PARTNERSHIP IS
OUR POWER...

PARTNERSHIP IS
OUR PURPOSE...

PARTNERSHIP IS
OUR POINT...

ANNUAL REPORT 2018

LGPS Central Limited

LGPS CENTRAL LIMITED

LGPS Central Limited has been established to manage the pooled investment assets of nine Local Government Pension Scheme (LGPS) funds across the centre of England (our Partner Funds). Our Partner Funds are Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. The West Midlands Integrated Transport Authority (ITA) Pension Fund is also an investor.

The Company is jointly owned on an equal shares basis by the eight Partner Funds. West Midlands ITA Pension Fund is not a shareholder, but its rights are represented by West Midlands Pension Fund. The Partner Funds will also be the client base. The combined assets of these funds are approximately £40 billion, managed on behalf of around 900,000 LGPS members and some 2,000 participating employers.

The Company is authorised and regulated by the Financial Conduct Authority (the FCA) to operate as an Alternative Investment Fund Manager (AIFM). In this capacity the Company acts as the operator of a collective investment vehicle called an Authorised Contractual Scheme (ACS) and may run additional collective investment vehicles, in addition to discretionary and advisory services under our MiFID II authorisation to meet our Partner Funds' needs.

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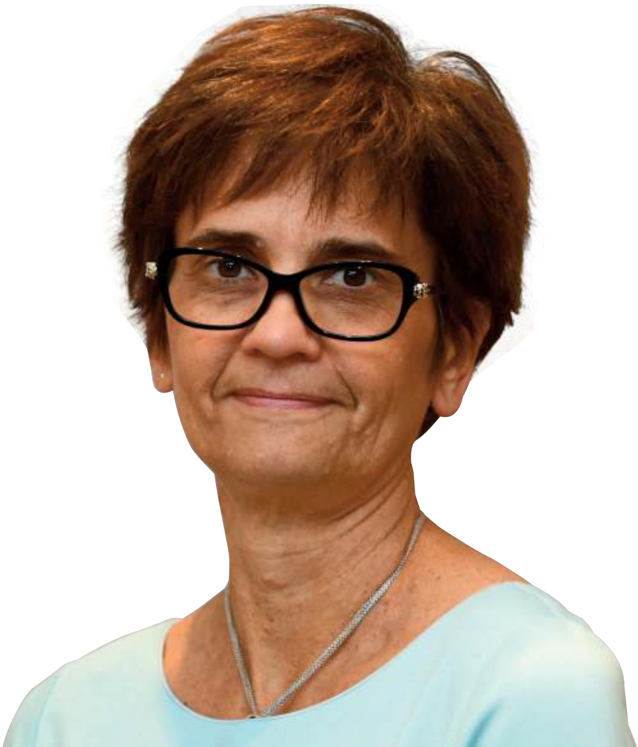
REPORT FROM JOANNE SEGARS, CHAIR, LGPS CENTRAL LIMITED

As I look back at the year under review, LGPS Central Limited has moved from a vision to a fully-fledged, authorised and regulated asset manager in a remarkably short time frame.



Throughout the year our focus has been putting in place the building blocks so that the Company can function and manage Partner Funds assets. Our focus has been on the recruitment of staff, and I am pleased to report that we have recruited a high calibre of staff from within the LGPS community and the private sector giving us a great blend of the best of both worlds. All come to us with enthusiasm, expertise and – importantly – the right focus to deliver for our Partner Funds. We have also focused on putting in place the infrastructure needed to run a £40bn regulated asset manager. This has included appointing business partners to provide back office and middle office functions, as well as audit services to ensure we have robust internal ontrols and governance. Our relationships with our business partners remain strong.

I have highlighted some of the key milestones below:

KEY MILESTONES

April 2017
Northern Trust selected as depositary and asset servicer

1 May 2017
Joanne Segars appointed as first non-executive Chair

18 May 2017
Deloitte LLP appointed as external auditor

17 July 2017
Andrew Warwick-Thompson appointed as Chief Executive Officer

19 June 2017
Shareholders approved ICAAP

June 2017
Bloomberg selected as provider of straight-through processing system

11 August 2017
Eithne McManus and John Nestor appointed as NEDs

11 August 2017
Shareholders' Agreement signed, Articles of Association adopted and issuance of first shares

18 September 2017
John Burns appointed as Chief Operating & Financial Officer

What has been achieved to date through this activity is the delivery of an operator platform which meets Partner Funds' needs. The first three ACS sub-funds were launched on 3 April 2018 alongside the management of several discretionary and advisory mandates. As at 31 May 2018 we manage £13.9bn on behalf of Partner Funds.

As we turn to the future, 2018/19 will be the year in which we begin to harness the opportunities to deliver the investment efficiencies presented by pooling by leveraging our scale, starting to deliver cost savings, and fulfilling the ambitions we share with our clients and shareholders as assets start to transition from Partner Funds to the stewardship and management of LGPS Central Limited. We remain committed to delivering the target of £250m of cost savings over the first 16 years of our operation and to expanding the range of investment opportunities available to funds, adding value by ensuring that our investment activities are fully aligned with those of our Partner Funds. The pace at which we can deliver these benefits will be enhanced as our assets under management grow.

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Finally, I would like to thank my fellow board directors for their commitment over the year as well as Andrew Warwick-Thompson and his team for their hard work. I would also like to place on record my thanks to the elected members of our Partner Funds for setting the bold vision that created the foundations for LGPS Central and to the pensions officers and s151 officers who worked so hard to build the Company. Our future success and our ability to deliver for our Partner Funds relies on that strong partnership which has been at the core of LGPS Central from the outset continuing. I look forward to working with Partner Funds as we continue to build and grow.

