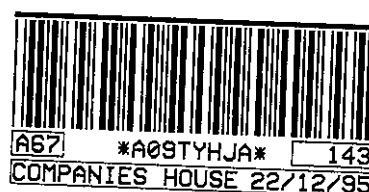




**THE LOCAL GOVERNMENT  
MANAGEMENT BOARD**

**Report and Financial Statements**

**31 March 1995**



**Touche Ross & Co.**  
Ashton House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HG

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**REPORT AND FINANCIAL STATEMENTS 1995**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Lady Elizabeth Anson  
Joseph B Baldwin  
Henry J Brooks  
Stephen M Bullock  
Brian Clack  
Chris Clarke  
Bryn H Duggan (appointed 3 February 1995)  
Lady Josephine Farrington (resigned 3 February 1995)  
William J Flanagan (appointed 28 October 1994)  
Clive Goldwater (resigned 16 August 1994)  
Joan Hanham (appointed 28 October 1994)  
John R Horrell CBE  
Gordon V Houlston  
Robert Irving (appointed 28 October 1994)  
Elgar Jenkins OBE  
Harry G Jones (Chair)  
Sir Jack Layden (appointed 28 October 1994)  
Richard Lewis (resigned 16 August 1994)  
James Mutter  
Graham M Pratley  
John Sewell CBE  
Peter Soulsby (resigned 6 September 1994)  
Ian C F Swithenbank  
Patrick Watters

**SECRETARY**

Judith Hunt

**REGISTERED OFFICE**

Arndale House  
The Arndale Centre  
Luton  
LU1 2TS

**BANKERS**

Midland Bank Plc

**SOLICITORS**

Beachcroft Stanleys

**AUDITORS**

Touche Ross & Co.  
Chartered Accountants  
Ashton House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HG



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1995.

### **ACTIVITIES**

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

### **REVIEW OF DEVELOPMENTS**

During the year additional funding of £285,000 was made available for the commencement of a 3 year term of Top Managers and Women Leadership programmes for local authorities. This year saw the demise of the Trading Standards grant scheme and a reduction in the Geographical Information Systems work programme, resulting in a reduction of funding of £250,000. The Local Government Management Board was appointed the awarding body for the Fire Service National Vocational Qualification and is known as the Fire Services Awarding Body in this sphere of its work. The company also deals with the sales of the Association of Metropolitan Authorities publications through its own catalogues.

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

The articles of the company do not permit the payment of a dividend. The deficit of income over expenditure of £353,000 (1994 : deficit £462,000) for the year has been transferred to Accumulated Funds.

### **FUTURE PROSPECTS**

The company continues to obtain 59% (1994 : 62%) of its income from the Department of the Environment and 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.

From the 1 April 1995 the Yorkshire and Humberside Employers Organisation will be integrated with the company. A new company is currently being incorporated called METRA Services Ltd, which will be a related company with a 50% share holding.

The company is presently intending to relocate its Luton and London offices to one central location in London which should result in a more efficient organisation.

### **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 (1994: £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**

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

**JUDITH HUNT**

Secretary

28 July 1995

**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

Touche Ross & Co.  
Ashton House  
Silbury Boulevard  
Central Milton Keynes MK9 2HG

Telephone: National 01908 666665  
International + 44 1908 666665  
Fax (Gp. 3): 01908 690510

## THE LOCAL GOVERNMENT MANAGEMENT BOARD

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 17 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 1995 and of the deficit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Touche Ross & Co.*

Chartered Accountants and  
Registered Auditors  
Milton Keynes

*16 August 1995*



**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**Year ended 31 March 1995**

	Note	1995 £000	1994 £000
<b>INCOME</b>			
Income from interest in related company	2 10	14,716 18	14,302 (3)
		<u>14,734</u>	<u>14,299</u>
Administrative expenses		(15,289)	(15,011)
<b>OPERATING (DEFICIT)</b>	5	(555)	(712)
Interest receivable		<u>202</u>	<u>250</u>
<b>(DEFICIT) OF INCOME OVER EXPENDITURE FOR THE YEAR</b>	15	<u>(353)</u>	<u>(462)</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 deficit for the year in either 1995 or 1994.

**RECONCILIATION OF MOVEMENTS IN ACCUMULATED FUNDS**  
**Year ended 31 March 1995**

	1995 £000	1994 £000
(Deficit) of income over expenditure for the year	(353)	(462)
Net reduction in accumulated funds	<u>(353)</u>	<u>(462)</u>
Opening accumulated funds	3,141	3,603
Closing accumulated funds	<u>2,788</u>	<u>3,141</u>





**CONSOLIDATED BALANCE SHEET**  
**31 March 1995**

	Note	1995 £000	1994 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,004	1,066
Investments	10	36	18
		<u>1,040</u>	<u>1,084</u>
<b>CURRENT ASSETS</b>			
Stocks	11	198	164
Debtors	12	909	852
Investments - money market deposits	19	4,072	4,677
Cash at bank and in hand	19	533	211
		<u>5,712</u>	<u>5,904</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(3,590)</u>	<u>(3,461)</u>
<b>NET CURRENT ASSETS</b>		<u>2,122</u>	<u>2,443</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,162	3,527
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(374)</u>	<u>(386)</u>
		<u>2,788</u>	<u>3,141</u>
<b>ACCUMULATED FUNDS</b>	15	<u>2,788</u>	<u>3,141</u>

