BORDER TO COAST PENSIONS PARTNERSHIP

ANNUAL REPORT 2018-19

PENSIONS PARTNERSHIP

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AT A GLANCE

FOUR NEW **SUB-FUNDS**

£9BN ASSETS UNDER **INVESTMENT**

12 PARTNER FUNDS

61 EMPLOYEES

3,076 **RESOLUTIONS VOTED**

FCA REGULATED ASSET MANAGER BUILT

NEW OFFICE IN **LEEDS**

OUR PARTNER FUNDS

A secure retirement is something every hard-working member of the Local Government Pension Scheme ('LGPS') should be able to look forward to. The Government's ambitious 2015 mandate to pool LGPS assets transformed the pensions landscape in England and Wales. As we navigate this complex environment, which is new and full of opportunity, LGPS members, local employers and taxpayers are foremost in our minds.

Border to Coast was formed by twelve like-minded Partner Funds committed to improving investment outcomes by realising the benefits of scale through pooling. These shareholders appointed the Board and senior leadership team to bring to life the vision of what can be achieved when professionals and best practices from across both public and private sectors around the world come together to create an investment implementation partner solely focused on forging improved outcomes for the LGPS.

Success can only be achieved through collaboration with our Partner Funds and by building partnerships across the wider asset management industry. An unstinting focus on professional delivery purely for the benefit of our Partner Funds will require strong, respectful relationships with everyone we engage with. That sometimes means going more slowly, working with mutual respect for compromise, sometimes gaining unanimous agreement. And that means always listening, learning and adapting so that through our unique combination of structures and skillsets, Border to Coast delivers long-term, sustainable investment outcomes for the LGPS.

The benefits of pooling for our Partner Funds over the long term will be numerous, including benefits of scale – whether in terms of increased cost efficiencies or access to a wider variety of investment options – increasing Partner Funds' share of voice on the national or international stage, or delivering sustainable, innovative investments with risk-adjusted returns. We have no doubts that the benefits will significantly outweigh the challenges such an ambitious transformation entails.

Everything we do at Border to Coast comes back to making a difference to the 1,000,000 LGPS members, 2,500 local employers and many millions of taxpayers who are associated with our twelve Partner Funds.

CHAIR'S WELCOME

Pooling has the potential to change the UK's institutional investor landscape and deliver benefits to millions of hard-working people. We've made our first strides toward contributing to delivering that potential.

Chris Hitchen
Border to Coast Chair

I AM DELIGHTED TO INTRODUCE BORDER TO COAST'S FIRST ANNUAL REPORT SINCE THE COMPANY'S REGULATORY APPROVAL, AND TO BE ABLE TO REFLECT ON A HIGHLY SUCCESSFUL YEAR.

In a world where large, ambitious projects routinely stall or overrun, we haven't: we did what we said we'd do, and when, and we're continuing to do it. I should like to pay tribute to the hard work and good will of both the Border to Coast team and our partners and stakeholders in making this happen.

Not that this is all about the last twelve months. It started with a small group of visionaries scribbling plans on drinks coasters back in 2015 – a crucial piece of the Border to Coast origin story – and was skilfully nurtured by open- and like-minded local government councillors and officers thereafter. Progress really accelerated with the appointment of a permanent staff under Chief Executive Rachel Elwell and the move to our own office in Toronto Place, Leeds. Every time I go there, it feels right – a smart, modern but unflashy office, quietly humming with committed people who enjoy working together and delivering for their customers.

Border to Coast stands for something important: building long-term value to benefit people who need it – and deserve it. I think this year's achievements show we have the team, the Board, and the values to build it.

Taking a step back, it's quite a mission we've taken on – putting scale to work for the Local Government Pension Scheme. What we're looking to do is to change the terms of trade for pension schemes and their employers, so they can be more assertive in their dealings with other participants in the investment chain. We are clear about our expectations of long-term cost reductions and will be transparent to our stakeholders about our progress.

It's not just about costs either. We want to encourage good decision-making, aligned to delivering long-term value, both by investors and by the companies in which they invest. Basing ourselves in Leeds, a vibrant city with a rich talent pool but little history of asset management, we're also doing our bit to rebalance the UK's London-centric financial sector.

We're under no illusions: this will be a long journey. The full benefits of pooling may not be realised for ten years or more. In the shorter term, the vicissitudes of the world economy and inevitable fluctuations in fund performance could test our, and our Partner Funds', resolve. But as they say, a journey of a thousand miles starts with a single step. We will keep striding out to make pooling the success I believe it can be.

The fact is, we can achieve more collectively. And that's within the pools, between the pools, and with other investors – in the UK and beyond. We can collaborate to source suitable investments and also to be good stewards of those investments. For me that's about maintaining a long-term focus and encouraging the companies in which we invest to have one too. We will use the votes of our Partner Funds to hold companies to account, and when we engage, it will be to promote a strategic focus on creating sustainable value. That's what we need to help our Partner Funds pay the pensions of more than a million local government workers into the far future, at a price which local taxpayers can continue to afford.

ESG – a focus on Environmental, Social and Governance issues – is hot right now, but to me it is simply a recognition that the future has to be planned for and risks to that future considered and mitigated. Good governance remains key – boards which embrace cognitive diversity and which think strategically are more likely to fit their companies for long-term success in a rapidly changing world.

Location: Warwickshire

Good governance begins at home, and I have been very keen to build a board at Border to Coast which exhibits the qualities we look for in others. I am pleased we have succeeded in bringing together a team of executive and non-executive directors with wide experience across fund management, financial regulation, and the public and private sectors. I am particularly delighted that our Partner Funds collaborated to select two nominees for the Border to Coast Board, because hearing and understanding the voice of the customer is so important for us. Councillors Sue Ellis and John Weighell have provided much wise counsel, both in our boardroom and in the Joint Committee meetings of our Partner Funds. It hasn't always been easy for them, and sadly John has now had to step away from our Board to ensure he continues to deliver for his own fund. He goes with our good wishes and great thanks for a job very well done.

We will keep listening, and looking, for ways to keep the Partner Fund voice at the very heart of our organisation. Border to Coast is wholly owned by its twelve founding partners – and exists only to help them. We want our partners to really partner with us to get full value from us. With goodwill and good faith on all sides, we're sure that's possible. More than possible, it's essential.

No one said it would be easy – innovating never is. And we are innovating. I am pleased, for instance, that in private markets, our team are changing from the usual way of pooling using Authorised Contractual Schemes to a Limited Partnership model, which gives Partner Funds flexibility about the mix of assets they can include, and this will go live during the 2019-20 financial year. It also means that we can be nimble in the way we source those assets, taking advantage of opportunities as they come along. I firmly believe that the way we source assets such as infrastructure and private equity and debt will be a key determinant of success for Border to Coast in the coming years.

Ultimately it's all about delivering sustainable long-term risk-adjusted returns. That's easy to say, but possibly hard to do in a world turned populist and protectionist, with implications for global trade. And of course Brexit is an additional consideration for us in the UK, whatever one's views on the subject. In short, there are significant geopolitical and economic risks on the horizon. But risks also bring opportunities, and we will continue to do our best to capitalise on the world as we find it while nudging it in the right direction when that makes sense for long-term returns and risk mitigation.

As I said at the beginning, we've made a great start. But no one is more aware than we are that this is only the start. We've taken on a big challenge: changing the landscape of UK institutional investment to deliver enduring benefits to millions of hard-working people.

It's a big challenge, but we're up for it. My thanks to everyone – our people, our partners, and our Board – who are helping us take it on.

Chris Hitchen
Chair
Border to Coast

CEO'S REPORT

2018 has been a seminal year for Border to Coast. I am pleased to report strong progress toward our objective to make a difference to investment outcomes for our Partner Funds.

Location: North Yorkshire

Rachel Elwell
CEO Border to Coast

Asset pooling provides an opportunity to make a significant difference to long-term investment outcomes for the Local Government Pension Scheme.

During 2018 we have started to bring to life the vision of the 12 Local Government Pension Funds who make up Border to Coast Pensions Partnership.

What a difference a year makes: an office in Leeds; an FCA-regulated asset manager and collective investment scheme and a new private markets structure; £9bn assets under both internal and external management; hundreds of interviews and 61 employees; and thousands of hours of workshops, meetings, calls and conferences with Local Government officers, elected members and advisors, other pools and asset owners both UK and international, asset managers and industry experts, to collectively build strong foundations for future success.

KEY MILESTONES IN 2018-19: THE BORDER TO COAST STORY SO FAR

In July 2018, Border to Coast started to manage assets on behalf of our Partner Funds. We are very conscious of the journey that led to that moment, and the hard work from Partner Fund officers, elected members and advisors that made 'go live' possible.

Phase 1	Phase 2	Phase 3	Phase 4
Establishing pool and guiding principles	Govt approval and Funds' commitment	Transition to permanent team and building Border to Coast	Transition of assets and running as Business as Usual
Jan 2015 - Jul 2016	Jul 2016 - Dec 2017	Dec 2017 - Jul 2018	Jul 2018

We collectively achieved some significant milestones during 2018-19:

- Completed all governance and operational requirements to operate as a regulated company, including Partner Fund nominated non-executive directors and independent internal audit
- Selected, designed, fitted out and moved into our new office in Leeds
- Recruitment of a 61-strong workforce from the public and private sector, including welcoming our first entrants to our graduate programme
- Appointed and finalised operating arrangements with major providers including a third-party administrator, investment platform, corporate ICT platform, banking services, engagement and voting, research, transition advisors and external investment managers
- Gained FCA approval as an investment manager and for our Authorised Contractual Scheme ('ACS')
- Launched our ACS in July 2018, which now has four operational sub-funds with assets under management totalling £8.8bn as at 31 March 2019
- Achieved Information Security Accreditation ISO27001
- Signed up to the LGPS Code of Cost Transparency Framework
- Held our inaugural annual investment conference, with more than 100 elected members and officers in attendance for the event and dinner
- Held many meetings with the asset manager industry including three manager days with representatives from more than 150 firms attending
- Agreed a Responsible Investment policy with our Partner Funds, embedded this in our investment processes, and achieved Tier 1 status under the FRC's Stewardship Code
- Agreed the structure and investment process for facilitating Partner Funds' effective investment in private markets
- Ended the year with seven of our twelve Partner Funds invested via Border to Coast

Across Border to Coast we have collectively invested thousands of hours in building relationships and shared understanding, laying the foundations for our future success.

Location: South Yorkshire

People

Our people are key to our success, during 2018-19 and beyond. We have worked hard to develop a culture that embraces inclusion and support for learning and development. We have received great feedback from our colleagues during 2018 about our open, diverse teams and approach.

We are particularly conscious that developing our own people is an important step towards becoming a sustainable, cost-effective business in the long term. All colleagues are encouraged to work with their managers on a personal development plan, and we actively support colleagues in making progress in both technical and leadership skills and experience. In keeping with these principles, we were delighted that 2018 saw the start of our graduate programme. We are aiming to give graduates a three-to four-year structured programme including rotations across Border to Coast and support to sit a relevant qualification.

Investment Performance

We currently have four ACS sub-funds, all of which are public equity strategies as shown in the diagram.

Here at Border to Coast we firmly believe in long-term investment horizons; we therefore don't want to focus too heavily on investment performance over our first year of operation. We are nevertheless pleased that at this early stage, our strategies are performing in line with expectations, and over the period to 31 March 2019 provided a positive return against benchmark for investors.

Border to Coast – FCA Regulated ACS Structure

	UK Listed Equity Fund	Overseas Developed Markets Equity Fund	Emerging Markets Equity Fund	UK Listed Equity Alpha Fund
Approx. size	£4.3bn	£2.7bn	£0.7bn	£1.1bn
Launch	Jul 2018	Jul 2018	Oct 2018	Dec 2018
Benchmark	FTSE All Share	Regional Composite	S&P Emerging	FTSE All Share
Target[1]	Benchmark +1% p.a.	Benchmark +1% p.a.	Benchmark +1% p.a.	Benchmark +2% p.a.

[1] Over a three-year rolling period

Beyond Investment Returns

Border to Coast is a strong advocate of Responsible Investment, and we have made significant progress in this area in a relatively short space of time. Our biggest achievements in 2018 included:

- appointing Robeco as our voting and engagement partner, enabling us to leverage their global reach to vote our holdings globally;
- working with our internal portfolio managers to integrate ESG into our investment process;
- incorporating ESG into our external manager procurement process;
- undertaking a major review of our Responsible Investment policies in collaboration with our Partner Funds while continuing to support them on Responsible Investment;
- gaining Tier 1 status from the FRC for our Stewardship Code; and
- starting to make Border to Coast's voice heard as a responsible investor, in collaboration with other large institutional investors.

Further information can be found on page 36 and in our Responsible Investment Annual Report.

OUTLOOK 2019 AND BEYOND

Looking ahead, Border to Coast is focused on extending offerings for Partner Funds beyond public equities into fixed income, property and private markets. We aim to have more than £30bn of assets under management ('AUM') by the end of 2021, and to be working in partnership with our Partner Funds and the asset management industry to deliver cost-effective, innovative and responsible investment to enable sustainable performance for our Partner Funds.

Responsible Investment: we will be working to fully integrate Environmental, Social and Governance ('ESG') factors into our investment processes as we build capabilities in other asset classes, to develop our approach to climate change risk, and to build on the collaborative work with other major institutional investors that we began in 2018. We are committed to becoming a signatory to the Principles for Responsible Investment in 2019 and will be working to ensure we are prepared ahead of the reporting period.