Joanne Segars
Chair

1 October 2017
Jason Fletcher appointed as Chief Investment Officer

1 January 2018
Mike Vinton appointed as Chief Risk and Compliance Officer

1 January 2018
Sharon Johal appointed as General Counsel

12 January 2018
Issue of further shares and receipt of regulatory capital funding

18 January 2018
LGPS Central Limited received FCA authorisation

13 February 2018
The fund, LGPS Central ACS, received FCA approval

20 February 2018
First Company meeting held

3 April 2018
LGPS Central Limited opens for business & staff transfer from Partner Funds to LGPS Central Limited.

STRATEGIC REPORT FROM ANDREW WARWICK-THOMPSON, CHIEF EXECUTIVE OFFICER

Review of the business

The results of the Company for the year ending 31st March 2018 show a net loss of £4.414m, reflecting the costs incurred in setting up the Company. As the Company was not managing client funds during 2017/18 there is no income in the year. The costs incurred reflect the investment in building a solid foundation for the business and the future products, seeking sound professional advice, investing in staff and operating infrastructure, and establishing processes and governance.

On 11th August 2017 and on January 12th, 2018, in accordance with the Shareholders' Agreement, the shareholders subscribed to £11.2m ordinary and preference share capital and committed £4.8m loan capital. This capital is held in cash at the year end.

Immediately after the end of the financial year the Company successfully launched its first ACS sub funds and commenced managing Partner Funds' assets on a discretionary and advisory basis. The ACS funds are a range of passive funds investing in UK and Global equities and a global equity factor fund. As of 31st May 2018 we were managing £5.5bn in the ACS fund and £8.4bn on a discretionary, advisory and execution basis.

Our people have been our single biggest investment, and rightly so. We cannot deliver a top-quality investment management Company with the capability to invest the full range of asset classes required to meet the investment needs of our Partner Funds, without attracting and retaining top-class people. At 31st March 2018 we employed 17 staff.

The organisational structure suggests a full staff complement of 68, of which 65 are forecast to be in post by the end of 2018/19. This structure provides an investment team capable of supporting the anticipated initial range of products required by the Partner Funds, together with the investment operations, finance, client servicing, risk, compliance and legal functions needed to support a professional FCA-regulated asset management business at this initial stage of its development.

Our objective is to be a leading investment management Company working exclusively with and for our Partner Funds. We want to aspire to be one of the best because this is how we will deliver the superior investment returns and low costs that our Partner Funds want. The exclusivity gives us the focus to excel without the distractions of new business or excess profit generation. Over the course of 2018/19 we will develop and embed a culture that supports the delivery of this objective. That culture will be based on a public service ethos of openness, accountability, professionalism, honesty, integrity, fairness and trust. We believe that, correctly expressed and established, our culture can help us to attract the right kind of staff to deliver our objective, and ensure the Company is perceived by Partner Funds, staff and the wider stakeholder community as aspirational, ambitious and inspiring. Our purpose is to align our activities with the interests of our Clients and Shareholders and, ultimately, to create sufficient investment returns for the Partner Funds to meet their pension obligations in full, with a minimum of additional contributions. We think it is important not to lose sight of the ultimate beneficiaries of our objective and culture – the pension scheme members whose benefit expectations will be more likely realised, and the local taxpayers whose share of the pension costs will be minimised, if we do our jobs well.

Principal risks and uncertainties

The principal risk faced by the Company is the extent to which our clients utilize the services of the Company and invest in its products. This risk is mitigated by the close collaboration the Company has with its clients in developing investment products and services. In addition, under the Shareholder Agreement the shareholders are bound to reimburse the Company for costs incurred in running the Company.

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Future developments and outlook

2018/19 will be the Company's first year of live operation and the Company will be changing its emphasis to the delivery of the Client and Shareholder benefits that LGPS Central Limited was established to provide.

To realise these long-term objectives, the Company Strategic Business Plan for 2018/19 focuses on seven key areas of operational delivery (our key deliverables). These build on the Business Case submitted to the Department for Communities and Local Government (DCLG) in 2016 and the Regulatory Business Plan submitted to the FCA in 2017.

OUR OBJECTIVES

Providing access to the range of asset classes to support the asset allocation strategy of Partner Funds.

Superior risk adjusted investment returns after costs – value for money.

Achieving measurable cost savings of at least £250m over 16 years.

Responsible investment and engagement at the heart of our investment processes.

A corporate culture based on transparency and fairness to clients, employees and shareholders.

Taking a long-term investment perspective aligned with Partner Funds.

Corporate governance, decision making and assurance frameworks which meet or exceeds our legal and regulatory duties.

Attracting, training, nurturing and retaining highly motivated, professional client-centric employees.

