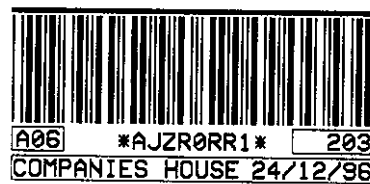


**THE LOCAL GOVERNMENT  
MANAGEMENT BOARD**

**Report and Financial Statements**

**31 March 1996**

**Deloitte & Touche  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE**



**REPORT AND FINANCIAL STATEMENTS 1996**

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**REPORT AND FINANCIAL STATEMENTS 1996****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

Lady Elizabeth Anson (resigned 27.7.95)  
Joseph B Baldwin  
Henry J Brooks (resigned 21.4.95)  
Stephen M Bullock (resigned 2.2.96)  
Brian Clack  
Chris Clarke  
Bryn H Duggan  
William J Flanagan  
Elizabeth Graham (appointed 28.7.95)  
Joan Hanham  
Gerard Heywood (appointed 28.7.95)  
John R Horrell CBE  
Gordon V Houlston  
Robert Irving  
Elgar Jenkins OBE (resigned 2.2.96)  
Harry G Jones (Chair)  
Sir Jack Layden  
James Mutter  
Graham M Pratley (resigned 28.7.95)  
John Sewell CBE  
Linda Short (appointed 28.7.95)  
Ian C F Swithenbank  
M Walker (appointed 2.2.96)  
Patrick Watters

**SECRETARY**

Judith Hunt

**REGISTERED OFFICE**

Armdale House  
The Armdale Centre  
Luton  
LU1 2TS

**BANKERS**

Midland Bank Plc

**SOLICITORS**

Beachcroft Stanleys

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Verulam Point  
Station Way  
St Albans  
Hertfordshire AL1 5HE

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

### **ACTIVITIES**

The Local Government Management Board (a company limited by guarantee) and its subsidiary and related companies are engaged in the provision of publications, advice and other services to Local Authorities in England and Wales.

### **REVIEW OF DEVELOPMENTS**

On 1 April 1995 the Yorkshire and Humberside Employers Organisation was integrated with the company. In addition on 1 August 1995 METRA Services Limited commenced trading. The company has a 50% shareholding in METRA Services Limited and has carried out accounting services on its behalf.

Also on 1 April 1995, the company took over the activities of the Anti-Poverty Unit previously carried out by the Local Authority Associations.

During the year freehold premises were purchased in Farringdon, financed by the surplus on the disposal of one of the company's leasehold premises in London.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The articles of the company do not permit the payment of a dividend. The surplus of income over expenditure of £573,000 (1995 : deficit £353,000) for the year has been transferred to Accumulated Funds.

### **FUTURE PROSPECTS**

The company continues to obtain 55% (1995 : 59%) of its income from the Department of the Environment and continues to seek other income from sources outside Central Government. The directors intend to pursue the expansion of the company's central objectives of advice and guidance to Local Government in England and Wales.

The company intends to move to the Farringdon premises in September/October and dispose of its other leases in London and Luton. The savings resulting from the one central location should meet any additional costs incurred as a result of the above.

### **FIXED ASSETS**

Movements in fixed assets during the year are set out in notes 8 and 10.

### **DIRECTORS**

The names of the directors who served during the year are set out on page 1.

### **DONATIONS**

No donations were made during the year (1995: £nil).

### **EMPLOYEE INVOLVEMENT**

Monthly joint consultative meetings are held to discuss issues raised by management or staff representatives.

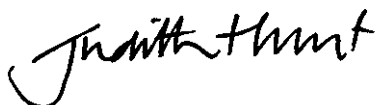
**DIRECTORS' REPORT****EMPLOYMENT OF DISABLED PERSONS**

The group ensures full and fair consideration is given to all employment applications made by disabled persons based on their particular aptitudes and abilities. Three registered disabled persons were employed throughout the year and an exemption certificate has been granted to the company. Appropriate training or re-training is provided for all staff under the staff development scheme.

**AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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



JUDITH HUNT

Secretary

25 July 1996

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the income and expenditure of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Chartered Accountants

Deloitte & Touche  
Verulam Point  
Station Way  
St Albans  
Hertfordshire AL1 5HE

Telephone: National 01727 839000  
International + 44 1727 839000  
Fax (Gp. 3): 01727 831111

## THE LOCAL GOVERNMENT MANAGEMENT BOARD

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on page 10.

#### Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 1996 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

25.9.96


**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**
**Year ended 31 March 1996**

|  | Note | 1996<br>£000    | 1995<br>£000    |
|--|------|-----------------|-----------------|
| <b>INCOME</b>  | 2    | 15,847          | 14,716          |
| Income from interest in related companies                            |      | 22              | 18              |
|  |      | <u>15,869</u>   | <u>14,734</u>   |
| Administrative expenses  |      | <u>(16,814)</u> | <u>(15,289)</u> |
| <b>OPERATING (DEFICIT)</b>   | 5    | (945)           | (555)           |
| Surplus on sale of leasehold premises                                |      | 2,575           | -               |
| Provision for relocation costs                                       | 14   | (1,357)         | -               |
| Interest receivable  |      | 307             | 202             |
|  |      | <u>580</u>      | <u>(353)</u>    |
| <b>SURPLUS/(DEFICIT) OF INCOME OVER<br/>EXPENDITURE FOR THE YEAR</b> | 15   | <u>580</u>      | <u>(353)</u>    |

All income and expenses have been derived from continuing operations.

A statement of Total Recognised Gains and Losses has not been prepared as there have not been any recognised gains or losses other than the surplus for the year in 1996 and deficit for the year in 1995.

**RECONCILIATION OF MOVEMENTS IN ACCUMULATED FUNDS**
**Year ended 31 March 1996**

|   | 1996<br>£000 | 1995<br>£000 |
|---|--------------|--------------|
| Surplus/(deficit) of income over expenditure for the year                   | 580          | (353)        |
| Share of assets gifted to METRA Services Limited                            | 12           | -            |
| Funds received from integration of Yorkshire and Humberside Regional office | 57           | -            |
|   | <u>649</u>   | <u>(353)</u> |
| Net increase/(decrease) in accumulated funds                                | 649          | (353)        |
| Opening accumulated funds   | <u>2,788</u> | <u>3,141</u> |
| Closing accumulated funds   | <u>3,437</u> | <u>2,788</u> |




**CONSOLIDATED BALANCE SHEET**
**31 March 1996**

|   | Note | 1996<br>£000   | 1995<br>£000   |
|---|------|----------------|----------------|
| <b>FIXED ASSETS</b>                                       |      |                |                |
| Tangible assets   | 8    | 2,344          | 1,004          |
| Investments   | 10   | 70             | 36             |
|   |      | <u>2,414</u>   | <u>1,040</u>   |
| <b>CURRENT ASSETS</b>                                     |      |                |                |
| Stocks  | 11   | 290            | 198            |
| Debtors   | 12   | 1,203          | 909            |
| Investments - money market deposits                       |      | 5,391          | 4,072          |
| Cash at bank and in hand                                  |      | 373            | 533            |
|   |      | <u>7,257</u>   | <u>5,712</u>   |
| <b>CREDITORS: Amounts falling due within<br/>one year</b> | 13   | <u>(4,488)</u> | <u>(3,590)</u> |
| <b>NET CURRENT ASSETS</b>                                 |      | <u>2,769</u>   | <u>2,122</u>   |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b>          |      | 5,183          | 3,162          |
| <b>PROVISIONS FOR LIABILITIES AND<br/>CHARGES</b>         | 14   | <u>(1,746)</u> | <u>(374)</u>   |
|   |      | <u>3,437</u>   | <u>2,788</u>   |
| <b>ACCUMULATED FUNDS</b>                                  | 15   | <u>3,437</u>   | <u>2,788</u>   |