Innovation: we will continue to work with the asset management industry to develop ways to more effectively and efficiently access investment markets, both private and public, to bring more value to the LGPS. This includes looking for ways to learn together with knowledge sharing and access to research and risk analysis; considering approaches to more cost-effective investment, including support for the code of cost transparency in private markets; and using complementarity and principle component analysis to build sub-funds that can deliver more consistent returns. We're also using best practice from the public sector to continue to build an organisation that is transparent and shares its learning with other organisations.

Working in Partnership: we will continue to work hard to engage with our Partner Funds, regulators, colleagues and the wider asset management industry, to ensure that we continue to build an ethos of being a learning organisation that is prepared to listen and to evolve as the environment in which we are operating changes.

We do not expect this to be a straightforward path. There are a number of headwinds including:

- the LGPS actuarial valuation and investment strategy review faced by each of our Partner Funds, as well as significant change planned for the LGPS more generally on benefit design, valuation cycles and other statutory and legislative changes;
- the technical challenges of pooling more illiquid asset classes such as credit and property are more significant than for the more liquid asset classes; and
- the economic and geopolitical climate for 2019-20 is not expected to be particularly benign, and most industry commentators believe asset owners and managers will need to work hard to generate investment performance.

Further insights into our strategy and strategic risks are included in our Strategic Report on page 13.

Our success in 2019-20 and beyond will come from building on the foundations laid by the wider Border to Coast Pensions Partnership, including our Partner Funds' officers, elected members and advisors. These foundations have given us a strong technical framework, an open, learning culture, and a real desire to do the right thing to deliver the outcomes the LGPS needs in order to continue to deliver affordable pension benefits into the future.

Rachel Elwell
Chief Executive Officer
Border to Coast

BUSINESS MODEL

We are building an asset management service and a range of collective investment funds to enable Partner Funds to implement their strategic asset allocations and achieve their pooling objectives.

Location: South Yorkshire

Location: East Riding

To support the Partner Funds to achieve their pooling obligations and objectives, Border to Coast is building an asset management service and a range of funds for Partner Funds to invest in, based on their own strategic asset allocation.

Border to Coast will offer Partner Funds a series of risk- and return-focused investment funds covering a comprehensive set of asset classes. Partner Funds choose the funds which support their strategic asset allocation, holding shares, units or limited partnership interests in the funds they select.

Border to Coast is taking a phased approach to the launch of funds and the subsequent transition of assets into them. The number and nature of these investment funds is kept under review and will evolve and change over time taking into account customers' evolving asset allocation strategies.

A core set of services supports the provision of these investment funds, the management of portfolios within the funds and transactions associated with investing within them. These include:

- Portfolio Management: Border to Coast portfolio managers are responsible for managing funds to meet the objectives and risk parameters set out in their prospectuses and associated documentation, and any customer agreements
- Asset Management services including arranging custody and administration of assets
- Facilitating asset servicing support
- Investment reporting and accounting information
- Investment Advisory (for customers requiring it)

To deliver its business strategy successfully, Border to Coast has designed a split in-house/outsourced operating model.

Border to Coast provides portfolio and risk management of our investment funds. This is supported by the appointed third-party administrator to which we have outsourced the performance of (some) middle- and back-office activities and fund administration. The operating model for our private market instruments is under development but is expected to have a similar approach to outsourcing. Border to Coast retains accountability for these functions, and has a robust approach to oversight of all third-party providers.

As part of the operating model, Border to Coast has also outsourced the execution of trading orders in listed securities to Northern Trust Securities LLP. Border to Coast's investment team is responsible for generating and issuing orders to the Northern Trust dealing desk, which then carries out the instructions in the market. Northern Trust deals as an agent, and only on Border to Coast's instruction. The decision to outsource the dealing function was taken in order to leverage Northern Trust's expertise, scale and market penetration. Border to Coast remains fully aware of, and committed to, our responsibilities for achieving and demonstrating best execution and good customer outcomes.

STRATEGIC REPORT

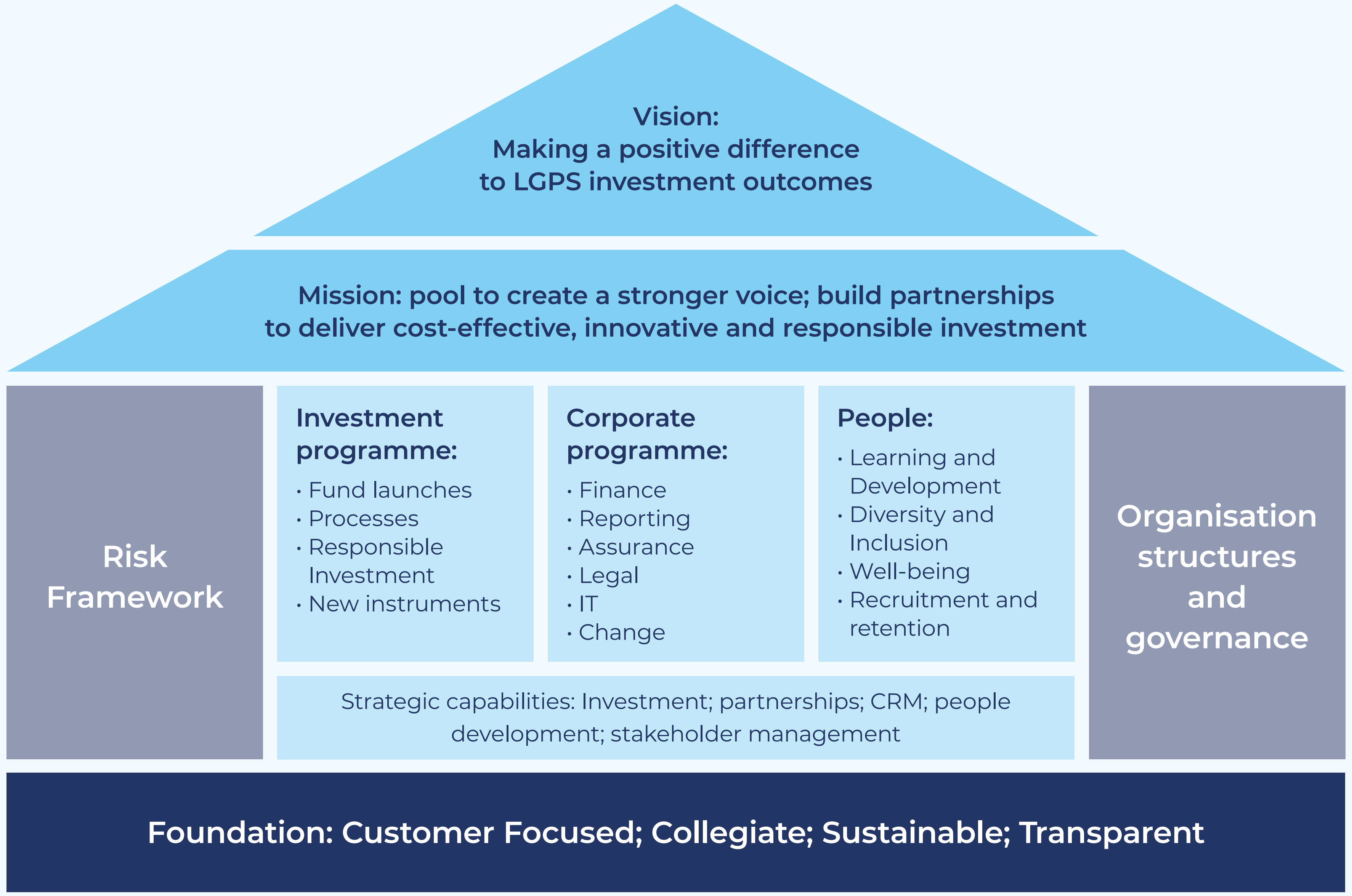
We will make a positive difference to LGPS investment outcomes through strong cultural values, a mature risk and governance framework and the ongoing development of key strategic capabilities.

Location: Leeds

OUR STRATEGIC APPROACH TO DELIVERING OUR VISION OF MAKING A DIFFERENCE TO LGPS INVESTMENT OUTCOMES HAS FOUR KEY FEATURES:

1. Strong foundational cultural values
2. Organisational structure and governance framework
3. A mature risk framework to enable the identification and mitigation of risks within appetite
4. Key strategic capabilities to enable our Partner Funds to realise the benefits of pooling

This is summarised in the diagram below.



Culture

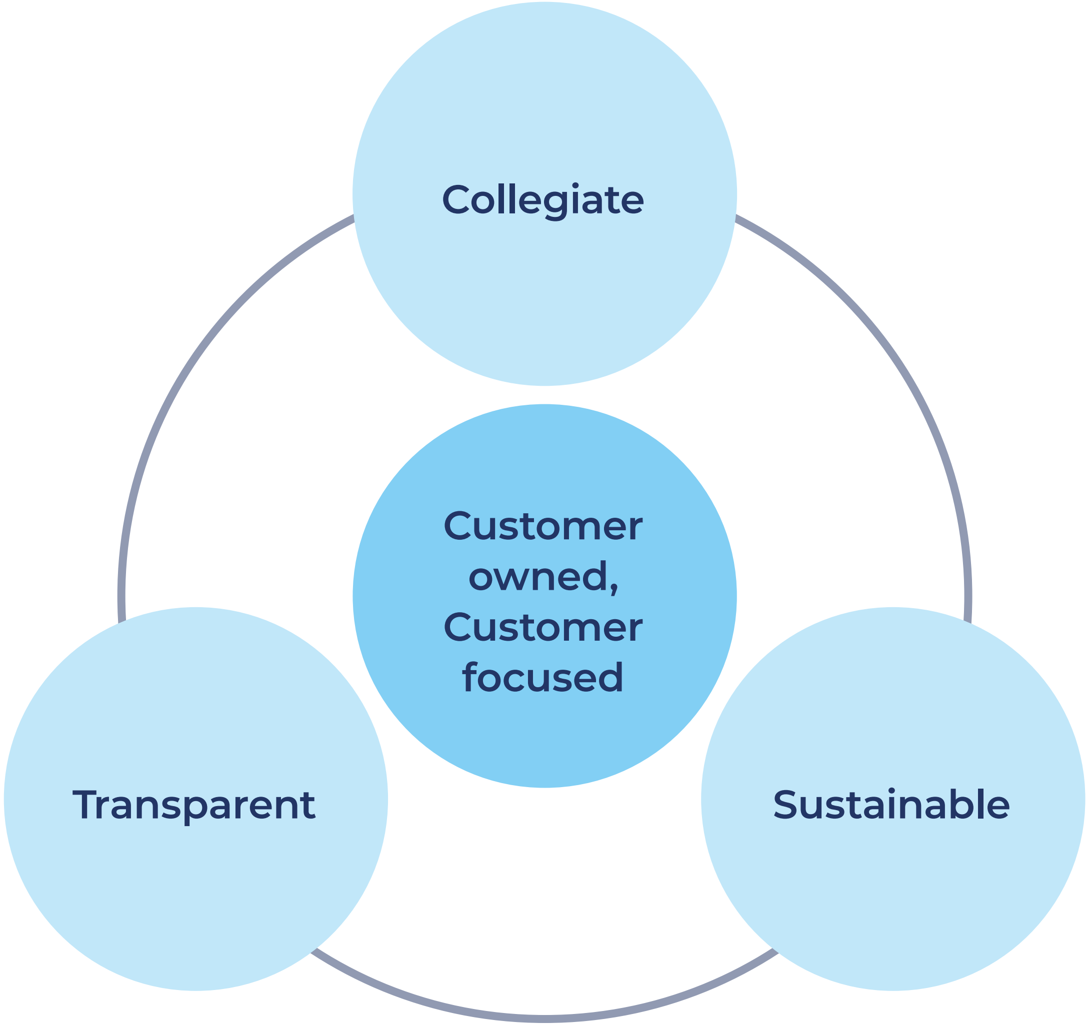
Working with the Border to Coast Board, colleagues and Partner Funds, we have identified key cultural elements that we believe are fundamental.

Acting in the best interests of our Partner Funds has been the basis for all Border to Coast strategic and functional decision-making and design work carried out to date. Our Partner Funds must be at the heart of what we do, delivering long-term sustainable investment outcomes by building long-term partnerships through working collegiately, in a sustainable and transparent way:

Collegiate
Working together in an open and trusting environment with shared vision and goals to deliver long-term, strong and sustainable outcomes for customers.

Transparent
Maintaining Partner Fund and public trust in Border to Coast's integrity to enable us to deliver our objectives.

Sustainable
Investing in our colleagues by facilitating work-life balance; by encouraging personal and professional development; and by supporting a creative, flexible and open to change culture that is equipped to evolve new capabilities as Partner Fund needs change.



Location: Surrey

Organisational Structure and Governance

Border to Coast's organisational structure has been specifically designed to deliver its strategic objectives as efficiently and effectively as possible. The structure is split into functional areas with specified roles and responsibilities, each having a focus on their individual departmental objectives, aligned to the Border to Coast strategy. Each of the functional areas is led by a named and accountable member of the senior management team, reporting directly to the CEO.

The organisational structure has been assessed by Border to Coast to be suitable and appropriate for a business of its scale over the next five years. As the business develops, the structure will be reviewed to ensure it remains fit for purpose.

Good governance is at the core of how Border to Coast does business. The Board believes, as outlined in the UK Corporate Governance Code, that good corporate governance facilitates "effective, entrepreneurial and prudent management that can deliver the long-term success of the company". At Border to Coast this is achieved through the implementation of a governance framework that focuses on leadership, decision-making, controls and strong people management (recruitment, training and competence, engagement, retention and reward).

Further information on our approach to governance is included on page 23.