1. Commencing the transition of assets from Partner Funds to the ACS, and the set-up of the first tranche of internally and externally managed sub-funds. These will start to generate the expected cost-savings to Partner Funds and will aim to deliver superior risk-adjusted returns after costs for each asset class for which we are given responsibility. The Company's Responsible Investment and Engagement Policy will be embedded at the heart of our investment process from the outset.
2. Begin the development of the range of products and services required to support the asset allocation strategy of each Partner Fund through joint development with Partner Funds of a series of Product Development and Delivery Plans. Access will be created either through the creation of ACS sub-funds (which may be managed internally or externally) or through partnerships or other structures, as the Company's Investment Committee deems appropriate. Some products will be determined by the Partner Funds themselves, but we will also aim to be a source of innovation in relation to the development of investment products and services. A key justification for the Company is that it delivers returns that are at least as good, or better than, those which could be achieved had the Partner Funds continued to invest themselves, or by their appointment of private sector third party managers.
3. The development and delivery of the new Client Service and Reporting Framework within which we will have responsibility for the oversight and/or control of Partner Fund assets, and appropriate investment reporting, whether these are held inside or outside the ACS structure.
4. The finalisation and delivery, in conjunction with Partner Funds, of the new Client servicing and Shareholder engagement plans. This will include signing up to appropriate RI frameworks that support client objectives, for example the PRI and the UK Stewardship Code.
5. Creating an operating framework that embeds transparency and fairness to clients, staff and shareholders, including adherence to industry best practice, for example the Scheme Advisory Board Code of Transparency. The Board's vision of the culture of the Company is, in large part, driven by our desire to meet this deliverable. It is also entirely consistent with our approach to investment responsibility and being exemplars of the standards we expect of the companies in which we invest.
6. Establishing a demonstrably robust and compliant corporate governance, decision-making, assurance and control framework which meets, or exceeds, the Company's legal and regulatory duties. This deliverable, too, is entirely consistent with our approach to investment responsibility and being exemplars of the standards we expect of the companies in which we invest.
7. Attract, train, nurture and retain highly motivated employees with the necessary professional, managerial and client focus skills. We will complete the recruitment of staff in line with our Annual Budget, so that we are fully staffed and operationally capable of running the products and services specified by the Partner Funds through 2018/19.

Having established the platform in 2017/18 we will continue to build product and support services in 2018/19. We are firmly on course to deliver successfully against our objectives.

Approved by the Board and signed on its behalf by:

Andrew Warwick- Thompson
Chief Executive Officer
3rd July 2018
Mander House
Mander Centre
Wolverhampton
WV1 3NB

GOVERNANCE STRUCTURE

The Board

We take governance very seriously. It is key to the effective operation of the Company, and to legal and regulatory compliance. The Board has invested time and effort to establish a robust governance framework and will continue to refine this during 2018/19.

The Company Board comprises a non-executive Chair and two further non-executive directors. The Chief Executive Officer (CEO) and the Chief Operating and Financial Director (COFO) are executive Board members.

Joanne Segars OBE

Chair and non-executive director, chair of the Nominations committee and member of the Audit, Risk and Compliance and Nominations Committees.

Joanne was the Chief Executive of the Pensions and Lifetime Savings Association (PLSA) from 2006 – June 2017 having been its first Policy Director from 2005 – 2006. She joined the organisation from the Association of British Insurers where she was Head of Pensions and Savings from 2001 – 2005. Joanne held the pensions brief at the Trades Union Congress for 13 years (1988 – 2001) and started her career as a pensions researcher and journalist at Incomes Data Services (1987 – 1988).

Joanne was appointed to the Board of the Environment Agency in March 2017 and is Chair of the Environment Agency Pension Fund (EAPF). She was appointed a Trustee Director of Now: Pensions in December 2017. In May 2017, she was appointed as the first Chair of LGPS Central Limited. From 2013 – 2017 she was a Board member of the Pensions Infrastructure Platform (PIP) and Chair from 2013 – 2016. She was a Board member of Pensions Europe, the EU trade association for pensions, from 2010 – 2017 and its Chair from 2012 – 2015.

Joanne has a degree in economics from John Moores University and an MA in Industrial Relations from the University of Warwick. She was awarded the OBE for services to pensions in the 2003 Queen's Birthday Honours.

Eithne McManus

Non-executive director, chair of the Audit, Risk and Compliance Committee and member of the Remuneration and Nomination Committees.

Eithne has worked in regulated financial services companies for over 30 years. She is an experienced non-executive director and currently sits on the board of Countrywide Assured and UIA (Insurance) Ltd which is a mutual insurer. Eithne is currently chair of the Audit Committee and a member of both the Risk Committee and the Nominations and Remuneration Committee at UIA Insurance. She is a member of the Audit and Risk Committee and Investment Committee at Countrywide Assured where she also sits on the Board Panel which provides advice on customer strategy. In her executive career she was a Director of Countrywide Assured and CEO of City of Westminster Assurance, having previously been its CFO. She is a qualified actuary.

John Nestor

Non-executive director, chair of the Remuneration Committee and member of the Audit Risk and Compliance and Nominations Committees.

John has worked in asset management for over 30 years. Over the course of his executive career, where he held FCA-approved control functions, he was responsible for a large number of LGPS investment mandates. John was CEO and Director for the UK Institutional, Retail and Chair of the Life Company at UBS Global Asset Management, CEO at Citi Group Asset Management, and Director of Institutional Marketing and Client Service at Henderson Global Investors. He is currently an Independent Member of the Independent Governance Committee for Prudential and Chairman of the Prudential Corporate Pension Trustee Limited, and Chairman of the staff pension scheme for the Marylebone Cricket Club.

Andrew Warwick-Thompson

Executive Director, Chief Executive Officer (CEO)

Andrew has extensive knowledge and experience in the financial sector, having worked in senior management positions within the pensions, insurance, investment and international practices of a "Big Three" employee benefits consultant for most of his career, and most recently as Executive Director for Regulatory Policy at the Pensions Regulator.

He joined the Board of LGPS Central Limited as Chief Executive Officer in July 2017 where he has overall responsibility for the formulation and execution of the Company's strategy and business plan, and for representing the Company to key stakeholders and external parties. Andrew read Law at Sheffield University and Guildford College of Law and is an Affiliate Member of the Institute and Faculty of Actuaries.

