

THE LOCAL AUTHORITIES' MUTUAL
INVESTMENT TRUST
ANNUAL REPORT AND
AUDITED FINANCIAL STATEMENTS

Year ended 31 March 2023

CCLA

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Disability Discrimination Act 1995
Extracts from the Annual Report and Financial Statements
are available in large print and audio formats.

REPORT OF THE COUNCIL for the year ended 31 March 2023

We have pleasure in presenting our annual report of The Local Authorities' Mutual Investment Trust ("Company").

Structure and management

The Local Authorities' Mutual Investment Trust ("LAMIT") was incorporated in England and Wales under the Companies Act 2006, as a Company limited by guarantee and not having a share capital (company registration number 00700132). LAMIT is the Trustee of The Local Authorities' Property Fund. The Trustee is controlled by Members of the LAMIT Council, whose members and officers are appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers Superannuation Committee, The Welsh Local Government Association and also representative unitholders. The Council, which is performing the functions of the Board, meets quarterly, to receive reports from the Manager and to monitor strategy, property management, risk and performance. The members of the Council are listed on page 18.

Funds under management

During the year to 31 March 2023, the net asset value of The Local Authorities' Property Fund ("LAPF") managed by CCLA Fund Managers Limited ("Manager") decreased in value by 16.7% from £1,428 million to £1,190 million.

The Manager

As at 31 March 2023, the Company owns 13.42% of the ordinary share capital of CCLA Investment Management Limited ("CCLA IM"), the parent company of the Manager, and has the right to appoint one non-executive director to CCLA IM's Board.

Information to Auditors

As far as the Council is aware, there is no relevant audit information of which the Company's auditors are unaware and the members of the Council have taken all the steps that they ought to have taken in order to make themselves aware of that information.

R Kemp CBE
Chairman
17 July 2023

INDEPENDENT AUDITORS' REPORT

to the members of The Local Authorities' Mutual Investment Trust

Report on the audit of the financial statements*Opinion*

In our opinion the financial statements of The Local Authorities' Mutual Investment Trust (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of accounting policies (Note 1); and
- the related notes 2 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

INDEPENDENT AUDITORS' REPORT**to the members of The Local Authorities' Mutual Investment Trust**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent

material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of The Council

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

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

INDEPENDENT AUDITORS' REPORT

to the members of The Local Authorities' Mutual Investment Trust

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the Council about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITORS' REPORT**to the members of The Local Authorities' Mutual Investment Trust**

As a result of performing the above, we identified the greatest potential for fraud in the valuation and existence of investment, and our specific procedures performed to address them are described below:

- obtained understanding of the relevant controls at the property finance team over the valuation and existence of investments;
- involved our financial instruments specialists to assess the applied valuation methodologies;
- agreed investment holdings to independent confirmations;
- assessed the professional competence of the management specialists and reviewed their scope of the work;
- reviewed the board minutes for the approval of the price, factors used by them to challenge the valuation; and
- evaluated the appropriateness of the valuation methodologies used to value the company in line with IPEV (International Private Equity Valuation) guidelines and agreed the price to the independent report.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

INDEPENDENT AUDITORS' REPORT

to the members of The Local Authorities' Mutual Investment Trust

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Council's report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Council's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Council were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Council's report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITORS' REPORT**to the members of The Local Authorities' Mutual Investment Trust***Use of our report*

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

Michael Caullay, Partner (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
17 July 2023

The financial statements are published at www.ccla.co.uk, which is a website maintained by CCLA Investment Management Limited. The maintenance and integrity of the CCLA Investment Management Limited website is the responsibility of the members of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2023

	<i>Note</i>	31.03.2023 £	£	31.03.2022 £	£
Income					
Property Fund reimbursement		10,733,897		10,176,177	
Investment income		617,500		617,500	
Interest on deposits in The Public Sector Deposit Fund		3,526		248	
Bank interest		24,240		288	
Total income		11,379,163		10,794,213	
Expenditure					
General expenses	2	(11,071,893)		(10,270,125)	
LAMIT audit fee	2	(16,640)		(15,000)	
Total expenditure		(11,088,533)		(10,285,125)	
(Loss)/gain on financial assets at fair value through profit and loss			(245,340)		1,007,500
Profit on ordinary activities before taxation			45,290		1,516,588
Taxation	5(a)		(716,715)		(191,425)
Profit for the financial year			(671,425)		1,325,163
Retained earnings brought forward			11,751,588		10,426,425
(Loss)/profit for the financial year			(671,425)		1,325,163
Retained earnings carried forward			11,080,163		11,751,588

All amounts relate to continuing operations.

The notes on pages 12 to 16 form part of these financial statements.