Risk Framework

Border to Coast's risk management framework forms an integral part of both management and Board processes and decision-making. Our framework enables risks to be appropriately identified, and managed within our risk appetite, and for any which could result in significant financial loss or reputational damage to be minimised. We believe a strong risk framework is fundamental in a regulated asset manager responsible for many billions of pounds of pension scheme assets.

Further information on our risk framework is included on page 19.

Strategic Capabilities

In considering our strategy for the period 2019-2021, we have agreed with our Partner Funds the following strategic objectives and the strategic capabilities required to support those objectives.

WHERE DO WE WANT TO BE BY 2021?

- All assets other than passive (and legacy alternatives by business case) are pooled
- Seen as a full investment partner by Partner Funds: implementation, strategy support, reporting, training, thought leadership, policy influence
- Set up to deliver long-term risk-adjusted investment performance: sustainable investment performance above benchmark, strong RI voice with Principles of Responsible Investment embedded in investment process, full cost chain control and reporting
- Sustainable organisation: people, finance, business continuity, forward-looking and adaptable

STRATEGIC CAPABILITIES REQUIRED?

- Investment capabilities: fundamental research, portfolio construction, risk analysis, ability to critically assess best implementation approach now and in the future (e.g. external, internal or co-source), transition management, tactical asset allocation, rebalancing
- Ability to identify, select and manage out-sourced / co-sourced partnerships
- Strong customer relationship management including reporting
- People development including recruitment and retention strategy
- Other stakeholder management including policy change (leveraging from strategic partnerships)

To achieve these objectives, we have agreed the following prioritisation of investment capability build with Partner Funds:

	Launched in 2018	Scheduled for 2019	2020 onwards
Equities	UK Listed Overseas Developed Emerging Markets		
	UK Listed Alpha	Global Alpha Emerging Markets	Other global capability
Alternatives		Private Equity, Infrastructure, Private Credit	Diversified
Fixed Income		Investment Grade	Multi-asset credit Index-linked gilts
Property			Fund range

As well as the significant work to build the investment capability set out above, a number of other developments are required to build a strong investment implementation partner:

- Portfolio risk analysis: we believe that the ability to manage investment risk can enhance Portfolio Manager performance. We will be looking to invest to strengthen our capabilities in this area.
- Support for Portfolio Managers in their investment process, including research, factor and ESG screens, performance attribution and junior resource. We are building up the Research function under our new Head of Research and we expect this area to evolve significantly over the coming months and years.
- Responsible Investment: we expect our approach to continue to grow, with new screening, engagement and reporting capabilities to build both internally and in conjunction with our strategic partner in this area, Robeco.
- New instruments: we will assess the case for the introduction of the use of derivatives in managing risks such as market, currency and interest rate risk.
- New capabilities: we will assess additional services such as supporting the Partner Funds' growing need for income to support the maturing of the membership; re-balancing; tactical or dynamic asset allocation; and the pool's approach to management of passive and factor-based strategies.

Border to Coast is also continuing to establish its corporate functions. There are a number of key projects that need to be delivered during 2019-20: some mandatory (for example, senior managers' regime and code of cost transparency); others to support public sector regulation, such as a procurement portal and development of our Freedom of Information publication scheme. Other corporate projects include Finance and HR system development, further roll-out of Microsoft 365 technology, information security controls, third-party controls assurance for Partner Funds (and in particular their external auditors) and client reporting.

The final piece of the strategic capability build is our people strategy including performance management, reward, learning and development, leadership development, talent management, diversity and inclusion, well-being, recruitment and retention.

UK COMPANIES ACT 2006 REQUIREMENTS

For the purposes of the UK Companies Act 2006, the Strategic Report also comprises:

- the 'at a glance' section on page 2, which highlights key performance indicators used to help us measure the development and performance of Border to Coast during 2018-19;
- the CEO report on page 7, which gives a review of Border to Coast's business during 2018-19; and
- the Risk Management report on page 17, which describes the principal and emerging risks and uncertainties faced by Border to Coast.

RISK MANAGEMENT

Our risk management framework and processes reflect the Board's risk appetite, inform strategic, capital and business decisions, and guide risk mitigation actions.

Location: East Riding

Location: Warwickshire

AS SET OUT IN THE STRATEGIC REPORT ON PAGE 13, RISK MANAGEMENT IS FUNDAMENTAL TO THE SUCCESS OF BORDER TO COAST. THE BOARD'S ROLE IN RISK MANAGEMENT IS TO:

1. **Agree strategy, objectives and overall direction, and oversee and monitor risk-related management decision-making**

2. **Set Border to Coast's risk appetite, recognising that a clearly defined risk appetite supports balanced decision-making, capital management and planning, including proposition design, performance management and external reporting**

3. **Ensure that senior management implements risk policies, delivers the business plan within risk appetites, and manages our risk profile**

4. **Work with senior management to review strategies and policies for identifying, managing, monitoring and mitigating actual and potential risks**

To help the Board to achieve these, Border to Coast has an Audit and Risk Committee to provide additional oversight and has developed a Risk Management Framework as set out below. We also describe our principal risks and provide an explanation of our key current and emerging risks.

Risk Management Framework

Border to Coast's risk management framework seeks to embed effective risk management processes that reflect the Board's risk appetite, inform strategic, capital and business decisions, and help management to formulate and prioritise risk mitigating actions.

Our approach to risk management involves enabling effective identification, assessment, mitigation and monitoring of risk both strategically and operationally in how we operate on a regular basis. Risks are monitored via defined metrics and tolerances to check that business activities do not result in risks which exceed our appetite both within our investment propositions and within Border to Coast itself. Each metric has tolerances, triggers and limits in place, so that Border to Coast can act accordingly when triggers and limits are breached.

Border to Coast's risk management governance structures are based on the financial industry standard 'three lines of defence' model:

- Business functions are responsible for managing both the risks that they explicitly take and the risks that arise as a result of their activity, so acting as the first line of defence
- A second line of defence is provided by our independent Risk and Compliance function, who manage our risk framework and review the work of the first line
- The third line of defence is provided by Internal Audit, which provides control assurance

Independent external audit provides an additional safeguard in the form of an annual review covering our financial affairs, systems and controls.

The following are reviewed through a Risk Control Self-Assessment undertaken by all business functions, overseen and challenged by the second line Risk and Compliance team:

1. Risk management themes and specific risks
2. The mapping of outline processes to strategic objectives
3. Identification, measurement and ranking of risks
4. Controls relating to risk categories, including the map to function-level processes

Emergence of new significant risks and risk events together with proposed actions and responses are captured. These are reviewed by the Executive Risk Committee ('ERC').

The ERC also reviews any emerging risks, exposures or events identified within business as usual on an ongoing basis, and ensures escalation and remediation where appropriate, with policies and procedures reviewed and revised as necessary.

The Chief Risk Officer, as chair of the ERC, reports any findings to the Board Audit and Risk Committee. Updates to risk strategy and key policies are also submitted to the Audit and Risk Committee for review and, where appropriate, recommendation to the Board for approval.

First line – risk and control ownership	Second line – oversight, support and challenge	Third line – assurance
Specific accountabilities include		
• Setting business objectives • Defining management risk appetite • Identifying, owning and managing risks • Defining, operating and testing controls • Implementing and maintaining regulatory compliance • Managing within the frameworks set by the Board • Identifying future threats and risks	• Providing expert advice on business initiatives • Advising the Board on setting risk appetite and risk framework design • Reporting aggregate enterprise risks to the Board • Conducting independent and risk-based assurance • Interpreting material regulatory change • Managing the policy framework • Identifying future threats and risks	• Performing independent audits of the effectiveness of first and second line • Advising the Board on the implementation of a risk-based audit programme • Preparing an annual opinion on the risk management and controls framework

BORDER TO COAST FUNCTIONAL TEAMS ARE SUBJECT TO POLICIES AND PROCEDURES DETAILING HOW BUSINESS SHOULD BE CONDUCTED WITHIN THE DEFINED RISK APPETITES, LAYING DOWN THE BASIS FOR OVERSIGHT AND CONTROL.

BORDER TO COAST'S CHIEF RISK OFFICER PROVIDES INDEPENDENT OVERSIGHT OF BUSINESS RISK OWNERS AND ENSURES EFFECTIVE ESCALATION TO THE EXECUTIVE RISK COMMITTEE AND THE BOARD AUDIT AND RISK COMMITTEE.

Portfolio Risk Management

Border to Coast also manages investment risk on behalf of its customers within the parameters set out in each fund's documentation. Support to enable the Investment Team to understand and manage these risks is provided by the Portfolio Risk team, which reports to the Chief Investment Officer. The team also provides information to support the Investment Strategy Committee and Investment Committee in their oversight roles.

STRATEGIC RISKS ARE THOSE WHICH COULD THREATEN BORDER TO COAST'S ABILITY TO MAKE A DIFFERENCE TO PARTNER FUND INVESTMENT OUTCOMES THROUGH POOLING, PARTNERSHIPS AND PERFORMANCE.

Principal Risks

Border to Coast is exposed to the following principal risks, which are managed through our risk framework.

- **Business and strategic risk:** the risk that the business model or strategy proves inappropriate due to macro-economic, geopolitical, industry, regulatory or other factors. This includes factors that mean we are unable to carry out the business plan and achieve the desired strategy.
- **Operational risk:** the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This incorporates people risks, legal risk, outsourcing risk and systems failures including cybersecurity.
- **Conduct and compliance risk:** the risk that Border to Coast exercises inappropriate judgement or makes errors in running its business, leading to non-compliance with regulation or legislation; market integrity being undermined, or an unfair outcome being created for its customers.
- **Counterparty risk:** the risk that the person or institution with whom we have entered into a contract – who is a counterparty to the contract – will default on the obligation and fail to fulfil their side of the contractual agreement. For Border to Coast this is particularly important to monitor due to the outsourced nature of our business model.

KEY CURRENT AND EMERGING RISKS TO DELIVERING BORDER TO COAST'S STRATEGY

Risk	Description		How we manage
Business and strategic risks	1. Proposition design, delivery and oversight	The risk that Border to Coast fails to develop the propositions needed by Partner Funds to implement their strategic asset allocations; or that our propositions fail to deliver as intended, thereby negating the benefits of pooling.	All our propositions are developed in collaboration with our Partner Funds and extensively tested prior to launch. Propositions are reviewed on an annual basis after launch to assess their continued appropriateness for Partner Fund requirements. The performance of propositions is also monitored on an ongoing basis to ensure they are delivering as intended.
	2. Change management implementation and oversight	The risk that our significant development programme outlined in our Strategic Report on page 13 leads to material failure of Border to Coast's strategy to deliver the benefits of pooling.	We have a robust change methodology in place to enable the business to oversee programme delivery and to manage the associated risks including Executive-level sponsorship.
	3. Finance	The risk that we have insufficient financial resources to sustain the organisation and regulatory capital requirements. This is a particular focus as we build new capabilities under our strategic plan.	Border to Coast sets a prudent level of capital including a buffer of its current minimum regulatory requirements as assessed using our Internal Capital Adequacy Assessment Process ('ICAAP').
	4. Partner Fund concentration	Border to Coast's income comes solely from our twelve Partner Fund customers. This concentration could also undermine our collective investment scheme (where more than one customer is required in each proposition).	We work closely with our Partner Funds to create and maintain suitable and attractive propositions sustainable through the economic cycle.
	5. External political environment	There are several emerging risks which could change the nature of Partner Funds' investment requirements including: • potential changes to LGPS' valuation cycle, governance and benefits; and • an increasing focus on the incorporation of climate change into investment processes and setting of asset allocation. This could change Partner Funds' investment needs and/or lead to a divergence in Partner Fund requirements, reducing pooling opportunities. The current political landscape could also affect the prioritisation of the pooling agenda within Central Government.	We work closely with our Partner Funds to understand the implications of the changing external environment on their strategic objectives and how this might change the investment capabilities needed from Border to Coast. We recognise that our Partner Funds' continued support and engagement is integral to the success of Border to Coast.
Conduct and compliance	6. Regulatory environment	The regulatory environment for Financial Services, and asset managers in particular, continues to evolve. We are also subject to certain public sector regulations. This increases our risk that we misinterpret or misapply regulations and also has potential implications for people and financial resources. Areas of focus include the Senior Managers and Certification Regime; Financial Crime and Market abuse detection and prevention; the LGPS code of cost transparency; public procurement; and Freedom of Information. As the industry digests the FCA's asset management study, changes across the sector will continue and we will incorporate into relevant processes.	Border to Coast is: • managing implementation of regulatory changes through dedicated programmes, which are closely monitored by the Board; and • working closely with its advisors and industry experts to ensure compliance with both the letter and the spirit of regulation.