John Burns

Executive Director, Chief Operating and Financial Officer (COFO)

John joined the Board of LGPS Central Limited in September 2017 where he is responsible for the oversight of the infrastructure functions and for the financial management of the Company.

John was previously Group Chief Operating Officer with Baring Asset Management, a London based global asset manager. He has extensive international COO experience in developed, emerging and frontier markets across both institutional and wholesale sectors.

Prior to this John had various COO, finance and risk management positions with Schroders, Fidelity and Visor Capital in London and in Asia. His previous experience as an Executive Management Committee member encompasses leadership, strategic business development and oversight of many aspects of asset management, together with practical knowledge of global regulatory and governance regimes.

John is a Chartered Accountant and holds a Bachelor of Commerce degree from The University of Birmingham.

To support its work, the Board has established three sub-committees:

1 **Remuneration Committee (Rem Co).**
Its core purpose is to provide oversight of our regulatory compliance in respect of "Code Staff", to keep under review the Company's pay and benefits framework to ensure that it remains competitive, and to recommend any significant changes in the pay and benefits framework to Shareholders for their approval.
The Committee met once during the year.

2 **Audit, Risk and Compliance Committee (ARCC).**
Its core purpose is to ensure the integrity of the Company's financial statements and the financial reporting process, oversight of the Company's compliance with legal and regulatory requirements, performance of the internal audit function, checking the effectiveness of the Company's systems of internal controls and policies, and the effectiveness of the Company's procedures for risk assessment and risk management. It met twice during the year.

3 **Nominations Committee.**
Its core purpose is the evaluation of the board of directors, examining the skills and characteristics that are needed in board candidates, and reviewing corporate governance policies.
The Nomination Committee's first meeting was on 15th May 2018.

Attendance at Board and Committee meetings throughout the year has been high, demonstrating the NEDS' commitment to the Company and its governance.

The following table provides details of meeting attendance for 2017/18.

Name	Board	Rem Co	ARCC
Joanne Segars	8/8	1/1	2/2
Eithne McManus	8/8	1/1	2/2
John Nestor	8/8	1/1	2/2
Andrew Warwick-Thompson	8/8		
John Burns	8/8		

The Board has created an Executive Committee (ExCo) which is chaired by the CEO. In addition to the COFO, ExCo members are the Chief Investment Officer (CIO), Chief Compliance and Risk Officer (CCRO) and General Counsel (GC). The ExCo has primary authority and responsibility for the day-to-day management of the Company's asset management business, all operational and financial functions, the risk, compliance and legal functions, and for the formulation and implementation of the Company's strategy and budget, subject to the strategy, budget, policies and delegations approved by the Board from time to time.

The Board has also created an Investment Committee (IC) which is subordinate to ExCo and is chaired by the CIO. In addition to the CIO, IC members will be the Interim Deputy Chief Investment Officer (DCIO), six Investment Directors, the Director of Responsible Investment and Engagement and the CCRO. The IC has primary authority for the day-to-day management of the Company's investment management function, and for the formulation and implementation of the Company's investment strategy and product development, under the direction and oversight of the ExCo, and subject to the investment strategy and products approved by the Board from time to time.

In addition, the Company will operate an Operations, Risk, Compliance and Administration Committee (ORCA) which will have primary authority for the day to day management of LGPS Central Limited's support functions, and for the formulation and implementation of the Company's operations and support strategy. The ORCA will be responsible for ensuring the effective and efficient operation of the Company's infrastructure, operational oversight of key outsourcing arrangements, procurement and risk, as well as valuations and pricing and counterparty credit through two sub-committees.

COMPLIANCE AND RISK MANAGEMENT

The Company is committed to establishing and maintaining a robust risk and compliance framework and culture.

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During 2017 the Company received professional advice in structuring its compliance and risk frameworks which were appropriate for the nature of the business. This framework was articulated in the approved FCA application. In January 2018 an experienced Chief Compliance and Risk Officer was appointed and commenced implementing the framework and recruiting additional resources.

Over the course of 2018/19 the Compliance and Risk Function will be responsible for delivering Risk Frameworks which are appropriate for the size and complexity of the business for approval by the Board. These frameworks are the Company's organisational arrangements which underpin the governance model and demonstrate that the Company is identifying, monitoring and managing its regulatory and risk environment.

In relation to Compliance, 2018/19 will be focussed on delivery and embedding a Compliance Framework. This includes introduction of a Compliance Manual and training being provided to all relevant staff, particularly emphasising the need for the correct behaviours and highlighting the need for an open and honest culture. Training will cover all staff but there will be an additional focus on ensuring that all Approved Persons are recorded at threshold competency by their line manager and that measures are taken, such as continuing professional development, to maintain this competence.

A Compliance Monitoring Plan, which audits the Company's compliance with regulations has been developed and presented to the Audit Risk and Compliance Committee for approval and will be rolled out over 2018/19. Registers for breaches/errors, Personal Account Deals, Gifts, Conflicts and Outside Interests will be introduced.

The Risk Framework has been designed to meet the expectations created by the risk appetite articulated by the Board. The Company's risk appetite is a statement of the baseline risk it is willing to accept in meeting its strategic goals before further action is taken. The preliminary ICAAP (internal capital adequacy assessment process), which is a measure of the amount of capital required for the risks the Company faces, was prepared for the Company's initial FCA authorisation and will be reviewed and revised to ensure that all the business risks of the Company are adequately and appropriately considered and stress tested.