These financial statements were approved by the Board of Directors on 25 July 1996

Signed on behalf of the Board of Directors

*Harry G. Jones*

HARRY G JONES

Director


**PARENT COMPANY BALANCE SHEET**  
**31 March 1996**

|   | Note | 1996<br>£000 | 1995<br>£000 |
|---|------|--------------|--------------|
| <b>FIXED ASSETS</b>                                       |      |              |              |
| Tangible assets   | 8    | 2,344        | 1,004        |
| <b>CURRENT ASSETS</b>                                     |      |              |              |
| Stocks  | 11   | 290          | 198          |
| Debtors   | 12   | 1,330        | 909          |
| Investments - money market deposits                       |      | 4,909        | 3,572        |
| Cash at bank and in hand                                  |      | 238          | 450          |
|   |      | 6,767        | 5,129        |
| <b>CREDITORS: Amounts falling due within<br/>one year</b> | 13   | (4,488)      | (3,584)      |
| <b>NET CURRENT ASSETS</b>                                 |      | 2,279        | 1,545        |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b>          |      | 4,623        | 2,549        |
| <b>PROVISIONS FOR LIABILITIES AND<br/>CHARGES</b>         | 14   | (1,746)      | (374)        |
|   |      | 2,877        | 2,175        |
| <b>ACCUMULATED FUNDS</b>                                  | 15   | 2,877        | 2,175        |

These financial statements were approved by the Board of Directors on 25 July 1996

Signed on behalf of the Board of Directors

*Harry G. Jones*

HARRY G JONES

Director



**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 1996**

|  | Note | 1996<br>£000        | 1995<br>£000        |
|--|------|---------------------|---------------------|
| Net cash (outflow) from operating activities               | 18   | <u>(199)</u>        | <u>(333)</u>        |
| Returns on investments and servicing of finance            |      | <u>307</u>          | <u>202</u>          |
| Interest received  |      |                     |                     |
| Investing activities                                       |      | (2,331)             | (153)               |
| Payments to acquire tangible fixed assets                  |      | 3,325               | 1                   |
| Receipts from sales of tangible fixed assets               |      |                     |                     |
| Acquisition of Yorkshire and Humberside<br>Regional office |      | <u>57</u>           | <u>-</u>            |
| Net cash inflow/(outflow) from investing<br>activities     |      | <u>1,051</u>        | <u>(152)</u>        |
| Increase/(decrease) in cash and cash<br>equivalents        | 19   | <u><u>1,159</u></u> | <u><u>(283)</u></u> |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary and related companies for the year ended 31 March 1996.

**Tangible fixed assets**

Depreciation is provided on cost in equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

|                        |               |
|------------------------|---------------|
| Premises               | 2% per annum  |
| Computer equipment     | 33% per annum |
| Furniture and fittings | 10% per annum |

**Investments**

Except as stated below, investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

In the consolidated accounts, shares in related companies are accounted for using the equity method of accounting. The consolidated income and expenditure account includes the group's share of the surplus of the related companies based on audited financial statements for the year ended 31 March 1996. In the consolidated balance sheet, the interest in related companies is shown at the group's share of the net assets of the related companies.

**Income**

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding Value Added Tax). Note 2 gives further analysis of income.

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Leases**

Operating lease rentals are charged to income in equal amounts over the lease term.

**Pension costs**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the income and expenditure account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

As with other organisations operating in the public sector, costs of providing pension increases to former employees are funded from annual income and are charged to the income and expenditure account as incurred. In the event of the activities of the group being transferred or ceased, the members would have to find alternative methods of funding this ongoing yearly liability to former employees.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**
**2. INCOME**

|                                 | <b>1996</b>   | <b>1995</b>   |
|---------------------------------|---------------|---------------|
|                                 | <b>£000</b>   | <b>£000</b>   |
| Government grants               | 8,644         | 8,785         |
| Local Authority subscriptions   | 1,558         | 1,372         |
| Services recharged              | 4,238         | 3,068         |
| Sales of books and publications | 958           | 955           |
| Examination fees                | 301           | 275           |
| Other income                    | 148           | 261           |
|                                 | <u>15,847</u> | <u>14,716</u> |

**3. DIRECTORS EMOLUMENTS**

None of the directors received any emoluments from the company (1995: £nil).