KEY CURRENT AND EMERGING RISKS TO DELIVERING BORDER TO COAST'S STRATEGY (CONTINUED)

Risk	Description		How we manage
Operational	7. IT systems availability and performance	Border to Coast's operating model is dependent on access to its IT systems in order to manage and oversee investments made on behalf of Partner Funds. Ever-increasing volumes of data must be managed securely and reliably. Operational resilience including cybersecurity is a focus of the FCA.	We undertake an annual review of our Business Continuity and Disaster Recovery plans. During the year we achieved ISO 27001 Accreditation under the Information Security Standard. In 2019 we will be undertaking a comprehensive review of our Operational Resilience.
	8. People: key person availability and dependency	As a new organisation seeking to develop outside the traditional asset management hubs of London and Edinburgh, the risk that we are unable to recruit and retain the right calibre of people is important to recognise and manage. Increasing demand for certain skillsets has caused some challenges; it is important that these are identified and effectively addressed. As noted above, we have a significant development and change agenda, which can place a burden on key employees.	We have worked with strong recruitment partners to identify cost-effective approaches to attracting great candidates. Leeds has a healthy Financial Services industry and is an attractive place to work and live. We undertake capacity and resource planning across the organisation and seek to supplement our operating model with additional temporary resource or external support where appropriate. Colleagues' well-being is central to our long-term cultural build. We are developing our support in this area as the business develops.
	9. Outsourcing oversight and performance	We have a high reliance on third parties as we have outsourced a number of our critical and important operational functions following a robust assessment as to the most appropriate operating model for our stage of development. Our key risk in relation to outsourcing is that these third parties fail to meet the standards which we have set in order to meet our Partner Funds' and regulators' requirements, l eading to a failure to deliver our business objectives and reputational damage. This reliance on third parties also leads to counterparty risk.	Our outsourcing framework includes the requirement for Board approval prior to commencing material outsource arrangements. Acceptance criteria include that our customers do not face an increased level of risk due to outsourcing. We hold a register of our outsourced arrangements; all have bespoke contracts and Service Level Agreements. Third parties are held to account in regular management and service meetings where service performance is reviewed. We also monitor their financial strength as part of our ongoing oversight process.

CORPORATE GOVERNANCE REPORT

This year our focus has been on establishing the Board and working with the Executive to embed best practice and lay firm foundations for a company that's well governed and well run.

Location: Tyne and Wear

IT IS MY PLEASURE, AS CHAIR, TO PRESENT THE CORPORATE GOVERNANCE REPORT FOR THE 2018-19 FINANCIAL YEAR.

Border to Coast is a wholly owned private limited company registered in England and Wales with twelve shareholders (the administering authorities of our twelve founding Local Government Pension Funds). These shareholders have equal voting rights in the Company. Border to Coast operates investment funds for our Partner Funds to invest in based on their strategic asset allocations.

During this year the Board has focused on establishing itself and working with the Executive in establishing the business. We set out in this section more about how governance works at Border to Coast, both at the Board and within the Executive.

Meet the Directors as at 31 March 2019

Chris Hitchen
Chair

Non-executive director and Chair since 23 January 2018

Independent upon appointment as Chair

Member of the Remuneration and Nomination Committee

Chris has more than thirty years' experience as an actuary, Chief Investment Officer and Chief Executive Officer, and as a board member for a number of pension funds, companies and non-profit entities. As Chief Executive Officer, Chris transformed RPMI Railpen – the Railways Pension Scheme's asset manager – into an outcome-focused, cost-aware, internationally-recognised investor. As well as chairing Border to Coast, Chris is currently Trustee and Investment Committee Chair for NEST, the 7-million-member pension scheme. He is also a Director of the Investor Forum, which engages with UK companies to encourage good governance and long-term strategy, and of the Toronto-based International Centre for Pensions Management, which researches and shares best practice amongst asset owners. Chris is a former Chair of the Pensions and Lifetime Savings Association.

Rachel Elwell
Chief Executive Officer

Executive director since 23 January 2018

Rachel joined Border to Coast with more than twenty years' experience of working in pensions and institutional investment, as a consultant with PricewaterhouseCoopers and latterly at Royal London. In this role she was responsible for both Royal London's own pension arrangements and for investment strategy and oversight of internal and external management of its £80bn insurance assets.

Fiona Miller
Chief Operating Officer

Executive director since 23 January 2018

Fiona joined Border to Coast from Cumbria County Council where she managed the £2.4bn Local Government Pension Scheme, as well as the treasury, accounting and insurance functions. Fiona has more than 25 years' experience in finance across both public and private sectors and was a driving force behind Border to Coast's response to the Government's pooling agenda in the initial stages of development. Recent awards include the IPE Gold Personal Achievement Award and inclusion among the 100 Most Influential Women in Finance in the EMEA region – both for her work on LGPS pooling.

Meet the Directors as at 31 March 2019 (continued)

Norah Burns

Company Secretary and Head of Legal

Company Secretary since 29 May 2018

Norah has practiced as a solicitor for more than 20 years and has held several in-house Legal and Company Secretarial roles over the past 15 years, within financial services and other regulated industries. Having started her career as a banking lawyer with Clifford Chance LLP in London, she has worked with Fortis Bank, BNP Paribas, BAE Systems and, most recently, Brown Shipley.

Enid Rowlands

Non-Executive Director

Non-executive director since 23 January 2018

Chair of the Remuneration and Nomination Committee

Member of the Audit and Risk Committee

A psychologist by qualification, Enid has over recent years specialised in governance in the public and not-for-profit sectors. She has been Chair of the Solicitors' Regulation Authority since 2014, finishing at the end of 2018, and of the General Medical Council's HR/Remuneration Committee for seven years. She has served as a non-executive director with the Information Commissioner's Office, NEST Corporation, Consumer Focus and North Wales Police Authority, and as Chair of North Wales Health Authority and the charity Victim Support. Enid's executive career includes posts in Shropshire and Wiltshire County Councils, CEO of the North West Wales Training and Enterprise Council, and MD at the Welsh Development Agency.

Cllr Sue Ellis

Non-Executive Director

Partner Fund nominated non-executive director since 15 October 2018

Member of the Audit and Risk Committee

Sue joined Border to Coast in October 2018, having previously worked as a police officer and a social worker. She has served as a Labour Councillor for Rotherham MBC since 1995, holding many positions including executive member for Housing and Environmental Health, and serving on various regional boards. She is currently the Chair of Licensing and has been involved with various community projects and charities. Sue joined the South Yorkshire Pensions Authority in 2013, becoming Chair in 2014, helping maintain consistently high-level performance at the £8bn fund. Sue has been at the heart of Border to Coast from inception and has helped forge its core aims and principles.

Tanya Castell, MBE

Non-Executive Director

Non-executive director since 23 January 2018

Chair of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Tanya's non-executive board roles include Handelsbanken plc and the platform businesses (for independent financial advisers) of Standard Life Savings and Elevate Portfolio services. She has also served on the boards of Faster Payments Services, Scottish Canals and Multrees Investor Services. Until the end of 2018 she chaired the Quality Assurance Scheme for the Institute and Faculty of Actuaries, and has twice been a pension trustee (for HBOS defined contribution (DC) and UBS defined benefit and DC schemes). She also has three pro bono roles including at Changing the Chemistry – a charity she founded to promote diversity of thought in the boardroom, for which she received an MBE. Tanya is a former senior global banking executive with expertise in corporate governance, risk management and regulation, having spent most of her career at JP Morgan and UBS.

Location: Lincolnshire

Our Governance

As Chair, it is my role to lead the Board, ensuring that it operates effectively, within a strong and sound governance framework. The effectiveness of the Board is important, not only in ensuring the stability of the Company but also in demonstrating regular and effective challenge of the Executive. At Border to Coast we have adopted relevant parts of the UK Corporate Governance Code reflecting our size and the nature of our business. Although the standards it sets are intended for publicly listed companies, we feel it right to comply with its spirit and, where appropriate, its principles and provisions, thereby aligning us with good practice, transparency and openness: doing the right thing because this is the right thing to do.

The Board is unitary in nature: besides the Chair, it consists of two Executive Directors, two Independent Non-Executive Directors and two Non-Executive Directors nominated by our Partner Funds (one position currently vacant). I believe this construction provides an appropriate balance between direction and oversight, whilst also hearing and understanding the voice of the customer. As Border to Coast is wholly-owned by its local government partners, it is important to us that we operate independently from, but in harmony with, our Partner Funds. We will continue to review the make-up of the Board and its Committees to ensure they remain fit for purpose.

We also work to ensure that the Board is diverse, reflecting our workforce and our customers. The age distribution of our current Board members is as follows:

Age 40-49	2
Age 50-59	2
Age 60-69	2

In terms of gender diversity, we significantly exceed the requirement of the Davis Review, which applies to FTSE companies, to have at least 33% women on the board. We do however recognise that other groups, whether gender-, ethnicity- or otherwise related, are currently under-represented. We will keep this under review, whilst recognising that the key is to achieve diversity of thought - constructive and inclusive challenge around the boardroom table.

The Board has responsibility for the continued good running of the business and holds the Executive to account for promoting an open and inclusive culture and the establishment of values to maintain a successful business. The Board mirrors these values and all directors are encouraged to partake in open and effective debate and to contribute to the building of Border to Coast.

This established 'tone from the top' is promoted with our colleagues and one of the early policies established was that of Whistleblowing. Reviewed at the meeting of the Board held in November 2018, the Whistleblowing policy sets out that Tanya Castell, a non-executive director, is the Whistleblowing Champion. She is responsible for ensuring that appropriate procedures are in place to allow employees to speak up, without any fear or favour.

In December 2018 the Board undertook a review of the effectiveness of the Board and its Committees, and the breadth and depth of individual skills, using an internal process. The results, reported in February 2019, suggested a reasonable level of experience in most of the self-assessed areas across the Board as a whole. We will use these results to focus our combined continued development in the coming years.

Chris Hitchen
Chair
Border to Coast

How the Board works

The Board is collectively responsible for promoting the success of Border to Coast by directing and supervising its affairs, with due regard to its shareholders, customers and other stakeholders.

The Board's role is to provide entrepreneurial leadership within a framework of prudent and effective controls which enable risk to be assessed and managed. It sets Border to Coast's strategic aims, ensures that the necessary financial resources and people are in place for it to meet our objectives, sets values and standards, reviews management performance, and ensures that obligations to shareholders, customers and other stakeholders are understood and met.

In carrying out these responsibilities, the Board must recognise what is appropriate for Border to Coast's business and reputation, the materiality of the financial and other risks inherent in the business, and the costs and benefits of implementing specific controls.

The Board comprises suitably skilled and experienced individuals with adequate collective knowledge and understanding of the Company's markets and products to equip them to discharge all their responsibilities in an effective, efficient and compliant manner.

Within the Board, the roles of Chairman and Chief Executive Officer are distinct but complementary. The Corporate Governance Code states that the Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The CEO's role is to ensure appropriate day-to-day management of the company in line with the Board's strategy.

In addition to the general requirements for all directors, the non-executive directors:

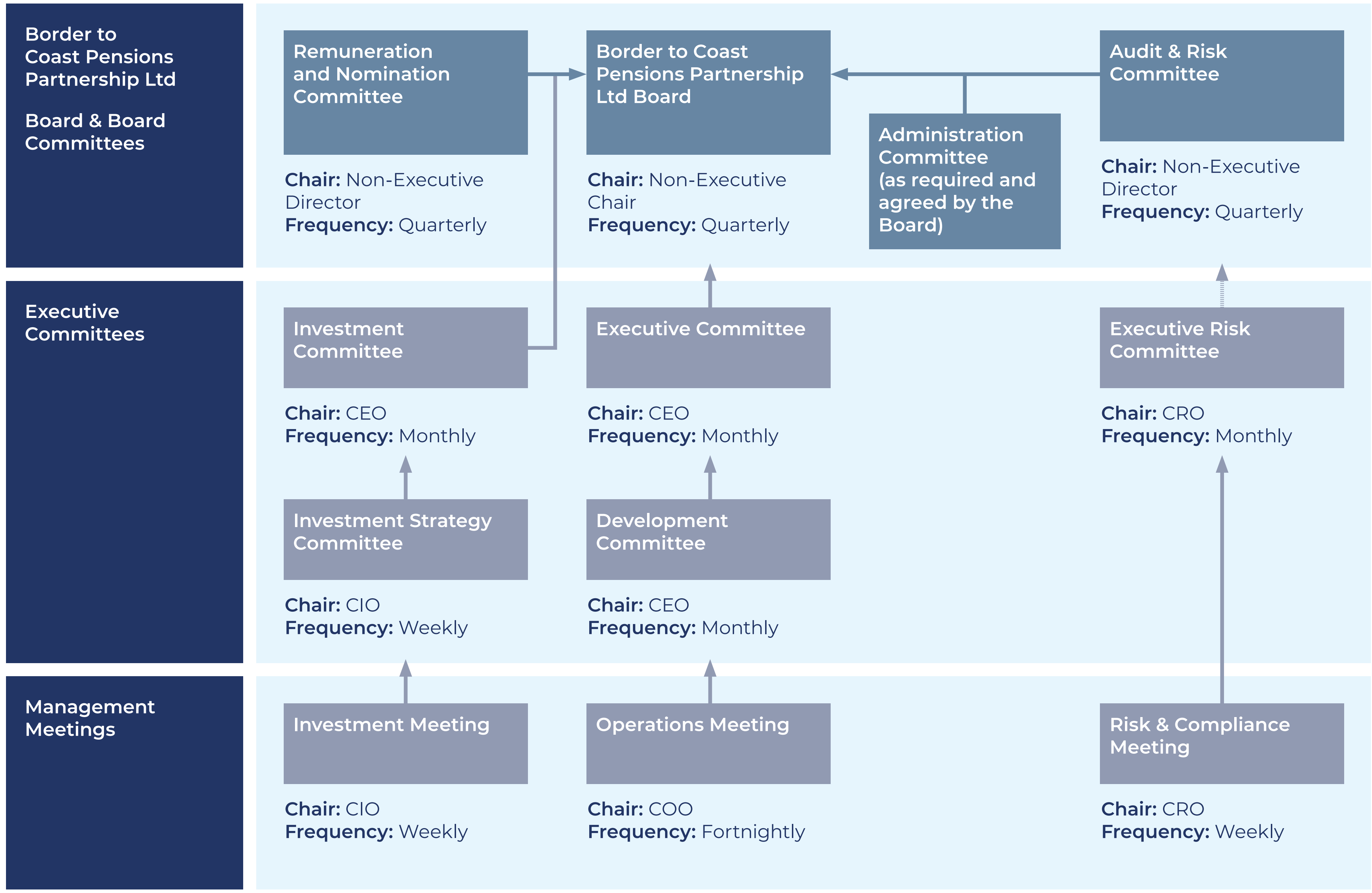
- constructively challenge and contribute to the development of strategy;
- scrutinise the performance of management in meeting agreed goals and objectives;
- monitor performance; and
- review financial information to ensure its accuracy, and that financial controls and systems of risk management are robust.