A Risk Monitoring Suite will be introduced to monitor and test the risks within the client portfolios including adherence with the agreed guidelines and parameters of each mandate. Risk registers and dashboards will be established to record, assess and highlight inherent risks and ensure that controls are appropriate in design and effectiveness.

DIRECTORS' REPORT

The directors present their annual report on the affairs of LGPS Central Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31st March 2018.

Future developments
Details of future developments can be found in the Chief Executive's Strategic Report on pages 4 to 6.

Events after the balance sheet date
Details of significant events since the balance sheet date are contained in the Strategic Report on pages 4 to 6 and in note 18 to the financial statements.

Existence of branches outside the UK
The Company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

Financial risk management objectives and policies
The nature of the shareholder structure and the client relationship mitigates much of the Company's financial risk exposure. The Company does not use derivative financial instruments.

Cash flow risk
The Company's activities expose it primarily to the financial risks of delayed or disputed trade receivables. However, this is mitigated by the joint and several obligations of shareholders to bear the costs of the Company.

Credit risk
The Company's principal financial assets are bank balances, trade and other receivables.
The Company's credit risk against its trade receivables is considered to be minimal as at 31st March 2018 as the only trade receivables were recoverable input VAT, and therefore Government-backed.

The credit risk on liquid funds is limited because the counterparty at the yearend is a UK bank with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term capital and medium-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Dividends
The Directors do not recommend final dividend.

Directors
The Directors, who served throughout the year except as noted, were as follows:

	Position	Date of Appointment	Date of Resignation
Joanne Segars	Chair, Non-Executive Director	1st May 2017	
Andrew Warwick-Thompson	Director and Chief Executive Officer	17th July 2017	
Eithne McManus	Non-Executive Director	11th August 2017	
John Nestor	Non-Executive Director	11th August 2017	
John Burns	Director and Chief Operating and Financial Officer	21st September 2017	
Geik Drever	Director	13th October 2016	11th August 2017

Political contributions
No political donations were made during the year.

Auditor
Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Andrew Warwick- Thompson
Chief Executive Officer
3rd July 2018
Mander House
Mander Centre
Wolverhampton
WV1 3NB

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LGPS CENTRAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of LGPS Central Limited (the 'Company') which comprise:

- the profit and loss and statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Other matter

As the company was exempt from audit under section 480 of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

Andrew Partridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2018

	Notes	2018 £000	2017 £000
Revenue	5	-	-
Expenses	6		
- Staff costs		(1,130)	-
- Other operating expenses		(3,223)	-
Total expenses		**(4,353)**	**-**
Operating loss		**(4,353)**	**-**
Interest receivable		-	-
Interest payable	11, 13	(61)	-
Loss before taxation		**(4,414)**	**-**
Taxation	7	-	-
Loss for the year		**(4,414)**	**-**
Net actuarial gain/(loss) on defined benefit schemes	12	13	-
Total comprehensive income for the year		**(4,401)**	**-**

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2018

	Notes	31st March 2018 £000	31st March 2017 £000
Assets			
Trade and other receivables	8	132	-
Cash and cash equivalents	9	16,000	-
Total assets		**16,132**	**-**
Liabilities			
Trade and other payables	10	(4,148)	-
Borrowing	11	(4,847)	-
Other financial liabilities	13	(692)	-
Post-employment benefits	12	(326)	-
Total liabilities		**(10,013)**	**-**
Net assets		**6,119**	**-**
Capital and reserves			
Called-up share capital	13	10,520	-
Retained losses		(4,401)	-
Total capital and reserves		**6,119**	**-**

The financial statements on pages 15 to 27 were approved by the Board of Directors and authorised for issue on 3rd July 2018 and were signed on their behalf by:

John Burns
Director
3rd July 2018
Company Registration Number: 10425159

STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2018

	Share Capital £000	Profit and Loss Reserve £000	Total £000
Balance at 1 April 2017	-	-	-
Loss for the year	-	(4,401)	(4,401)
Issue of share capital	10,520	-	10,520
Balance at 31 March 2018	**10,520**	**(4,401)**	**6,119**

Since the year ended 31st March 2018 was the first year in which LGPS Central Limited had significant transactions, no prior year comparative for the Statement of Total Changes in Equity is presented. At 31st March 2017, the Company's share capital stood at £1 (see Note 13).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31st MARCH 2018

	Notes	2018 £000	2017 £000
Net cash flows from operating activities	**14**	**-**	**-**
Net cash flows from investing activities		**-**	**-**
Net cash flows from financing activities			
Proceeds from issue of equity in the Company	13	10,520	
Proceeds from borrowings and issue of preference shares	11, 13	5,480	
Total net cash flows from financing activities		**16,000**	
Net increase in cash and cash equivalents		**16,000**	**-**
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		**16,000**	**-**

1 Company Information

LGPS Central Limited is a private Company limited by shares and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England.
Its registered office is Mander House, Mander Centre, Wolverhampton, WV1 3NB.
The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 6.

2 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as endorsed by the European Union and the requirements of the Companies Act applicable to companies reporting under IFRS. In adopting IFRS, LGPS Central Limited is consistent with its Partner Funds.

The financial statements have been prepared on the historical cost basis.
The significant accounting policies adopted by the Company are set out in Note 4.

Future changes to IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases are not expected to have a material impact on the Company.