BALANCE SHEET
as at 31 March 2023

	<i>Note</i>	31.03.2023		31.03.2022	
		£	£	£	£
ASSETS					
Fixed assets					
Investments	3, 10		12,722,160		12,967,500
Current assets					
Debtors	6	551		70	
Cash at bank and in hand		1,422,425		1,210,382	
Cash equivalents		159,421		156,377	
			1,582,397		1,366,829
Creditors: amounts falling due within one year					
Other creditors	7		43,854		118,916
Net current assets			1,538,543		1,247,913
Total assets			14,260,703		14,215,413
LIABILITIES					
Deferred tax liability	7		3,180,540		2,463,825
Total assets less current liabilities			11,080,163		11,751,588
Retained earnings on Profit and loss account			11,080,163		11,751,588

The financial statements on pages 10 to 16 have been approved and authorised for issue by the Council.

R Kemp CBE, Chairman
Approved on behalf of the Council
17 July 2023

Registered number: 00700132

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The notes on pages 12 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006, under the provision of The Small Company Regulations (S12015/980).

The Company takes advantage of the small companies' exemption from preparing a statement of changes in equity and a statement of cash flows under FRS 102 (section 1A.7); these are also not required under section 444 of the Companies Act 2006 and The Small Company Regulations.

The captions used and order of presentation of the income and expenditure account have been modified in accordance with Section 396 of the Companies Act 2006 and paragraph 1AC.10 of FRS 102. The Council considers this presents more appropriately the financial results of the Company, whereby the Company's expenses are largely offset by the property fund reimbursement, before taking account of gains or losses on the valuation of the Company's investment. The financial statements give a true and fair view of the Company's financial position and financial performance.

The Company was incorporated in England and Wales under the Companies Act 2006, as a Company limited by guarantee and not having a share capital (company registration number 00700132). Its principal activity is to act as the Trustee and Operator of The Local Authorities' Property Fund ("LAPF").

(b) Historical costs and investment income

The financial statements have been prepared under the historical cost basis, as modified by revaluation of its investment, which is disclosed at fair value.

Investment income is accounted for on the date when the investment income is first quoted ex-dividend.

(c) Income recognition

Income consists of various costs reimbursements from Local Authorities' Property Fund, dividend received from investment in CCLA IM, interest earned on the bank account as well as interest received from deposits on The Public Sector Deposit Fund. All income is recognised on the accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. Accounting policies (continued)

(d) Cash equivalents

The manager has treated some assets as Cash equivalents for the purpose of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

2. Expenses and reimbursements

Expenses comprise charges made to the Company by the Manager in respect of its fee for the management of LAPF, together with other expenses incurred by the Company. These expenses and the audit fee charged to the Company are recovered from LAPF (less an amount relating to the Company's dividend income) and are shown as 'Property Fund reimbursement' within income. The audit fee for the Company is £16,640 (31.03.2022, £16,000).

	31.03.2023	31.03.2022
	£	£
General expenses	11,101,109	10,270,125
Audit fee (current year)	16,640	15,000
	11,117,749	10,285,125

The average number of employees during the year was nil (31.03.2022, nil). The Members of the Council receive no remuneration from the Company.

3. Investments

The investment held is an unlisted investment of 3,250,000 ordinary shares in the Manager which represents 13.42% (31.03.2022, 13.42%) of the issued share capital of that company. It is stated at fair value, which as at 31.03.2023 was £12,722,160 (31.03.2022, £12,967,500). Historical cost of the investment is £nil.

4. Basis of valuation

Investments are stated at valuation by the Council. The Council obtains valuations from independent experts which includes an assessment of net assets and market based assessments. The estimates and assumptions underlying the valuations are kept under review by the Council and judgements are reviewed, considering all factors affecting the investments.

The latest valuation point may be prior to the year end, but the Council is satisfied that the resultant valuation would not be materially different from a valuation carried out as at the year end.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

5. Taxation

	31.03.2023	31.03.2022
	£	£
(a) Tax expense included in profit or loss		
Current tax:		
– UK Corporation tax on profits for the year	5(b) –	–
Deferred tax:		
– Origination and reversal of timing differences	716,715	191,425
Tax on profit on ordinary activities	716,715	191,425
(b) Reconciliation of tax charge		
Profit on ordinary activities before tax	45,290	1,516,588
Profit multiplied by the standard rate of tax in the UK 19% (2022.19%)	8,605	288,152
Effects of:		
Non-taxable UK dividends	(117,325)	(117,325)
Effect of increase in the tax rate on opening liability	(778,050)	–
Non-taxable unrealised gain on investment	61,335	(191,425)
Excess tax losses arising in the year	825,435	20,598
Total current year tax charge	–	–

6. Debtors

	31.03.2023	31.03.2022
	£	£
Accrued interest	551	70
	551	70

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

7. Other creditors

	31.03.2023	31.03.2022
	£	£
Audit fee accruals	16,640	16,000
Amounts owed to LAPF (note 11)	27,214	102,917
	43,854	118,917

Deferred tax liability

	31.03.2023	31.03.2022
	£	£
Deferred tax		
At beginning of the year	2,463,825	2,272,400
Additions dealt with in profit or loss	716,715	191,425
At end of year	3,180,540	2,463,825

8. Financial instruments

The main risks arising from the Company's financial instruments and Council's policies for managing these risks are summarised below. These policies have been applied throughout the year and the comparative year.