Non-executive directors are also responsible for recommending for shareholders' approval appropriate levels of remuneration of executive directors, and have a prime role in succession planning – appointing and where necessary removing senior management.

Border to Coast has sought to include representation from its shareholders and Partner Funds on the Board. The Partner Funds have nominated two individuals to act as full Board members. They are obliged to conduct themselves in the same way as other members of the Board, as outlined above.

To support its effective operation, the Board has established three Board Committees: the Audit and Risk Committee, the Remuneration and Nomination Committee and an Administration Committee.

The Board has delegated to the Chief Executive Officer the day-to-day management of the Company, subject always to those matters reserved for decision by the Board or its Committees. The Chief Executive Officer has in turn delegated certain of her responsibilities to her direct reports. A number of committees have been created to assist the Chief Executive Officer in her decision-making or to monitor activities. These, together with the Board-level Committees, are shown in the governance diagram.



THE CEO REPORTS REGULARLY TO THE CHAIRMAN AND THE BOARD, ENABLING THEM TO DISCHARGE THEIR RESPONSIBILITIES EFFECTIVELY.

The Board's Business in 2018-19

The Board met ten times during the year. It considered a range of items (detailed below) relating to Border to Coast, its business and performance. On a number of occasions, the Chair met with the non-executive directors without executives present. Attendance at meetings is shown below for the Board and its Committees with the number in brackets showing the number of meetings the director was eligible to attend.

The Board also held a strategy day to review and challenge the current strategy.

The Administration Committee

The Administration Committee is appointed by the Board to make decisions demanded by any matters arising between Board meetings, where there is insufficient time or quorum to convene a full Board meeting. The Board may, as it sees fit and from time to time, delegate matters for consideration to the Committee. Where possible, the Board will be made aware of the fact that an urgent decision that could be delegated to the Committee will be required between the usual Board meeting dates. The Board specifies who, from its number, it requires to be in attendance to make the quorum. If a director is not included in this number they are not required, but are always welcome, to attend. In any event, all directors receive the papers.

	Board (10)	Audit & Risk Committee (4)	Remuneration & Nomination Committee (4)	Administration Committee (2)
Chris Hitchen (Chair)	10 (10)	4 (***)	4 (4)	2 (2)
Rachel Elwell (CEO)	10 (10)	4 (***)	4 (***)	2 (2)
Fiona Miller (COO)	9 (10)	4 (***)	1 (***)	2 (2)
Enid Rowlands (NED)	10 (10)	4 (4)	4 (4) chair	0 (2)
Tanya Castell (NED)	9 (10)	4 (4) chair	4 (4)	1 (2)
John Weighell *	3 (3)	-	1 (2)	1 (1)
Sue Ellis **	4 (4)	2 (2)	-	1 (2)

* appointed on 15 October 2018. Resigned on 20 February 2019
** appointed on 15 October 2018
*** attended by invitation and not present for private discussions

Strategic Objectives

Border to Coast's mission statement is to make a positive difference to the investment outcomes of its partner Local Government Pension Funds through pooling to create a stronger voice; working in partnership to deliver cost-effective, innovative and responsible investment now and in the future, thereby enabling great, sustainable performance. This will be achieved through the following three main strategic objectives, and we have shown the business overseen by the Board in support of these during the year:

Strategy: Delivering Border to Coast's strategy to deliver the benefits of pooling through the creation of a regulated asset manager in line with the guiding principles

- Selection of the UK Equity Alpha Manager
- Implemented advisory services to Partner Funds
- Overseas Equity fund approved
- Launch of the Global Equity Alpha Fund
- Decision to use Alternatives Fund and the associated build
- Progress of Fixed Income Sub-Funds
- Approval of UK Listed Equity Alpha Fund including the ACS prospectus
- Manager selection and monitoring process

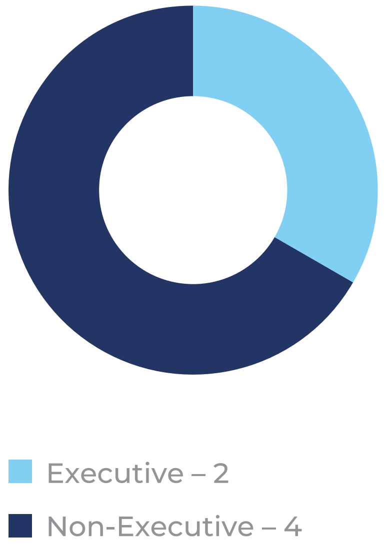
Customer Outcomes: Putting customers at the heart of Border to Coast and delivering great customer service, and meeting their expectations of (risk-adjusted) long-term investment return and performance

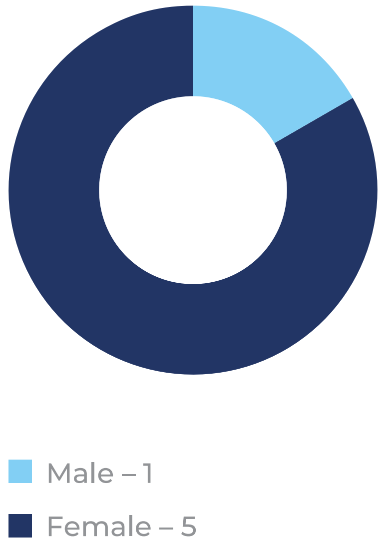
- Customer workshops
- Conduct risk assessment
- Responsible Investment initiatives
- Shared Partner Fund transition Management Information

Governance: Creating a sustainable organisation making efficient and effective decisions with an appropriate level of rights

- Progressed applications for FCA approval
- Risk Framework implemented
- Terms of Reference and governance plans for the Board Committees reviewed
- Corporate Treasury Strategy and Policy
- Delegations of authority
- Conflicts of Interest Policy
- Appointment of two Partner Fund nominated NEDs
- Role of the Depositary reviewed
- Training on Cybersecurity and SMCR
- Appointment of Internal Auditor
- Assessed the skills matrix
- Freedom of Information Publication Scheme
- ICAAP and wind-down planning
- Budget approval
- Statement on the UK Stewardship Code
- Board and Committee effectiveness
- Required policies

Board Composition





Sue Ellis was assessed as being not independent upon appointment as she had been nominated by the Partner Fund shareholders. All other non-executive directors were assessed as being independent upon appointment. This includes our Chair, Chris Hitchen. The non-executive directors are not, as recommended by the UK Corporate Governance Code, subject to annual re-election by members at the Annual General Meeting. Directors enter into an agreement to serve a term of office which is not longer than three years. This can be extended at the agreement of both the Company and the individual director. The dates of directors' term expiry are shown below.

Tanya Castell	14 October 2020
Chris Hitchen	31 August 2020
Enid Rowlands*	14 October 2019
Sue Ellis	1 October 2020

* The Board will be seeking shareholder approval to extend Enid Rowland's term of office to 31 July 2022.

Conflicts of Interest

Directors have a statutory duty to declare any conflicts of interest they may have. This includes, but is not limited to, external directorships. All external directorships of serving directors which could give rise to conflicts have been assessed by the Board and shareholders, and authorised where appropriate.

In particular, under the Border to Coast conflicts of interest policy, any new appointments that could give rise to a potential conflict of interest are considered by a panel of statutory officers nominated by our Partner Funds prior to acceptance by the director.

Board Effectiveness and Skills

A principle of the UK Code of Corporate Governance Code is that an "annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives". It also suggests that "the chair should act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the board, with each director engaging with the process and taking appropriate action when development needs have been identified".

At the Board meeting held in February 2019, the Company Secretary reported on the review that had been undertaken. The review was conducted by the completion of a questionnaire by all directors. The Chair also took the time to meet on a one-to-one basis with all directors to further understand their responses. The review highlighted areas for improvement around management of papers and support provided to the Board from the Border to Coast team.

The Chair's performance was reviewed by the RemCo Chair and a Partner Fund nominated non-executive director.

The review of Board effectiveness included evaluation of the performance of the Board Committees.

Effectiveness review areas for consideration or action

It was recognised that in these early stages of the Company there was work to be done in a number of areas including:

- induction and succession planning;
- the increase in skills on the Board by the recruitment of a further non-executive director;
- development around Board meeting agenda-setting; and
- more structured training for directors.

Following a self-assessment of their skills, the directors considered their collective skills at a meeting in February 2019. The results were considered for the Board as a whole, and for the non-executive directors as it is their role to challenge the Executive. In summary this showed a good spread of skills and strength in depth across the Board. There were a few areas for further consideration where there were only one or two directors with a deep level of experience: perhaps unsurprising in a relatively small Board. Further consideration may be given in due course to the appointment of an additional non-executive director.

Communication and Engagement with Shareholders

Communication with shareholders takes many forms including regular informal discussions and updates.

Shareholders carry out their duties under the Shareholder Agreement typically by written resolution, with advice from the section 151 and monitoring officers as deemed appropriate for each Partner Fund. It should be noted that these written notifications of consent to actions made under the Shareholder Agreement are to comply with the terms of that Agreement and are not resolutions of the Company made under the Articles of Association, which would require shareholder votes in General Meeting or in accordance with the Articles. These regimes operate alongside one another.

The Board and our Partner Funds have developed a Governance Charter setting out the governance, roles and responsibilities of the various parties. This is available on the Border to Coast website: www.bordertocoast.org.uk/about/.

Border to Coast will also hold an Annual General Meeting to give shareholders a forum to discuss our performance, hold directors to account, discuss future strategic capability build and review any resolutions as put forward by either party.

AUDIT AND RISK COMMITTEE REPORT

The Committee helps the Board monitor the integrity of our financial statements, the performance and objectivity of auditors, and the effectiveness of our financial controls.

Location: Surrey

Members

Members of the Audit and Risk Committee ('ARC') are appointed by the Board on the recommendation of the Remuneration and Nomination Committee, in consultation with the ARC Chair.

- Tanya Castell (Chair)
- Enid Rowlands
- Sue Ellis (appointed 15 October 2018)

The Board considers that Tanya Castell has the recent and relevant financial experience required by the Committee Terms of Reference and the UK Code of Corporate Governance.

Purpose

The ARC assists the Board in discharging its responsibilities for monitoring the integrity of the Company's financial statements, performance and objectivity of the external and internal auditors, and monitoring and reviewing the effectiveness of the Company's financial controls. In addition, the ARC ensures that the interests of the shareholders, and the LGPS Pension Funds that they administer, are properly protected through the application of effective risk and capital management frameworks for the Company. The ARC also monitors and reviews the effectiveness of the Company's controls.

Roles and Responsibilities

The areas on which the ARC has focused during the year are:

The review of the ARC's performance in 2018 was conducted at Board level and this is reported in another part of the Governance Report on page 23. The early stages of policy development were also reviewed at Board level and Internal Audit were only appointed in September, meaning that less time than might be considered typical was spent on these items in the ARC during the year.

THE ARC CONSIDERED THE FOLLOWING AREAS AS DETAILED IN ITS TERMS OF REFERENCE, DURING THE YEAR:

Financial Reporting	Internal Audit	External Audit	Compliance, Whistleblowing and Fraud	Risk
• Monitor the integrity of the financial statements, in accordance with relevant polices, reviewing and challenging where it thinks it necessary to enable recommendation for approval to the Board • Report to the Board on significant financial reporting issues and judgements • Review other statements requiring Board approval and which contain financial information • Keep under review internal financial control systems	• Approve the Head of Internal Audit appointment • Approve the internal audit charter and plan • Oversee that Internal Audit has the necessary resources and access to information to enable it to fulfil its mandate • Meet with Internal Auditors without the Executive	This area was not given as much consideration as would be expected once the business is fully developed; particularly noting that the Company was not fully operational for the whole of the financial period • Make recommendations to the Board in relation to the appointment of the External Auditor • Oversee the selection procedure for the auditor appointment and oversee the relationship, approving terms of engagement and their remuneration • Monitor the auditor’s process for maintaining its independence, compliance with relevant law, regulation and professional standards • Meeting with External Auditors without the Executive	• Review the adequacy and security of arrangements for employees and contractors to whistleblow • Review the procedures for detecting fraud • Review the systems and controls for the prevention of bribery and review any concerns • Review proposed changes to mandatory regulation • Oversee the management of conduct risk • Review reports from the Money Laundering Reporting Officer • Oversee the effectiveness and adequacy of the Compliance function and approve the annual workplan	• Make recommendations to the Board for approval on the risk appetite • Review the risk management framework • Challenge the design and execution of stress and scenario tests • Review the effectiveness of financial controls and financial reporting • Review overarching risk policies and the creation of new risk policies • Oversee and challenge material transactions and proposed strategic transactions that are subject to approval by the Board • Monitor the availability and use of capital • Review the Internal Capital Adequacy Assessment Process and recommend to the Board for approval

Location: Tyne and Wear

AUDIT AND RISK COMMITTEE REPORT

Report from the ARC Chair

As 2018-19 was the first year of authorised operation for the Company, the focus of the Committee was mainly on ensuring that the right frameworks, oversight and policies were in place both internally and in relation to third-party suppliers given the business operating model.