Basis of Consolidation
LGPS Central Limited has control over the assets held by LGPS Central ACS. However, since these are held on behalf of investors, and LGPS Central Limited has no right to the economic benefits arising from these assets, the assets, and the investment income and costs associated with them, have not been consolidated into the Company's accounts.

There are no other entities whose relationship with LGPS Central Limited would require consolidation with the Company's accounts.

Going Concern
After reviewing the group'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.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the process of applying the Company's accounting policies, which are described in Note 4, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Pensions Liability
Estimations of the net pension obligation 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. Through its defined benefit scheme provider, West Midlands Pension Fund, the Company engages actuarial advice 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. Further detail about the potential impact of these assumptions is included in Note 12 (Pension Benefits).

4 Principal Accounting Policies

Revenue
Revenue from the sale of services is recognised in the period in which services are delivered, provided that the amount of revenue can be measured reliably, and it being considered probable that the Company will receive the consideration due. The Company did not begin trading until April 2018, and in accordance with this policy, no revenue was recognisable during 2017/18.

Foreign Currency
Transactions entered into by the Company in a currency other than sterling are recorded at the rates ruling when those transactions occurred.

Financial Assets
LGPS Central Limited classifies its financial assets as set out below, based on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity.

Trade Receivables
Trade receivables are classified as loans and receivables, and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method, less any provision for impairment.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash at bank and in hand and other highly-liquid short-term deposits held by the Company with maturities of less than three months. Bank overdrafts, where applicable, are presented within loans and borrowings in current liabilities.

Financial Liabilities
LGPS Central Limited classifies its financial liabilities as set out below, based on the purpose for which the liability was acquired.

Trade Payables
Trade payables are classified as other financial liabilities and are recognised at fair value.

Borrowings
Borrowings are classified as other financial liabilities and are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Preference Shares
Preference shares issued by the Company are classified as other financial liabilities and are measured at amortised cost using the effective interest method.

Share Capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity investments.

Defined Contribution Pension Schemes
Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income in the year to which they relate.

Defined Benefit Pension Schemes
Defined benefit pension scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less:
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high-quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment benefit obligations; less:

- The effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined benefit obligation are recognised directly within equity. The re-measurements include:

- Actuarial gains and losses;
- Return on plan interests (excluding interest);
- Any asset ceiling effects (excluding interest).

Service costs are recognised in the Statement of Comprehensive Income and include current and past service costs as well as gains and losses on curtailments. Net interest expense (or income) is recognised in the Statement of Comprehensive Income and is calculated by applying the discount rate used to measure the defined benefit obligation (or asset) at the beginning of the year to the balance of the net defined benefit obligation (or asset), considering the effects of contributions and benefit payments during the year.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in the Statement of Comprehensive Income.

Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Dividends on the preference shares are recognised on an accruals basis when an obligation exists at the reporting date.

Taxation
The Company incurs irrecoverable Value-Added Tax (VAT) on some of its expenses, which is shown as an operating cost in the Statement of Comprehensive Income. The actual amount of irrecoverable VAT incurred is subject to an agreement with Her Majesty's Revenue and Customs (HMRC), and the amounts shown in the Statement of Comprehensive Income have been calculated in accordance with this agreement.

5 Revenue

The Company did not begin trading until 1st April 2018, and therefore did not generate any revenue in the period ending 31st March 2018. From April 2018, the Company's principal source of income will be fees payable by its Partner Funds.

6 Expenses

The Company's expenses for the year ended 31st March 2018 are analysed as follows:

	2018 £000	2017 £000
Staff costs	1,130	-
Audit fees (financial statements)	15	-
Audit fees (CASS)	8	
Recharges from Partner Funds for set-up costs	3,199	-
Irrecoverable VAT	1	-
Total	**4,353**	**-**

Employees of LGPS Central Limited are members of one of two pension schemes: the Local Government Pension Scheme (LGPS), administered by West Midlands Pension Fund, and a Defined Contribution (DC) scheme operated by Aviva. Further details about the pension schemes can be found in Note 12.

The number of employees rose from nil at the beginning of the year to 17 at 31st March 2018.

No fees were payable to the external auditor other than for the audit of the financial statements and CASS requirements.

Details of directors' remuneration is included in Note 17.

7 Taxation

Since the Company incurred only pre-trading costs during the year, and did not generate any income, a loss arose and therefore no corporation tax was payable.

8 Trade and Other Receivables

	31st March 2018 £000	31st March 2017 £000
Trade debtors	132	-
Total	**132**	**-**

The trade debtors above all fall due within one year.

9 Cash at Bank

	31st March 2018 £000	31st March 2017 £000
Cash at bank	16,000	-
Total	**16,000**	**-**

10 Trade and Other Payables

	31st March 2018 £000	31st March 2017 £000
Trade creditors (Partner Funds)	4,148	-
Total	**4,148**	**-**

The trade creditors figure is made up of amounts due to Partner Funds for set-up costs incurred by them in the pre-trading period, which are rechargeable to the Company. The amounts above are all due within one year.

11 Borrowing

	31st March 2018 £000	31st March 2017 £000
Loans	4,795	-
Interest payable on borrowing	52	-
Total	**4,847**	**-**

In January 2018, the Company entered into loan agreements with seven of its Partner Funds amounting to £4.795 million. These loans, all of which were entered into on identical terms, have a life of ten years and bear interest of LIBOR plus 4.5% per year, with the first payment being due on 31st March 2019, and payments annually thereafter. No payments of interest or repayments of principal have occurred to date. Interest of £52,000 has been accrued in respect of the period from 12th January 2018 (the date of receipt of the loans) to 31st March 2018. Interest payable is analysed as follows:

	2018 £000	2017 £000
Interest payable on borrowing	52	-
Net interest payable on net defined benefit liabilities	2	-
Preference dividends payable	7	-
Total	**61**	**-**

12 Pension Benefits

Defined Benefit Pension Scheme

LGPS Central Limited is an employer member of West Midlands Pension Fund, a fund of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme for employees of local authorities and other related organisations. Benefits are defined by statute and are based on the length of membership and final salary (until March 2014) and on revalued career-average salary (from April 2014).

