actuarial confirmation required under section 37 of the Pension Schemes Act 1993. As a result, and if deemed to be applicable to public sector schemes and specifically the LGPS, there may be a further liability to LCPF and LPFA for benefits that were reduced by previous amendments, if those amendments prove invalid. The scheme actuary for the LGPS is the Government Actuary's Department (GAD) and GAD are reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board are liaising with GAD on whether the relevant certificates were available for past scheme changes.

On 5 June 2025, the government released a statement confirming that it will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.

It is not possible at present to estimate the potential impact, if any, on the defined benefit obligation in the Group financial statements.

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. LPPA, as the employing body, contributes to the scheme as determined by each Fund's respective Fund actuary on the employee's behalf, currently between 13.4% and 15.4% 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.

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

- Investment risk. The Funds hold investment 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 long-dated 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;

Notes to the Financial Statements
For the Year Ended 31 March 2025
20. Pension commitments (continued)

- 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. If 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.

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

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

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

LPPA

The principal actuarial assumptions used were as follows:

	LPFA 2025 %	LPFA 2024 %	LCPF 2025 %	LCPF 2024 %
Discount rate	5.9	5.0	5.9	4.9
Future salary increases	3.9	3.9	4.1	4.1
Increase in pensions in payment / deferment	2.9	2.9	2.7	2.7
Inflation assumption (CPI)	2.9	2.9	2.6	2.6
	LPFA 2025	LPFA 2024	LCPF 2025	LCPF 2024
Longevity at age 65 for current pensioners				
-Men	20.4	20.4	21.1	21.1
-Women	22.7	22.7	23.6	23.5

Notes to the Financial Statements
For the Year Ended 31 March 2025

	LPFA 2025	LPFA 2024	LCPF 2025	LCPF 2024
Longevity at age 65 for future pensioners				
-Men	22.2	22.2	22.3	22.4
-Women	24.9	24.9	25.4	25.3

Post-employment benefits summary

	LPFA 2025 £000	LPFA 2024 £000	LCPF 2025 £000	LCPF 2024 £000
Fair value of plan assets	8,153	7,991	29,177	25,558
Defined benefit obligation	(6,839)	(8,224)	(19,169)	(20,439)
Impact of asset ceiling	(1,314)	-	(4,470)	-
Net defined benefit (liability)/asset	-	(233)	5,538	5,119

At both 31 March 2025 and 31 March 2024, the post-employment benefits schemes in which the Company participates are in a net defined benefit asset position. Prior to 31 March 2023 the net position was a liability. The balances have been presented as non-current assets separately on the face of the statement of financial position as they are dissimilar from other non-current assets and are material.

An asset ceiling has been applied to the FRS 102 surplus in order for the statement of financial position to properly reflect the economic benefit to the Company of that surplus. There are a number of accepted methods for the calculation of such a ceiling under FRS102.

The asset ceiling for the LCPF scheme has been calculated as the present value of secondary employer contributions, in perpetuity. The secondary employer contributions set out in the latest triennial actuarial valuation for LCPF reduce the total contributions payable by the Company and thus provide an economic benefit to the Company.

The secondary contribution rate for the Company's participation in the LPFA fund is nil and as there is no certain entitlement to a refund of the surplus in the fund then the Company is not receiving an accounting benefit from the LPFA surplus position. The asset ceiling for the LPFA scheme has been set as nil and no surplus has been recognised in the statement of financial position.

An alternative accepted method of calculating the ceiling for an open scheme is to consider the present value of future service costs in perpetuity. This would lead to LPPA recognising the full surplus of £10,008k on the statement of financial position at 31 March 2025. The company has chosen to adopt the more prudent approach based on secondary contributions.

Notes to the Financial Statements
For the Year Ended 31 March 2025
Reconciliation of defined benefit obligation

	LPFA 2025 £000	LPFA 2024 £000	LCPF 2025 £000	LCPF 2024 £000
Defined benefit obligation at start of year	8,224	8,293	20,439	19,481
Current service cost	262	288	1,354	1,287
Benefits (paid) / received	(422)	(391)	276	(251)
Contributions by employees	117	120	704	567
Interest cost	400	392	1,026	923
Curtailments	-	-	153	-
Remeasurements				
Effect of changes in financial assumptions	(1,715)	(409)	(4,722)	(1,472)
Effect of changes in demographic assumptions	(17)	(85)	(59)	(242)
Effect of experience adjustments	(10)	16	(2)	146
Defined benefit obligation at end of year	6,839	8,224	19,169	20,439

Reconciliation of fair value of plan assets

	LPFA 2025 £000	LPFA 2024 £000	LCPF 2025 £000	LCPF 2024 £000
Fair value of plan assets at beginning of year	7,991	7,351	25,558	22,092
Benefits (paid) / received	(422)	(391)	276	(251)
Interest income on scheme assets	394	352	1,320	1,076
Administrative expenses and taxes	(2)	(2)	(63)	(51)
Employer contributions	221	228	1,797	1,300
Contributions by employees	117	120	704	567
Remeasurements				
Return on scheme assets less interest income	(146)	333	(415)	825
Fair value of plan assets at end of year	8,153	7,991	29,177	25,558