**4. STAFF COSTS**

|  | <b>1996</b>  | <b>1995</b>  |
|--|--------------|--------------|
|  | <b>No.</b>   | <b>No.</b>   |
| <b>Average number of persons employed:</b> |              |              |
| Administration                             | 111          | 107          |
| Advisory                                   | 73           | 67           |
| Negotiating                                | 23           | 22           |
| Surveys                                    | 20           | 19           |
| Examinations                               | 20           | 16           |
|  | <u>247</u>   | <u>231</u>   |
|  | <b>£000</b>  | <b>£000</b>  |
| <b>Staff costs during the year:</b>        |              |              |
| Wages and salaries                         | 5,390        | 4,944        |
| Social security costs                      | 426          | 415          |
| Pension costs                              | 727          | 740          |
|  | <u>6,543</u> | <u>6,099</u> |


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**
**5. OPERATING (DEFICIT)**

|  | 1996<br>£000      | 1995<br>£000      |
|--|-------------------|-------------------|
| <b>Operating (deficit) is after charging:</b>        |                   |                   |
| Depreciation and amortisation                        | 241               | 214               |
| Rentals under operating leases - plant and equipment | 333               | 338               |
| - other operating leases                             | 451               | 360               |
| Staff costs (note 4)                                 | 6,543             | 6,099             |
| Auditors' remuneration - audit fee                   | 17                | 19                |
| - non audit fees                                     | 1                 | 50                |
|  | <u>          </u> | <u>          </u> |

**6. TAXATION**

The Local Government Management Board is exempt from Income Tax and Corporation Tax by virtue of its status as a Local Authority Association under Sections 19(2) and 19(3) of the Taxes Act 1988. It is exempt from Capital Gains Tax under Section 271 of the Taxation of Chargeable Gains Act 1992. The subsidiary and related companies are exempt by virtue of their status as Registered Charities or as a Local Authority Association.

**7. SURPLUS/(DEFICIT) OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, the income and expenditure account of the parent company is not presented as part of these accounts.

The parent company's surplus for the year amounted to £645,000 (1995:£281,000 deficit) all of which was transferred to accumulated funds (note 15).

**8. TANGIBLE FIXED ASSETS**

(The Group and Company)

|                          | Freehold<br>Premises<br>£000 | Computer<br>Equipment<br>£000 | Furniture<br>and<br>fittings<br>£000 | Long<br>leasehold<br>premises<br>£000 | Total<br>£000 |
|--------------------------|------------------------------|-------------------------------|--------------------------------------|---------------------------------------|---------------|
| <b>Cost</b>              |                              |                               |                                      |                                       |               |
| At 1 April 1995          | -                            | 644                           | 357                                  | 813                                   | 1,814         |
| Additions                | 2,043                        | 238                           | 50                                   | -                                     | 2,331         |
| Disposals                | -                            | (13)                          | -                                    | (813)                                 | (826)         |
|                          | <u>2,043</u>                 | <u>869</u>                    | <u>407</u>                           | <u>-</u>                              | <u>3,319</u>  |
| <b>At 31 March 1996</b>  |                              |                               |                                      |                                       |               |
| Accumulated depreciation |                              |                               |                                      |                                       |               |
| At 1 April 1995          | -                            | 509                           | 238                                  | 63                                    | 810           |
| Charge for the year      | -                            | 171                           | 70                                   | -                                     | 241           |
| Disposals                | -                            | (13)                          | -                                    | (63)                                  | (76)          |
|                          | <u>-</u>                     | <u>667</u>                    | <u>308</u>                           | <u>-</u>                              | <u>975</u>    |
| <b>At 31 March 1996</b>  |                              |                               |                                      |                                       |               |
| Net book value           |                              |                               |                                      |                                       |               |
| At 31 March 1996         | <u>2,043</u>                 | <u>202</u>                    | <u>99</u>                            | <u>-</u>                              | <u>2,344</u>  |
| At 31 March 1995         | <u>-</u>                     | <u>135</u>                    | <u>119</u>                           | <u>750</u>                            | <u>1,004</u>  |