Employees make contributions according to a tiered structure which ranges from 5.5% to 12.5% of pensionable pay, and in addition LGPS Central Limited makes a contribution of 20.2% of pensionable pay.

Some of the Company's employees were members of the LGPS before joining the Company and transferred their membership on a continuing service basis. At the time of their joining the Company, LGPS Central Limited was allocated notional shares of the Fund assets equal to 100% of the value of the associated liabilities. As such, the Company's pension liabilities were fully-funded at the date of transfer.

LGPS Central Limited has not yet undertaken a full actuarial valuation at this time. Depending on the outcome of the valuation, future contributions to the scheme may vary from the amounts shown and lump sum deficit funding may become due.

The LGPS is accounted for as a defined benefit scheme. The liabilities of the fund attributable to LGPS Central Limited are included in the Balance Sheet on an actuarial basis using the projected unit method – that is, 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, and projections of earnings for current employees.

As at 31st March 2018, the net pensions liability was £326,000 (31st March 2017: nil). The following table sets out the movements in the net liability during 2017/18.

	Assets £000	Liabilities £000	Net £000
Balance as at 31 March 2017	-	-	-
Amounts recognised in profit and loss			
Liabilities assumed on settlements	-	(724)	(724)
Settlement prices received	387	-	387
Current service cost		(4)	(4)
Contributions by employer	4	-	4
Contributions by employees	2	(2)	-
Interest on assets	2	-	2
Interest cost	-	(4)	(4)
Total amounts recognised in profit and loss	**395**	**(734)**	**(339)**
Amounts recognised in other comprehensive income			
Return on assets less interest	(13)	-	(13)
Change in financial assumptions	-	26	26
Total amounts recognised in other comprehensive income	**(13)**	**26**	**13**
Balance as at 31 March 2018	**382**	**(708)**	**(326)**

The amount included in the Balance Sheet arising from the Company's obligations in respect of its defined benefit retirement schemes is as follows:

	31st March 2018 £000	31st March 2017 £000
Present value of defined benefit obligations	(708)	-
Fair value of plan assets	382	-
	(326)	**-**
Funded status	-	-
Restrictions on asset derecognised	-	-
Net liability arising from defined benefit obligation	**(326)**	**-**

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

Asset class	31st March 2018 £000	31st March 2018 %	31st March 2017 £000	31st March 2017 %
Equities	244	64	-	-
Gilts	28	7	-	-
Other bonds	15	4	-	-
Property	29	8	-	-
Cash	9	2	-	-
Other	57	15	-	-
Total	**382**	**100**	**-**	**-**

Almost all equity and debt instruments have quoted prices in active markets. The plan's investments in quoted equities, quoted fixed securities, index-linked securities and unit trusts are classified as level 1 instruments. Level 2 instruments are those for which quoted market prices are not available, and valuation techniques based on observable market data are used. Level 3 instruments, which include private equity, are valued using valuation techniques that require significant judgement in determining appropriate assumptions.

The following table sets out the proportion of assets which have a quoted market price, and those which do not (based on 31st December 2017 valuations):

		Quoted %	Unquoted %
Fixed interest government securities	UK	-	1.1
	Overseas	-	0.6
Index-linked government securities	UK	5.6	-
	Overseas	-	-
Corporate bonds	UK	-	3.8
	Overseas	-	-
Equities	UK	7.9	0.3
	Overseas	42.3	5.4
Property	All	7.7	-
Others	Absolute return	-	3.3
	Private equity	8.1	-
	Infrastructure	0.1	3.8
	Other fixed income	-	4.8
	Futures	2.8	-
	Cash/temporary investments	-	2.4
Net current assets	Debtors	0.1	-
	Creditors	0.0	-
Total		**74.5**	**25.5**

The scheme exposes LGPS Central Limited to a number of risks, including the following:

- Investment risk – the present value of the defined benefit plan 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, it will create a plan deficit. Currently, the plan has well-diversified investments in equity securities, fixed income and a range of alternative assets. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and other return-seeking investments in order to leverage the return generated by the fund.
- Interest risk – a decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's fixed income 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.
- Salary risk – the present value of the defined benefit plan 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.

There are a number of assumptions to which the value of the net pensions liability is particularly sensitive, as set out below. To illustrate the impact of changes in these assumptions, each assumption is changed in isolation with all other assumptions unchanged. The resulting impact is the impact of that assumption on the calculation of the net pensions liability.

		Assumption used £000	Change in assumption £000	Effect of increase £000	Effect of decrease £000
Discount rate		2.60%	+ / - 0.1%	(25)	26
Long-term salary increases		3.75%	+ / - 0.1%	8	(8)
Pensions increases		2.25%	+ / - 0.1%	18	(18)
Life expectancy (from age 65)	Retiring today Male: 21.9 yrs Female: 24.3 yrs Retiring in 20 years Male: 24.0 yrs Female: 26.6 yrs		+ / - 1 year	23	(22)

Other assumptions made by the Scheme Actuary are as follows:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension-weighted average tranche retirement age;
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Defined Contribution Pension Scheme
LGPS Central Limited also provides defined contribution (DC) pension benefits to some of its employees through a scheme administered by Aviva. LGPS Central Limited contributes 15% of pensionable pay, while the scheme is non-contributory for employees, although voluntary contributions may be made. The cost to the Company of contributions during the year have been recognised in full in the profit and loss account.