Within the year the Committee scheduled, and held, four meetings.

The major risks discussed were as follows. These are explored in further detail in the Risk Management report on page 17:

- Resourcing given the early stage of Border to Coast's development
- Delivery of outsourced services
- Concentration risk
- Legal risks including procurement
- Political risk
- Impact of external developments including Brexit

Internal Audit

During the year Border to Coast procured an Internal Audit Service and the Committee approved the appointment of Deloitte LLP as provider. The process of appointment considered the quality, experience and expertise offered by the potential service providers. The appointment was for a term of three years from September 2018. The Committee is satisfied that Internal Audit is independent from the business, having a reporting line to the Chair of the Committee.

External Audit

KPMG was appointed, following a public procurement exercise, as External Auditor in January 2018 for a period of three years with an option to extend for a year. The fee to be paid to KPMG for the statutory audit of the Company's 2018-19 financial statements is £32,000. David Allen is the audit director responsible. He has held this position since appointment. The Committee has judged that David Allen and KPMG are independent within the meaning of regulatory and professional requirements and neither David Allen's nor the audit staff's objectivity are impaired.

At its meeting in February 2019, the Committee approved the policy for the Provision of Non-Audit Services by the External Auditor. The policy allows for fee payments for any additional works to be considered in total and therefore, as a general rule, any fees paid to the External Auditor for additional vwork outside the scope of audit services should not exceed 50% of the audit fee in any financial reporting period. At the same meeting the Committee also noted that KPMG would be completing the Audit and Assurance Faculty (AAF) assurance work and the client money (CASS) audit. It was acknowledged that payment for the AAF work exceeded 50% of the audit fee but this was exceptional, and due to this being the Company's first operational year. The non-audit services provided by KPMG during 2018-19 were audit-related, and the Committee believes the External Auditor was best suited to perform the work.

REMUNERATION COMMITTEE REPORT

The Remuneration and Nomination Committee ('RemCo') advises the Board on the management of our people, and oversees Board appointments and the performance of non-executive directors.

Location: North Yorkshire

Members

Members of RemCo are appointed by the Board on the recommendation of RemCo, in consultation with the RemCo Chair.

- Enid Rowlands (Chair)
- Tanya Castell
- Chris Hitchen
- John Weighell (from 15 October 2018 to 20 February 2019)

Purpose

The role of RemCo is, subject to the agreement of the shareholders as relevant, to:

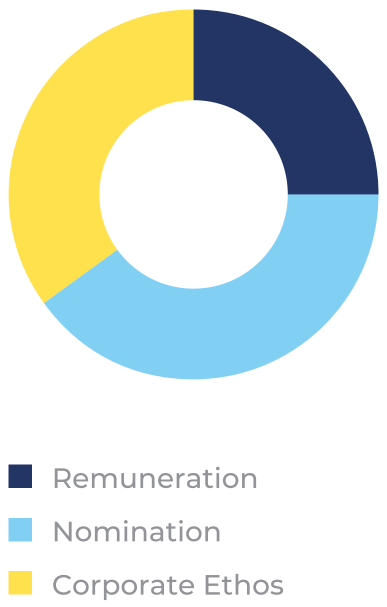
- advise the Board on matters relating to the effective management of our people; and
- oversee processes related to Board appointments and the review of non-executive director performance.

The Role of the Shareholders in Remuneration

Under the shareholder agreement, remuneration of all directors, including executive directors, is a matter reserved to the shareholders. RemCo makes recommendations to the shareholders for approval.

Roles and Responsibilities

The chart below provides an illustration of the time allocated to areas, detailed in the Committee's Terms of Reference, during the year. Further detail as to how RemCo has done this is also provided.



Remuneration

- Determine the overall policy of reward framework for the senior executive and management team
- People strategy and policies
- Provide assurance to the Board regarding the strategic approach to equality, diversity and inclusion
- Set the selection criteria for the appointment of remuneration consultants
- Oversee changes to the employee benefit structure

Nomination

- Talent management and succession planning for the senior executive and management team
- Propose, for approval, to the Partner Funds the remuneration of the CEO and COO
- Board succession planning, including Partner Fund nominated non-executive directors
- Conduct the appraisal of the Board Chair

Corporate Ethos

- Review potential conflicts of interest
- Review reports and people management information around the cultural development programme
- Review Committee evaluation results

Within the year the Committee scheduled, and held, four meetings.

Our Approach to Remuneration, Inclusion and Diversity

Our approach to reward is to view pay and benefits within the broader context of the overall people experience and our value proposition. Our remuneration is designed to support our business strategy, objectives and values, our risk appetite and risk management approach, and our and our customers' long-term interests.

We are committed to being a learning organisation, and we welcome people from all backgrounds based on their talent and capabilities and their commitment to our purpose and cultural values.

Given our relatively small team – well below the 250 minimum for formal reporting on the gender pay gap – small changes can have a big impact on reported figures. We try to be sensitive in our reporting, and avoid disclosing individual salaries where we regard it as inappropriate.

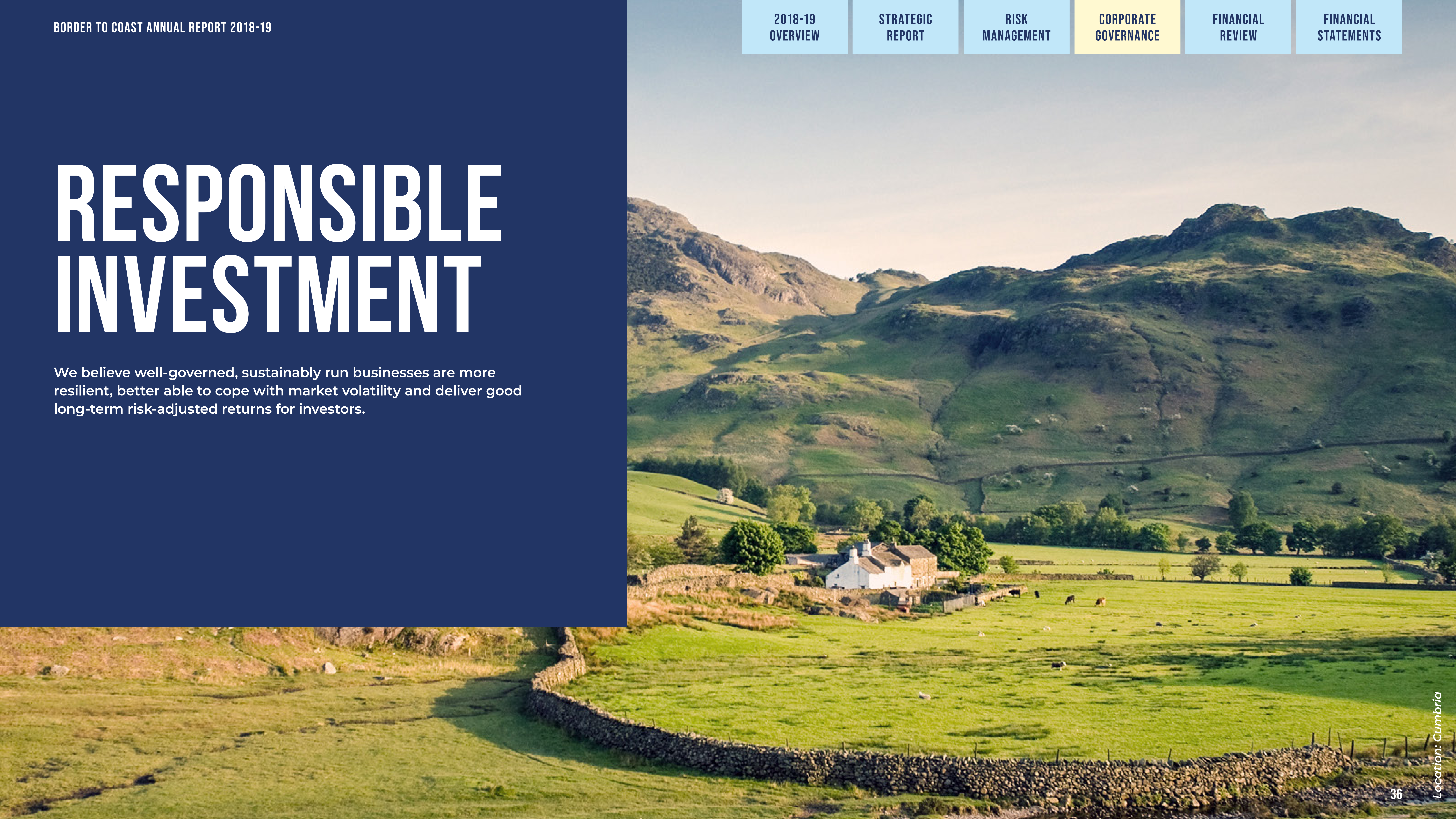
As reported to the Remuneration Committee in February 2019, our mean gender pay gap in January 2019 was -12%, and our median gender pay gap +8%. These figures reflect the facts that we have more men than women in mid-level professional roles, and more women than men at senior role/upper quartile level, particularly in our senior executive and leadership team.

Equal Pay is reviewed in detail as part of overall pay reviews and our ongoing reward activity. Gender differentials reflect the balance of men and women in certain functions and at specific levels. We look to tackle such differences over time, through recruitment, development opportunities and internal moves.

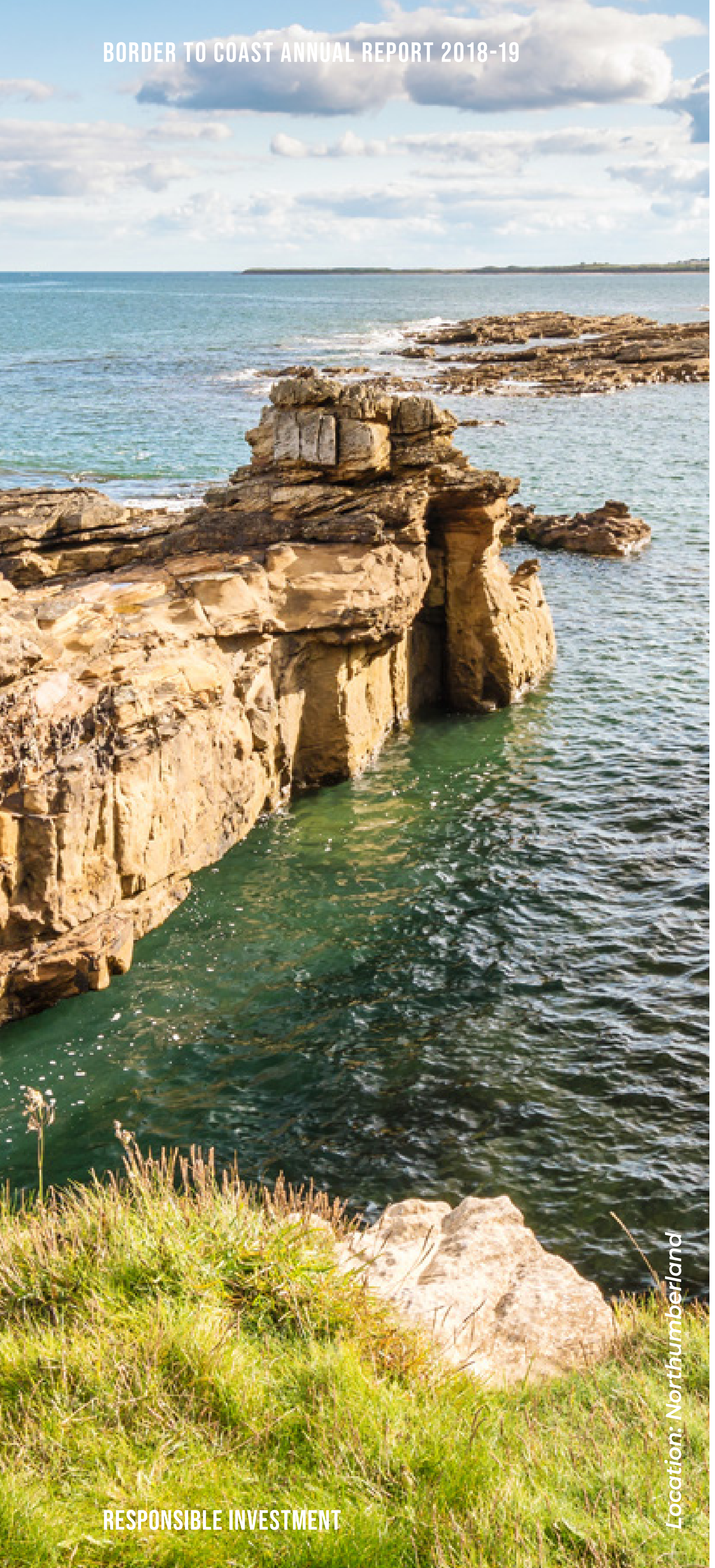
We also demonstrate inclusion more widely in our recruitment, development and management practices, and regularly receive great feedback from colleagues about our open, diverse teams and culture.

RESPONSIBLE INVESTMENT

We believe well-governed, sustainably run businesses are more resilient, better able to cope with market volatility and deliver good long-term risk-adjusted returns for investors.



Location: Cumbria



Border to Coast manages the investment of pension assets on behalf of its Partner Funds across a range of investment funds. We have a fiduciary duty and responsibility to our Partner Funds to provide effective stewardship of the companies in which we invest: directly, or indirectly through mandates with fund managers. We take a holistic approach to Responsible Investment ('RI'), and regard it as core to our corporate and investment thinking, which aims to manage risk and generate sustainable, long-term returns that benefit our Partner Funds.