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**9. FORMATION OF THE GROUP**

The company was formed to join together the operations of the Local Authorities Conditions of Service Advisory Board (LACSAB) and the Local Government Training Board (LGTB). The assets and liabilities of LACSAB were transferred to the company on 1 April 1991 for nil consideration. The assets and liabilities of LGTB were transferred to a subsidiary company of the Local Government Management Board, Local Government Training and Research Services Limited (LGT&RS) also for nil consideration. LGT&RS then sold the tangible fixed assets to the Local Government Management Board at net book value, retaining the current assets and liabilities for continuing use.

The Local Government Management Board acquired the share capital of LGT&RS on 1 April 1991. Further details of the investment are given in note 10 to the accounts.

On 3 March 1991 the company acquired a 50% holding in Joint Initiative for Community Care Limited, a joint venture with the Association of Directors of Social Services. Further details of this investment are given in note 10 to the accounts.

On 1 August 1995 the company acquired a 50% holding in Metra Services Limited, a company formed to take over the activities of the Metropolitan Authorities Recruitment Agency which owns the remaining 50% of the company.

The company has no right to receive dividends from its investments, nor to participate in any distribution of assets following a winding up.

**10. FIXED ASSET INVESTMENTS**

|  | The<br>Group<br>1996<br>£ | The<br>Group<br>1995<br>£ | The<br>Company<br>1996<br>£ | The<br>Company<br>1995<br>£ |
|--|---------------------------|---------------------------|-----------------------------|-----------------------------|
| Shares in group companies - subsidiary | -                         | -                         | 100                         | 100                         |
| Interest in related companies          | 70,402                    | 36,482                    | 100                         | 50                          |
|  | <u>70,402</u>             | <u>36,482</u>             | <u>200</u>                  | <u>150</u>                  |

**Shares in subsidiary undertaking:**

Local Government Training and Research Services Limited, a company registered in England and Wales, is a registered charity engaged in the provision of training and research in all aspects of local government activity. The Local Government Management Board owns 100% of the issued ordinary share capital.

**Interest in related companies:**

Joint Initiative for Community Care Limited, a registered charity and company registered in England and Wales, is engaged in research into the 'Care in the Community' policy of local government social services. The Local Government Management Board owns 50% of the ordinary share capital of the company.

|   | 1996<br>£     | 1995<br>£     |
|---|---------------|---------------|
| Cost of investment                      | 50            | 50            |
| Group share of undistributed surpluses: | <u>50,658</u> | <u>36,432</u> |
| Balance at 31 March                     | <u>50,708</u> | <u>36,482</u> |


**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**
**10. FIXED ASSET INVESTMENTS (Continued)**

Metra Services Limited, a company registered in England and Wales, is engaged in recruitment, training and retention of employers for Local Government, together with advice on equality issues. The Local Government Management Board - owns 50% of the ordinary share capital of the company.

|   | 1996<br>£     | 1995<br>£ |
|---|---------------|-----------|
| Cost of investment  | 50            | -         |
| Share of assets gifted to METRA Services Limited            | 12,300        | -         |
| Group share of undistributed post-acquisition<br>surpluses: | 7,344         | -         |
| Balance at 31 March   | <u>19,694</u> | <u>-</u>  |

All of the companies above are unlisted.