13 Share Capital

	'A' shares ordinary £	'B' shares ordinary £	Total £
Balance as at 13 October 2016	-	-	-
Issue of shares	1	-	1
Balance as at 31 March 2017	**1**	**-**	**1**
Issue of shares	7	10,520,000	10,520,007
Balance as at 31 March 2018	**8**	**10,520,000**	**10,520,008**

All shares have been issued and are fully-paid.

'A' shares carry voting rights and dividend entitlements and are held in equal share by LGPS Central Limited's eight Partner Funds (excluding the West Midlands Integrated Transport Authority Fund, whose shareholder rights are exercised by West Midlands Pension Fund).

'B' shares are held in equal share by LGPS Central Limited's eight Partner Funds.

'C' shares are preference shares and are held by West Midlands Pension Fund only, paying a dividend of 4.5% above LIBOR per year. The preference shares are classified in the Statement of Financial Position as other financial liabilities; the table below shows movements in these during the year.

	'C' shares preference £
Balance as at 13 October 2016	-
Issue of shares	-
Balance as at 31 March 2017	**-**
Issue of shares	685,000
Accrued dividends	7,000
Balance as at 31 March 2018	**692,000**

14 Reconciliation of Net Cash from Operating Activities

	2018 £000	2017 £000
Loss before taxation	(4,414)	-
Movement in trade and other receivables	(132)	-
Movement in trade and other payables	4,148	-
Movement in interest payable	59	-
Net defined benefit pensions costs	339	
Net non-cash items	4,414	-
Net cash from operating activities	**-**	**-**

15 Leasing Commitments

At the end of the year, LGPS Central Limited was not committed to making any payments under leases.

16 Contingent Assets, Contingent Liabilities and Capital Commitments

LGPS Central Limited had no contingent assets, contingent liabilities or capital commitments at the end of the year.

17 Related Party Transactions

LGPS Central Limited is a joint venture, owned in equal share by eight local authorities who are administering authorities of LGPS pension funds:

- Cheshire West and Chester Council
- Derbyshire County Council
- Leicestershire County Council
- Nottinghamshire County Council
- Shropshire Council
- Staffordshire County Council
- Wolverhampton City Council
- Worcestershire County Council

Those eight authorities, with the addition of the West Midlands Combined Authority, are also LGPS Central Limited's investors (known as the 'Partner Funds'). During 2017/18, the Partner Funds incurred set-up costs on behalf of the Company, which are repayable by the Company, and for which an appropriate accrual of expense has been made in LGPS Central Limited's accounts. This charge amounted to £4.014 million.

Seven of the eight local authorities listed above (excluding Wolverhampton City Council) have provided loan capital to LGPS Central Limited. The balance of principal outstanding at 31st March 2018 was £4.795 million, and accrued interest on these loans stood at £52,000 (see Note 11).

At 31st March 2018, preference dividends of £7,000 were accrued in respect of Wolverhampton City Council's holding of 'C' shares (see Note 13).

Key Management Personnel

Key management personnel are defined as members of the Board or the Executive Committee. The total payments made to and on behalf of key management personnel during the year were £643,000 (2016/2017: nil). No bonuses or termination payments were payable during the year.

Remuneration	2018 £000	2017 £000
Emoluments	386	-
Employer's National Insurance contributions	49	
Amounts receivable (other than shares and share options) under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	-	-
Compensation for loss of office	-	-
Sums paid to third parties in respect of directors' services	-	-
Excess retirement benefits of directors and past directors	-	-
Total	**435**	**-**

Number of directors who...	2018 number	2017 number
...are members of a defined benefit pension scheme	0	0
...are members of a money purchase pension scheme	0	0
...exercised options over shares in the parent company	0	0
...had awards receivable in the form of shares in the parent company under a long-term incentive scheme	0	0

Remuneration of the highest-paid director	2018 £000	2017 £000
Emoluments	177	-
Employer's National Insurance contributions	23	
Company contributions to money purchase pension schemes	-	-
Total	**200**	**-**

The highest-paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

The highest-paid director is not a member of the Company's defined benefit pension scheme.

18 Post Balance Sheet Events

No post balance sheet events have occurred which impact upon the balances and transactions reported for the year.

On 3rd April 2018, LGPS Central Limited launched its ACS with three initial sub-funds as planned. In addition, the transfer of staff who previously worked for Derbyshire Pension Fund and West Midlands Pension Fund went ahead as envisaged. LGPS Central Limited therefore began trading in April 2018 as planned, having £13.9 billion of assets under management as at May 2018 in a combination of ACS, discretionary and advisory mandates.

19 Financial Instruments

LGPS Central Limited did not have any gains, losses, income or expenditure arising from financial instruments during the year. Balances as at the year-end are set out in the following table.

	31st March 2018 £000	31st March 2017 £000
Financial assets		
Loans and receivables		
- Trade debtors	132	-
Total financial assets	**132**	**-**
Financial liabilities		
Financial liabilities measured at amortised cost		
- Trade creditors	(4,148)	-
- Borrowing	(4,847)	-
- Preference shares	(692)	-
Total financial liabilities	**(9,687)**	**-**
Net total	**(9,555)**	**-**