As a long-term investor we practice active stewardship. We believe well-governed, sustainably run businesses are more resilient, better able to cope with market volatility and deliver good returns for investors. Our approach is set out in our Responsible Investment Policy and Corporate Governance & Voting Guidelines, which outline how we practice active ownership through monitoring, engagement and voting and, if necessary, litigation. The Policy and Guidelines were developed in collaboration with our Partner Funds, are owned jointly with them, and are reviewed annually to ensure their continuing conformity with best practice. Both of these documents are available on our website.

RI is monitored and discussed at the Investment Strategy Committee, which reports regularly to the Investment Committee, with the Chief Investment Officer ultimately accountable for policy and its implementation. Reporting is also made regularly to the Board and Partner Funds.

As an active owner we view our voting rights as a key asset, and vote in accordance with our principles to promote and support good corporate governance and sustainability. Ahead of the launch of our first investment funds we appointed Robeco as our voting and engagement provider, equipping us to vote as assets transitioned from the Partner Funds. We publish our voting activity on our website on a quarterly basis.

Engagement offers another way for us to bring influence to bear. To maximise our effectiveness, we have decided to focus on a number of broad RI themes:

- Governance – since well-governed companies tend to manage environmental and social factors well
- Transparency and disclosure – it's crucial that investors understand portfolios' and investee companies' underlying risks, including financial, climate and workforce risk
- Diversity – given increasing evidence that more diverse boards result in better corporate performance and better investment returns

We believe we can best influence and help improve governance, sustainability and investment outcomes by working in collaboration with other like-minded institutional investors. We therefore support collaborative initiatives which reflect our RI themes, such as Climate Action 100+, the Workforce Disclosure Initiative and the 30% Club. We are supporters of the Task Force on Climate-related Financial Disclosures and we are also members of the Institutional Investor Group on Climate Change and the Local Authority Pension Fund Forum.

We have been working hard over the last year to implement our RI policy. Environmental, social and governance ('ESG') is integrated into the investment decision-making across our internally managed portfolio. ESG and RI are integral to our external manager selection and appointment process, with ongoing monitoring and challenge. We are transparent regarding our stewardship activities and publish a bespoke Border to Coast Stewardship quarterly report to complement Robeco's voting and engagement reports. The FRC has adjudged our Stewardship Code Statement as Tier 1. We have supported our Partner Funds on RI issues, and will continue to work with them over the coming years.

More detail on our RI activities can be found on our website, including our Annual Responsible Investment Report.

www.bordertocoast.org.uk/sustainability

FINANCIAL REVIEW

Our first year results show clearly that Border to Coast has operated in line with expectations, making anticipated progress toward delivering on its objectives, on time and on budget.

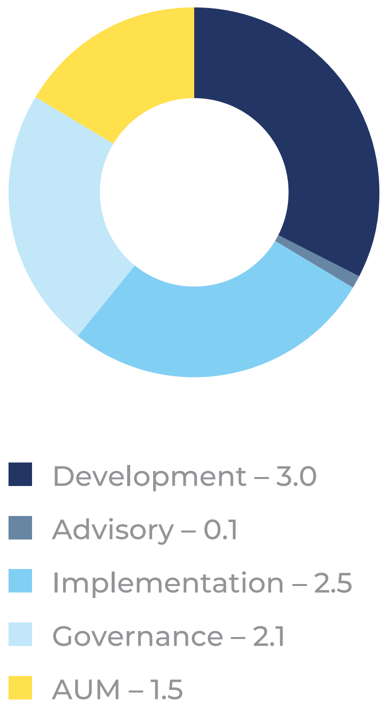
Border to Coast's accounts for the financial year ending 31 March 2019 are included from page 45 onwards. We include here a brief overview of the results covering expenditure, people, capital, liquidity, tax and the financial outlook for the year ending 31 March 2020.

Expenditure

Border to Coast operates on a 'not-for profit' basis by recharging costs to the Partner Funds and therefore the Company is reporting a break-even nil operating profit (and a £3k loss after tax) for the financial year.

Total expenses of £9.2m were incurred in the year and recharged back to the Partner Funds as per the chart below. Prior to the first fund launch, (implementation) expenses incurred in the first four months of the year reflected the initial costs of the business. Following the first fund launch in July 2018, ongoing costs include running a regulated company (governance), managing assets (AUM), developing and launching new funds (development) and investment advisory services (advisory):

Expenses by category £m

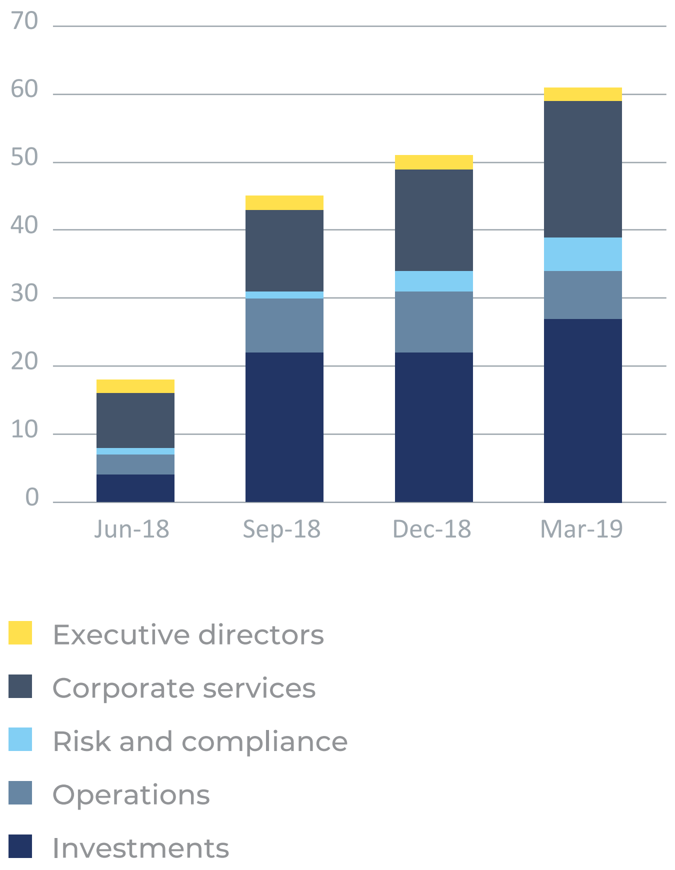


People

Our people have been our single biggest expenditure, essential in delivering an investment business with multi-asset capability to meet the needs of our Partner Funds. Throughout the year our focus has been putting in place the building blocks to enable the Company to function and manage Partner Fund assets, of which the main priority has been recruitment. We have recruited a high calibre of colleagues from across both the Local Government community and the private sector giving us a great blend of both public and private sector backgrounds and ethos.

As demonstrated in the chart below, colleague numbers have grown from 9 to 61, with a full complement of 73 anticipated in one year's time.

Colleague numbers by function



Capital

We are authorised by the Financial Conduct Authority as a Collective Portfolio Management Investment Firm and are therefore subject to the requirements of the General Prudential Sourcebook, the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') and the Interim Prudential Sourcebook for Investment Businesses (Chapter 11) for capital requirement purposes.

As a corporate entity regulated by the FCA, we have an obligation to ensure there are adequate measures in place to monitor current – and plan for future – financial resilience. We currently hold £10m of share capital to meet both our current and expected regulatory capital requirements. This is kept under review and, as each new product is launched, its impact on capital adequacy is assessed.

We are required to undertake an Internal Capital Adequacy Assessment Process, which enables us to determine the level of capital necessary to support the risks relevant to our business (Pillar 2 capital). In addition to this, our Policy is to also hold a £1m capital buffer.


Location: Teesside

Liquidity

In addition to our regulatory capital requirements, we are also required to ensure there is adequate liquidity to meet our financial obligations as they fall due. To help manage our liquidity profile, the Partner Funds have agreed to pay the annual operating charges in two instalments in advance to ensure the Company can at all times remain cashflow solvent.

The £10m share capital is invested in AAA-rated money market funds. Our short-term working capital is held in a current account with any additional amounts over this also invested in AAA-rated money market funds.

In the previous financial year, to help manage working capital requirements throughout our build phase, a loan of £1.8m was taken out with one of our Partner Funds, South Yorkshire Pension Authority. This was repaid in full in March 2019.

Tax

We comply with tax law and practice in all territories in which we operate, including the UK, which is our main place of business. Compliance for us means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to the tax authorities. It is our intention to act in accordance not only with the letter of the law, but also the spirit of the law (where readily understood), not aggressively pursuing tax loopholes or adopting unreasonable tax filing positions unsupported by professional advice.

We were set up with the specific objective (as set by Central Government) of making savings for our Partner Funds, therefore any tax drag resulting from the fact that the Partner Funds are tax-exempt while we as a commercial organisation are not, should be minimised.

To balance these two outcomes, while we will not seek to implement convoluted or aggressive tax planning strategies, it is the intention that we proactively engage with HMRC, in collaboration with other pools that are of a similar structure, in regard to corporation tax planning. Failure to do so could leave us subject to corporation tax, despite our stated aim of making no profit.

Business Outlook for 2019-20

Budgeted expenditure for the next financial year is £14.4m. The increase reflects a full year of operational activity in 2019-20 with staff levels expected to rise to 73, increasing average staffing from 39 this year to 69.

In April 2019, ten new subsidiary companies, acting as general partners and ten new Scottish Limited Partnerships were established to facilitate our Partner Funds' investments into alternatives including private equity, private credit and infrastructure. The first commitment was made on 7 June 2019.

A new Global Equity ACS fund will be launched later in 2019 with fixed income ACS funds also planned for launch in 2019-20, together with ongoing development of a property fund.

In recognition of the vital role played by our people, we will continue to focus on training, development and recruitment, including plans to add to our graduate intake.

Going Concern

Following a robust assessment of the Company's financial and liquidity forecasts, cash position, regulatory capital position, principal risks and other relevant matters, the Directors are satisfied that the financial statements of the Company can be prepared on a going concern basis as they do not intend to liquidate the Company or to cease its operations. The Directors have concluded that the Company's financial position means that this is realistic and that there are no material uncertainties that could cast significant doubt over the Company's ability to continue as a going concern for at least a year from the date of approval of the financial statements.

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2019.

Location: Bedfordshire

Incorporation

The Company was incorporated on 31 May 2017 under the name of Border to Coast Pensions Partnership Ltd and began trading on 2 July 2018.

Directors

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

Name	Appointed	Resigned
Chris Hitchen	23 Jan 2018	–
Enid Rowlands	23 Jan 2018	–
Tanya Castell	23 Jan 2018	–
Rachel Elwell	23 Jan 2018	–
Fiona Miller	23 Jan 2018	–
Sue Ellis	15 Oct 2018	–
John Weighell	15 Oct 2018	20 Feb 2019

* Shareholders agree the terms of appointment for non-executive directors

Results and Dividends

The Company made a £3k loss after tax (2018 loss after tax: £86k).

No dividends were paid during the year (2018 – nil) and the directors do not recommend the payment of a final dividend.

Political or Charitable Donations

During the year, the Company did not make any political or charitable donations (2018 – nil). Our colleagues have chosen to make collections throughout the period, which were donated to local charities. All amounts came directly from people within the Company and any external supporters rather than from the Company itself.

Financial Instrument Risk

The Company does not use hedging or financial risk management instruments and all cash is held within bank accounts or money market funds with high credit ratings.

Loan Repayments

During the year a working capital loan from South Yorkshire Pension Authority of £1.8m was repaid. Interest on this was charged at a commercial rate.

Post Balance Sheet Events

On 4 April 2019, the Company established ten subsidiary companies, each of which will act as a General Partner to ten Scottish Limited Partnerships established to manage the Company's investments into alternatives, the first commitment being made on 7 June 2019.

Expected Future Developments

Expected future developments are set out in the Strategic Report on page 13 and include the build of further investment capabilities including private markets, global equity and fixed income. This is expected to lead to an increase in the level of assets under management.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that must be determined on a prudent basis;
- state whether they have been prepared in accordance with UK accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmation

In the case of each director in office at the date the Directors' Report is approved:

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

Independent Auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

Fiona Miller
Chief Operating Officer
Border to Coast

26 June 2019

INDEPENDENT AUDITOR'S REPORT

Location: Lincolnshire

Independent Auditor's Report to the members of Border to Coast Pensions Partnership Limited.

Opinion

We have audited the financial statements of Border to Coast Pensions Partnership Limited ("the company") for the year ended 31 March 2019 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland;* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 41 to 42, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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.

David Allen (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Sovereign Square, Sovereign Street
Leeds, LS1 4DA

26 June 2019

FINANCIAL STATEMENTS

Location: Teesside

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 March 2019

	Note	2019 £000	10 month period ended 31 March 2018 £000
Turnover	3	9,188	-
Administrative expenses	4	(9,248)	(106)
Other income		2	-
Operating loss		(58)	(106)
Other interest receivable and similar income	7	79	-
Interest payable and similar expenses	7	(21)	-
Loss before taxation		-	(106)
Tax on loss	8	(3)	20
Loss for the financial year		(3)	(86)
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(3)	(86)

The results above all related to continued operations.