**11. STOCKS**

|                               | The Group and the<br>Company |              |
|-------------------------------|------------------------------|--------------|
|                               | 1996<br>£000                 | 1995<br>£000 |
| Raw materials and consumables | 135                          | 78           |
| Goods for resale              | 155                          | 120          |
|                               | <u>290</u>                   | <u>198</u>   |

**12. DEBTORS**

|   | The<br>Group<br>1996<br>£000 | The<br>Group<br>1995<br>£000 | The<br>Company<br>1996<br>£000 | The<br>Company<br>1995<br>£000 |
|---|------------------------------|------------------------------|--------------------------------|--------------------------------|
| Trade debtors                                   | 702                          | 544                          | 702                            | 544                            |
| Amounts administered for other public<br>bodies | 20                           | 8                            | 20                             | 8                              |
| Amounts owed by related undertakings            | 5                            | 16                           | 138                            | 16                             |
| Other debtors                                   | 289                          | 154                          | 283                            | 154                            |
| Prepayments and accrued income                  | 187                          | 187                          | 187                            | 187                            |
|   | <u>1,203</u>                 | <u>909</u>                   | <u>1,330</u>                   | <u>909</u>                     |




**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**
**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | <b>The Group</b> |              | <b>The Company</b> |              |
|--|------------------|--------------|--------------------|--------------|
|  | <b>1996</b>      | <b>1995</b>  | <b>1996</b>        | <b>1995</b>  |
|  | <b>£000</b>      | <b>£000</b>  | <b>£000</b>        | <b>£000</b>  |
| Trade creditors                              | 3,235            | 2,257        | 3,235              | 2,251        |
| Amounts administered for other public bodies | 487              | 520          | 487                | 520          |
| Other taxes and social security              | 170              | 157          | 170                | 157          |
| Other creditors                              | 596              | 656          | 596                | 656          |
|  | <u>4,488</u>     | <u>3,590</u> | <u>4,488</u>       | <u>3,584</u> |

**14. PROVISIONS FOR LIABILITIES AND CHARGES**
**The Group and the Company**

|   | <b>Relocation costs</b> | <b>Major repairs and redecoration</b> | <b>Car lease termination</b> | <b>Total</b> |
|---|-------------------------|---------------------------------------|------------------------------|--------------|
|   | <b>£000</b>             | <b>£000</b>                           | <b>£000</b>                  | <b>£000</b>  |
| Balance at 1 April 1995                   | -                       | 312                                   | 62                           | 374          |
| Charged to income and expenditure account | 1,357                   | 159                                   | -                            | 1,516        |
| Utilisation during the year               | -                       | (136)                                 | (8)                          | (144)        |
| Balance at 31 March 1996                  | <u>1,357</u>            | <u>335</u>                            | <u>54</u>                    | <u>1,746</u> |

The provision for relocation covers the estimated future costs of staff changes, office removals and excess space.

The provision for major repairs and redecoration was established to spread these costs over the years in which the liabilities arise and to provide for possible dilapidations on vacation of current premises and surrender of leases.

The car lease termination provision was established to provide for one-off costs associated with the company's employee car scheme, principally penalties for early termination of leases.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**15. STATEMENTS OF MOVEMENTS ON ACCUMULATED FUNDS**

|   | £000            | The Group<br>£000 | £000            | The Company<br>£000 |
|---|-----------------|-------------------|-----------------|---------------------|
| Balance at 1 April 1995   |                 | 2,788             |                 | 2,175               |
| Funds received on integration of<br>Yorkshire and Humberside regional<br>office |                 | 57                |                 | 57                  |
| Share of assets gifted to METRA<br>Services Limited                             |                 | 12                |                 | -                   |
| Surplus/(deficit) of income over<br>expenditure for the year:                   |                 |                   |                 |                     |
| The Company   | 645             |                   | 645             |                     |
| Subsidiary undertaking  | (87)            |                   | -               |                     |
| Related companies   | 22              |                   | -               |                     |
|   | <u>        </u> | <u>580</u>        | <u>        </u> | <u>645</u>          |
| Balance at 31 March 1996  |                 | <u>3,437</u>      |                 | <u>2,877</u>        |