Notes to the Financial Statements
For the Year Ended 31 March 2025
Analysis of assets

	LPFA 2025 £000	LPFA 2024 £000	LCPF 2025 £000	LCPF 2024 £000
Equity	4,342	4,278	13,507	12,063
Private Equity	309	562	1,711	1,917
Diversifying strategies	1	234	-	77
Real Estate	930	730	2,449	2,351
Infrastructure	1,170	917	4,098	3,859
Fixed income	743	195	1,811	997
Credit	467	950	4,939	3,783
Cash and Other	191	125	662	511
Total assets	8,153	7,991	29,177	25,558

Defined benefit costs recognised in income statement

	LPFA 2025 £000	LPFA 2024 £000	LCPF 2025 £000	LCPF 2024 £000
Current service cost	262	288	1,354	1,287
Net interest on defined liability	6	40	(294)	(153)
Administrative expenses and taxes	2	2	63	51
Effect of curtailments	-	-	153	-
Total defined benefit costs recognised in income statement	270	330	1,276	1,185

Notes to the Financial Statements
For the Year Ended 31 March 2025
Defined benefit (gain)/loss recognised in other comprehensive income

	LPFA 2025 £000	LPFA 2024 £000	LCPF 2025 £000	LCPF 2024 £000
Return on scheme assets less interest income	146	(333)	415	(825)
Effect of changes in financial assumptions	(1,715)	(409)	(4,722)	(1,472)
Effect of changes in demographic assumptions	(17)	(85)	(59)	(242)
Effect of experience adjustments	(10)	16	(2)	146
Impact of asset ceiling	1,314	-	4,470	-
Total defined benefit (gain)/loss recognised in other comprehensive income	(282)	(811)	102	(2,393)

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

	LPFA %	LPFA £000	LCPF %	LPFA £000
0.10% decrease in discount rate	2.30	156	4.0	402
0.10% increase in long-term salary increases	0.50	36	0.9	85
0.10% increase in pension increases	1.80	124	4.2	416
+1.00 year in life expectancy assumption	2.30	155	3.5	346
		LPFA £000	LCPF £000	Total £000
Net defined benefit liability at start of the year		(233)	5,119	4,886
Expense recognised in the income statement		(270)	(1,276)	(1,546)
Gain recognised in OCI		282	(102)	180
Contributions by the Company		221	1,797	2,018
Net defined benefit (liability)/asset at end of the year		-	5,538	5,538

Notes to the Financial Statements
For the Year Ended 31 March 2025
Contributions Through P&L

	2025	2024
	£'000	£'000
Staff pension costs - defined contribution schemes	2,363	444
	<u>2,363</u>	<u>444</u>

21. Commitments under operating leases

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

	Group	Group
	2025	2024
	£000	£000
Not later than 1 year	2,123	1,755
Later than 1 year and not later than 5 years	3,409	4,312
Later than 5 years	592	852
	<u>6,124</u>	<u>6,919</u>
	<u>6,124</u>	<u>6,919</u>

22. Deferred taxation
Group

	2025
	£000
At beginning of year	(1,107)
Charged to profit or loss	(366)
Charged to other comprehensive income	(45)
At end of year	<u>(1,518)</u>
	<u>(1,518)</u>

**Notes to the Financial Statements
For the Year Ended 31 March 2025**
22. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2025 £000	Group 2024 £000
Accelerated capital allowances	(1,141)	(962)
Tax losses carried forward	641	627
Pension surplus	(1,273)	(1,002)
Deferred remuneration	255	230
	<u>(1,518)</u>	<u>(1,107)</u>

23. Share capital

	2025 £000	2024 £000
Allotted, called up and fully paid		
25,000,002 (2024 - 25,000,002) Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>

During the year no ordinary shares were issued.

There are three 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.

24. Related party transactions

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

The Key Management Personnel emoluments paid by the Group total £4,173,273 (2024 - £4,064,040) 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.

Within the expenditure on fixtures and fittings during the year, £13k excluding VAT was paid to QED Creative, a company in which Abigail Leech, Director of Finance, People and Culture for LPPA has a minority shareholding and of which a close family member is a Director. QED Creative designed and implemented interior design services to LPPA when the company moved into Level 2, Christ Church Precinct. LPPA does not have an outstanding balance with QED Creative nor any ongoing commitment.

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

25. Contingent liabilities

There are no contingent assets or liabilities (2024: £Nil).

26. Controlling party

The Company is a joint venture and its ultimate parents and controlling parties are LPFA and LCC. These financial statements are available upon request from the Company Secretary, Local Pensions Partnership Ltd, First Floor, 1 Finsbury Avenue, London EC2M 2PF.

27. Post balance sheet events

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