Market price risk

Investments may go up or down in value depending upon the performance of the investee company and the market conditions. Dividends from the investment may vary according to the profitability of the investee company.

At 31 March 2023, if the price of the investment held by the Company increased or decreased by 5%, with all other variables remaining constant, then the net assets, and profit or loss, would increase or decrease respectively by approximately £636,108 (31.03.2022, £648,375).

Interest rate risk

All cash equivalents and cash and bank balances earn interest at a floating rate based on either SONIA or base rate. Debtors and creditors of the Company do not pay or receive interest.

There were no other financial liabilities and assets that pay or receive either floating rate or fixed rate interest at 31 March 2023 (31.03.2022, £nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

8. Financial instruments (*continued*)

Currency risk

There is no exposure to foreign currency fluctuations as all investments, revenue and short-term debtors and creditors are denominated in sterling.

9. Related party transactions

The Company receives reimbursement from LAPF to cover management expenses. The amounts received in respect of management expenses are £10,660,196 (31.03.2022, £10,176,177). There were outstanding balances of £27,214 (31.03.2022, £102,917) due to LAPF.

10. Fair value of financial assets and financial liabilities

In respect of financial assets and liabilities other than investments, there is no material difference between their value, as shown on the balance sheet, and their fair value.

The Company's investment in the Manager is recognised at fair value. External valuation of shares in the Manager is provided twice a year. This valuation is monitored and compared with a basket of Manager's listed peers. Any proposed adjustments are presented to the Company's Board.

Investments are held at fair value. An analysis of the valuation technique used to derive fair value of the investments is shown below:

The fair value of investments has been determined using the following hierarchy:

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included above that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

10. Fair value of financial assets and financial liabilities (*continued*)

For the year ended 31 March 2023

Category	Level 1 £	Level 2 £	Level 3 £	Total £
Investment Assets	–	–	£12,722,160	£12,722,160

For the year ended 31 March 2022

Category	Level 1 £	Level 2 £	Level 3 £	Total £
Investment Assets	–	–	12,967,500	12,967,500

For financial instruments for which the Manager uses valuation techniques using non-observable data, the inputs are valuations from independent experts (see note 3).

11. Contingent liabilities

There were no contingent liabilities as at 31 March 2023 (31.03.2022 £nil).

STATEMENT OF COUNCIL RESPONSIBILITIES

The Council is responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and regulations. Company law requires the Council to prepare financial statements for each financial year. Under that law the Council has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify Council Members of Directors for LAMIT, in writing, about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DETAILS OF THE COUNCIL AND THE COMPANY

Incorporated under the Companies Act 2006, as a Company limited by guarantee and not having a share capital – Company number 00700132

Members of the Council and the Company

Chairman R Kemp CBE

Secretary J Fox

Local Government Association

R Kemp CBE (Chairman)

R Love OBE

S Pickup – resigned 27 March 2023

K Stevens

C West

R Woodley

B Ingram – appointed 27 March 2023

Northern Ireland Local Government Association

D Donnelly

Welsh Local Government Association

Christopher Weaver appointed on 23 Sept 2022

Convention of Scottish Local Authorities

C Macgregor

Registered office:

One Angel Lane

London EC4R 3AB

Telephone: 020 7489 6000

The Annual Report and Audited Financial Statements of The Local Authorities' Mutual Investment Trust for the year ended 31 March 2023 are subject to the formal approval of the Members of the Company at the sixty second Annual General Meeting to be held on 5 October 2023.

ABOUT CCLA

Founded in 1958, CCLA is now the UK's largest charity fund manager. Well known for managing investments for charities, religious organisations and the public sector, CCLA began a new phase in its development in 2022, now welcoming other types of investor.

Our purpose is to help our clients maximise their impact on society by harnessing the power of investment markets. This requires us to provide a supportive and stable environment for our staff and deliver trusted, responsibly managed and strongly performing products and services to all organisations, irrespective of their size.

CCLA

CCLA Investment Managements Limited

One Angel Lane, London EC4R 3AB

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www.ccla.co.uk

CCLA is the trading name for CCLA Investment Management Limited (Registered in England and Wales No. 2183088)
and CCLA Fund Managers Limited (Registered in England and Wales No. 8735639)

Both companies are authorised and regulated by the Financial Conduct Authority. Registered address: One Angel Lane, London EC4R 3AB.

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