The accumulated funds are not distributable to the members by way of dividend. The accumulated funds of the subsidiary undertaking and related companies (£560,000) may only be used for charitable purposes. The accumulated funds of the company (£2,877,000) are allocated as follows:

|  | £000         |
|--|--------------|
| Against s78(1) 1997/98 submission                  | 27           |
| Against s78 (1) 1996/97 submission                 | 160          |
| Funding of assets                                  | 2,394        |
| Yorkshire & Humberside (excluding<br>fixed assets) | 46           |
| Contingency allowance                              | 250          |
|  | <u>2,877</u> |

**16. FINANCIAL COMMITMENTS**

**Operating Leases**

At 31 March 1996 the group was committed to making the following payments during the next year in respect of operating leases.

|                      | Land and<br>buildings<br>£000 | Other<br>£000 |
|----------------------|-------------------------------|---------------|
| Leases which expire: |                               |               |
| Within one year      | 104                           | 18            |
| Within 2 to 5 years  | -                             | 176           |
| After 5 years        | 370                           | -             |
|                      | <u>474</u>                    | <u>194</u>    |



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**Capital commitments**

Capital expenditure contracted for but not provided at 31 March 1996 was £2,664,000 (1995: £nil).

**17. PENSION SCHEME**

Employees of the Board may participate in the London Borough of Camden Superannuation Fund, part of the Local Government Superannuation Scheme, a defined benefit statutory scheme. The Fund is administered by the Borough Council in accordance with the Local Government Pension Regulations 1995 as amended. The total pension cost for the Group was £727,000 (1995: £740,000).

The most recent valuation was carried out as at 31 March 1995 by independent qualified actuaries using the projected unit method. The main assumptions were:

|  |                |
|--|----------------|
| Rate of investment return                          | 9% per annum   |
| Rate of salary increases                           | 6.5% per annum |
| Rate of pension increases                          | 4.5% per annum |
| Rate of growth in dividends from equity investment | 4.5% per annum |

Surpluses or deficiencies in the Fund are amortised as a percentage of salaries over a period of eleven years, slightly shorter than the average future service lifetime of the active members.

The pension cost is approximately 8.7% (1995 - 8.7%) of the relevant payroll. From 1 April 1996 the cost will increase to approx. 12.1% of pensionable payroll.

At the last valuation, the market value of the Fund's assets was taken as £252 million and the actuarial value of these assets represented 81% of the total liabilities of the Fund. Assets are not explicitly attributed to particular employers.

In addition, the company is responsible for meeting the costs of increases in pensions to certain former employees. The cost in this period amounted to £339,000 (1995: £386,000).

**18. RECONCILIATION OF OPERATING (DEFICIT) TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES**

|  | <b>1996</b><br><b>£000</b> | <b>1995</b><br><b>£000</b> |
|--|----------------------------|----------------------------|
| Operating (deficit)  | (945)                      | (555)                      |
| Depreciation   | 241                        | 214                        |
| (Income) from interest in related company                  | (22)                       | (18)                       |
| Decrease/(increase) in current assets:                     |                            |                            |
| stocks   | (92)                       | (34)                       |
| debtors  | (294)                      | (57)                       |
| (Decrease)/increase in current liabilities and provisions: |                            |                            |
| creditors  | 898                        | 129                        |
| provisions   | 15                         | (12)                       |
| Net cash (outflow) from operating activities               | <u>(199)</u>               | <u>(333)</u>               |



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1996**

**19. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE  
BALANCE SHEET**

Cash and cash equivalents are defined as cash at bank and in hand, and money market deposits.

|                          | <b>1996</b>  | <b>1995</b>  | <b>Change in</b> |
|--------------------------|--------------|--------------|------------------|
|                          | <b>£000</b>  | <b>£000</b>  | <b>the year</b>  |
|                          |              |              | <b>£000</b>      |
| Cash at bank and in hand | 373          | 533          | (160)            |
| Money market deposits    | 5,391        | 4,072        | 1,319            |
|                          | <u>5,764</u> | <u>4,605</u> | <u>1,159</u>     |