Balance Sheet

at 31 March 2019

	Note	2019 £000	£000	2018 £000	£000
Fixed assets					
Intangible assets	9	24		-	
Tangible fixed assets	10	253		15	
			277		15
Current assets					
Debtors	11	3,342		68	
Cash at bank and cash equivalents	13	13,819		1,742	
			17,161		1,810
Creditors: amounts falling due within one year	14	(5,673)		(1,911)	
			(5,673)		(1,911)
Net current assets/(liabilities)			11,488		(101)
Total assets less current liabilities			11,765		(86)
Creditors: amounts falling due after more than one year					
Pensions and similar obligations	15	(1,854)		-	
			(1,854)		-
Net assets/(liabilities)			9,911		(86)
Capital and reserves					
Called up share capital	16		10,000		-
Profit and loss account			(89)		(86)
Shareholders' funds			9,911		(86)

These financial statements were approved by the Board of Directors on 26 June 2019 and were signed on its behalf by:

Fiona Miller
Chief Operating Officer, Border to Coast

26 June 2019

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 31 May 2017	-	-	-
Total comprehensive income for the period	-	(86)	(86)
Issue of share capital	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2018	-	(86)	(86)
Balance at 1 April 2018	**-**	**(86)**	**(86)**
Total comprehensive income for the period	**-**	**(3)**	**(3)**
Issue of share capital	**10,000**	**-**	**10,000**
Total contributions by and distributions to owners	**-**	**-**	**-**
Balance at 31 March 2019	**10,000**	**(89)**	**9,911**

Cash Flow Statement

for year ended 31 March 2019

	Note	2019 £000	10 month period ended 31 March 2018 £000
Cash flows from operating activities			
Profit before tax		**-**	(106)
Adjustments for:			
Depreciation, amortisation and impairment		**65**	-
Interest receivable and similar income		**(79)**	-
Interest payable and similar expenses		**21**	-
(Increase)/decrease in trade and other debtors		**(1,423)**	(48)
Increase in trade and other creditors		**5,562**	110
Net cash from operating activities		**4,146**	(44)
Cash flows from investing activities			
Interest received		**79**	-
Acquisition of tangible fixed assets	10	**(297)**	(14)
Acquisition of other intangible assets	9	**(30)**	-
Net cash from investing activities		**(248)**	(14)
Cash flows from financing activities			
Proceeds from the issue of share capital	16	**10,000**	-
Interest paid		**(21)**	-
Proceeds from new loan	14	**-**	1,800
Repayment of borrowings	14	**(1,800)**	-
Net cash from financing activities		**8,179**	1,800
Net increase in cash and cash equivalents		**12,077**	1,742
Cash and cash equivalents at 1 April	13	**1,742**	-
Cash and cash equivalents at 31 March	13	**13,819**	1,742

Notes to the financial statements
for year ended 31 March 2019

1. General information

Border to Coast Pensions Partnership Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 5th Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ.

2. 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 periods presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note p.

b. Functional and presentational currency

The financial statements are presented in Pounds Sterling and rounded to £'000.

c. Going concern

The financial statements have been prepared using the going concern basis of accounting. The directors have undertaken a review to establish whether the use of the going concern basis is appropriate for the preparation of the financial statements. This review involved the preparation of forecasts of the profitability, cash position and regulatory capital position of the Company for a period of at least a year from the date of the approval of the financial statements.

d. Revenue

Revenue comprises fees for the provision of investment management services. The Company operates on a cost recovery basis and therefore revenue is recognised in line with costs incurred.

e. Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

f. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items, which are recognised in other comprehensive income.

g. Intangible assets

Computer software licences and software are capitalised on the basis of the cost incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives of up to three years.

h. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life or minimum lease commitments, as follows:

Fixtures & fittings	10 years
Leasehold	5 years
IT hardware	3 years

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

j. Trade and other debtors

Trade and other debtors are recognised initially at transaction price and subsequently less any provision for impairment where such subsequent measurement would result in a material difference to the carrying value of the asset.

k. Trade and other creditors

Trade and other creditors are recognised at transaction price.

l. Cash and cash equivalents

Cash and cash equivalents compromise cash in hand and deposits with banks and other financial institutions. All cash and cash equivalents are held immediately available for withdrawal.

m. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)

for year ended 31 March 2019

2. Accounting policies (continued)

m. Taxation (continued)

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax income or expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax income or expense.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

n. Employee benefits

The Company operates a defined benefit pension scheme and a defined contribution pension scheme.

Defined Benefit Pension Scheme – The defined benefit scheme is a LGPS scheme administrated by South Yorkshire Pensions Authority and is only open to members from existing LGPS schemes who have transferred into the Company LGPS scheme or have rights under TUPE. The liabilities of the LGPS pension fund attributable to the Company are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high-quality corporate bonds. In determining these liabilities, an assumption has been made on the advice of our actuaries that 50% of employees retiring will take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension
- The assets of the South Yorkshire Pension Fund attributable to the Company are included in the balance sheet at their fair value

In accordance with the Pension Recharge Agreement Deed between the Company and the twelve shareholders of the Company, the deed guarantees reimbursement of any pension liability, additional employer contributions, entry payments or exit payments not covered by the rates pursuant to the regulations in accordance with the Funding Strategy Statement and the Rates and Adjustments Certificate in force. The deed guarantees both current and future deficits. Reimbursement from the shareholders would be through the annual operating charge, a charge to the investment sub-funds or by the provision of a payment notice.

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are included as either accruals or prepayments in the balance sheet.

Defined Contribution Pension Scheme – The defined contribution scheme is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

o. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to the financial statements (continued)
for year ended 31 March 2019

2. Accounting policies (continued)

o. Leases (continued)

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

p. Critical accounting judgements and estimates

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements that have a significant impact on the amounts recognised. The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Intangible assets – Intangible assets acquired by the Company are recognised at cost less accumulated depreciation and any impairment losses. Capitalised expenditure for the development and purchase of software for the Company's IT operations is included here, including patents, trademarks, licences and other rights.

Impairment of assets – The carrying amount of the Company's assets, other than those measured at fair value, are tested for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount will not be recovered. If such analysis indicates an excessive carrying amount, an impairment loss is recognised in the profit or loss.

Deferred taxation – 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 that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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

3. Turnover

	2019 £000	2018 £000
Recharge of costs	**9,188**	-

4. Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019 £000	2018 £000
Amortisation of intangible fixed assets	**6**	-
Depreciation of tangible fixed assets	**59**	-

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	**32**	12
Non-audit services:		
Controls assurance	**40**	-
Client assets	**10**	-

Notes to the financial statements (continued)
for year ended 31 March 2019

5. Staff numbers and costs

The average number of persons employed by the Company (including executive directors) during the year was 39 (2018: nil). The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	2,934	-
Social security costs	332	-
Contributions to defined contribution plans	150	-
Expenses related to defined benefit plans	100	-
	3,516	-

6. Directors' remuneration

	2019 £000	2018 £000
Emoluments	526	-
Company contributions to money purchase pension plans	19	-
	545	-

During the year two directors (2018: nil) participated in money purchase pension schemes.
The amounts set out above include remuneration in respect of the highest paid director as follows:

	2019 £000	2018 £000
Emoluments	239	-
Company contributions to money purchase pension plans	5	-
	244	-

7. Finance income and expense

	2019 £000	2018 £000
Interest receivable on bank deposits and cash equivalents	79	-
Total interest receivable and similar income	79	-
Interest payable on loans	21	-
Total other interest payable and similar expenses	21	-

8. Taxation

Total tax expense recognised in the profit and loss account and other comprehensive income

	2019 £000	2018 £000
Current tax on income for the period	-	-
Deferred tax (see note 12)	3	(20)
Total tax	3	(20)

Notes to the financial statements (continued)
for year ended 31 March 2019

8. Taxation (continued)

	2019 £000 Current tax	2019 £000 Deferred tax	2019 £000 Total tax	2018 £000 Current tax	2018 £000 Deferred tax	2018 £000 Total tax
Recognised in profit and loss account	-	3	3	-	(20)	(20)
Total tax	-	3	3	-	(20)	(20)

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit/(loss) excluding taxation	-	(106)
Tax using the UK corporation tax rate of 19% (2018: 19%)	-	(20)
Reduction in tax rate on deferred tax balances	3	-
Total tax expense/(credit) included in profit or loss	3	(20)

9. Intangible assets

	Software £000
Cost	
Balance at 1 April 2018	-
Additions	30
Balance at 31 March 2019	30
Amortisation and impairment	
Balance at 1 April 2018	-
Amortisation for the year	6
Balance at 31 March 2019	6
Net book value	
At 1 April 2018	-
At 31 March 2019	24

Notes to the financial statements (continued)

for year ended 31 March 2019

10. Tangible fixed assets

	Leasehold £000	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 1 April 2018	15	-	-	15
Additions	43	146	108	297
Balance at 31 March 2019	**58**	**146**	**108**	**312**
Depreciation and impairment				
Balance at 1 April 2018	-	-	-	-
Depreciation charge for the year	11	38	10	59
Balance at 31 March 2019	**11**	**38**	**10**	**59**
Net book value				
At 1 April 2018	15	-	-	15
At 31 March 2019	**47**	**108**	**98**	**253**

11. Debtors

	2019 £000	2018 £000
Trade debtors	**930**	-
Other debtors	**146**	22
Pension fund guarantee (see note 15)	**1,854**	-
Deferred tax assets (see note 12)	**17**	20
Prepayments and accrued income	**395**	26
	3,342	68
Due within one year	**1,488**	68
Due after more than one year	**1,854**	-
	3,342	68

As detailed within a ‘Pension Cost Recharge Agreement’, dated 4 February 2019 between the shareholders and the Company, the shareholders have guaranteed that any deficit arising in respect of the Company’s participation in the defined benefit pension scheme will be underwritten by the shareholders.

12. Deferred tax assets

Deferred tax assets provided for at 17% (2018: 19%) in the financial statements is set out below:

	2019 £000	2018 £000
Unused tax losses	**17**	20

Notes to the financial statements (continued)
for year ended 31 March 2019

13. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and cash equivalents	**13,819**	1,742

14. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Loan from South Yorkshire Pension Authority	**-**	1,800
Trade creditors	**310**	74
Taxation and social security	**139**	-
Other creditors	**43**	13
Accruals and deferred income	**5,181**	24
	5,673	1,911

The loan in 2018 was provided by one of its shareholders, South Yorkshire Pension Authority. The loan was fully repaid by the Company on 11 March 2019.

15. Employee benefits

The company operates a Local Government Pension Scheme (LGPS) administered by South Yorkshire Pension Authority. A Pension Recharge Agreement Deed between the Company and the twelve Local Authority shareholders guarantees the reimbursement of any pension liability.

Net pension (liability)/asset

	2019 £000
Defined benefit obligation	**(5,410)**
Plan assets	**3,556**
Net pension (liability)/asset	**(1,854)**

Movements in present value of defined benefit obligation

	2019 £000
At 1 April	**-**
Current service cost	**196**
Interest on pension liabilities	**115**
Remeasurement: actuarial gains/(losses)	**385**
Member contributions	**64**
Staff transferred into Scheme	**4,650**
At 31 March	**5,410**

Notes to the financial statements (continued)
for year ended 31 March 2019

15. Employee benefits (continued)

Movements in fair value of plan assets

	2019 £000
At 1 April	-
Interest on plan assets	82
Remeasurement (assets)	82
Administrative expenses	(3)
Employer contributions	100
Members' contributions	64
Staff transferred into Scheme	3,231
At 31 March	3,556

Expense recognised in the profit and loss account

	2019 £000
Current service cost	196
Administrative expenses	3
Net interest on net defined benefit liability	33
Total expense recognised in profit or loss	232

15. Employee benefits (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2019 Fair value £000 / %
Equities	1,807 / 50.8
Government debt	558 / 15.7
Corporate bonds	263 / 7.4
Property	345 / 9.7
Other	117 / 3.3
Cash	466 / 13.1
	3,556
Actual return on plan assets	164 / 4.6

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2019
Discount rate	2.50%
Future salary increases	3.45%
Future pension increases	2.30%
CPI inflation	2.20%

The last full actuarial valuation was performed on 31 March 2019.

In valuing the liabilities of the pension fund at 31 March 2019, mortality assumptions have been made as indicated below.

Current pensioner aged 65: 23.1 years (male), 25.9 years (female).

Future retiree upon reaching 65: 25.3 years (male), 28.3 years (female).

Notes to the financial statements (continued)
for year ended 31 March 2019

15. Employee benefits (continued)

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £150k (2018: £nil)

16. Capital and reserves

Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
12 ordinary shares of £1 each	12	12
9,999,996 non-voting redeemable shares of £1 each	9,999,996	-
	10,000,008	12

All shares have been issued and fully paid in cash.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

The holders of non-voting redeemable shares are entitled to receive dividends as declared but are not entitled to vote at meetings of the Company.

17. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 £000	2018 £000
Less than one year	137	-
Between one and five years	413	538
More than five years	-	-
	550	538

18. Related parties

The Company made the following related parties' transactions

	2019 £000	2018 £000
Partner Funds who are shareholders of the Company	9,188	-
	9,188	-

	Receivables outstanding 2019 £000	2018 £000	Creditors outstanding 2019 £000	2018 £000
Partner Funds who are shareholders of the Company	930	-	-	-
Loan from South Yorkshire Pension Authority	-	-	-	1,800
	930	-	-	1,800

19. Subsequent event

On 4 April 2019, the Company established ten subsidiary companies, each of which will act as a General Partner to ten Scottish Limited Partnerships established to manage the Company's investments into alternatives, the first commitment being made on 7 June 2019.

Border to Coast Pensions Partnership Ltd is authorised and regulated by the Financial Conduct Authority (FRN 800511).

Registered in England (Registration number 10795539) at the registered office 5th Floor, Toronto Square, Leeds, LS1 2HJ.

www.bordertocoast.org.uk

BORDER TO COAST PENSIONS PARTNERSHIP