These financial statements were approved by the Board of Directors on 28 July 1995

Signed on behalf of the Board of Directors

*Harry G Jones*  
HARRY G JONES

Director



**PARENT COMPANY BALANCE SHEET**  
**31 March 1995**

	Note	1995 £000	1994 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,004	1,066
<b>CURRENT ASSETS</b>			
Stocks	11	198	164
Debtors	12	909	834
Investments - money market deposits		3,572	4,077
Cash at bank and in hand		450	156
		5,129	5,231
<b>CREDITORS: Amounts falling due within one year</b>	13	(3,584)	(3,455)
<b>NET CURRENT ASSETS</b>		1,545	1,776
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,549	2,842
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(374)	(386)
		2,175	2,456
<b>ACCUMULATED FUNDS</b>	15	2,175	2,456

These financial statements were approved by the Board of Directors on 28 July 1995

Signed on behalf of the Board of Directors

*Harry G Jones*

HARRY G JONES

Directors



**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 1995**

	Note	1995 £000	1994 £000
Net cash (outflow) from operating activities	18	(333)	(483)
Returns on investments and servicing of finance			
Interest received		202	250
Investing activities			
Payments to acquire tangible fixed assets		(153)	(165)
Receipts from sales of tangible fixed assets		1	-
Net cash (outflow) from investing activities		(152)	(165)
(Decrease) in cash and cash equivalents	19	(283)	(398)

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1995****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 company for the year ended 31 March 1995.

**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:

Long leasehold 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 the related company 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 company based on audited financial statements for the year ended 31 March 1995. In the consolidated balance sheet, the interest in the related company is shown at the group's share of the net assets of the related company.

**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 profit and loss 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 1995**

**2. INCOME**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Government grants	8,785	8,997
Local Authority subscriptions	1,372	1,346
Services recharged	3,068	2,588
Sales of books and publications	955	789
Examination fees	275	227
Other income	261	355
	<u>14,716</u>	<u>14,302</u>

**3. DIRECTORS EMOLUMENTS**

None of the directors received any emoluments from the company (1994: £nil).

**4. STAFF COSTS**

	<b>1995</b>	<b>1994</b>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed:</b>		
Administration	105	109
Advisory	66	66
Negotiating	20	22
Surveys	20	22
Examinations	16	16
	<u>227</u>	<u>235</u>
	<b>£000</b>	<b>£000</b>
<b>Staff costs during the year:</b>		
Wages and salaries	4,944	5,161
Social security costs	415	422
Pension costs	740	626
	<u>6,099</u>	<u>6,209</u>



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1995**

**5. OPERATING (DEFICIT)**

	1995 £000	1994 £000
<b>Operating (deficit) is after charging:</b>		
Depreciation and amortisation	214	248
Rentals under operating leases - plant and machinery equipment	338	330
- other operating leases	360	360
Staff costs (note 4)	6,099	6,209
Auditors' remuneration - audit fee	19	20
- non audit fees	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.

**7. (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 deficit for the year amounted to £281,000 (1994:£378,000 deficit) all of which was transferred to accumulated funds (note 15).

**8. TANGIBLE FIXED ASSETS**

**(The Group and Company)**

	Computer Equipment £000	Furniture and fittings £000	Long leasehold premises £000	Total £000
<b>Cost</b>				
At 1 April 1994	517	334	813	1,664
Additions	129	24	-	153
Disposals	(2)	(1)	-	(3)
At 31 March 1995	<u>644</u>	<u>357</u>	<u>813</u>	<u>1,814</u>
<b>Accumulated depreciation</b>				
At 1 April 1994	376	175	47	598
Charge for the year	135	63	16	214
Disposals	(2)	-	-	(2)
At 31 March 1995	<u>509</u>	<u>238</u>	<u>63</u>	<u>810</u>
<b>Net book value</b>				
At 31 March 1995	<u>135</u>	<u>119</u>	<u>750</u>	<u>1,004</u>
At 31 March 1994	<u>141</u>	<u>159</u>	<u>766</u>	<u>1,066</u>



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1995**

**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.

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

**10. FIXED ASSET INVESTMENTS**

	<b>The Group 1995 £</b>	<b>The Group 1994 £</b>	<b>The Company 1995 £</b>	<b>The Company 1994 £</b>
Shares in group companies - subsidiary	-	-	100	100
Interest in related company	36,482	18,404	50	50
	<u>36,482</u>	<u>18,404</u>	<u>150</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 company:**

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.

	<b>1995 £</b>	<b>1994 £</b>
Cost	50	50
Group share of undistributed post-acquisition surpluses:	<u>36,432</u>	<u>18,354</u>
Balance at 31 March	<u>36,482</u>	<u>18,404</u>

Both of the above companies are unlisted.


**NOTES TO THE ACCOUNTS**
**Year ended 31 March 1995**
**11. STOCKS**

	<b>The Group and the Company</b>	
	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	78	61
Goods for resale	120	103
	<u>198</u>	<u>164</u>

**12. DEBTORS**

	<b>The Group</b>		<b>The Company</b>	
	<b>1995</b>	<b>1994</b>	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	544	420	544	420
Amounts administered for other public bodies	8	5	8	5
Amounts owed by related undertakings	16	16	16	16
Other debtors	154	242	154	224
Prepayments and accrued income	187	169	187	169
	<u>909</u>	<u>852</u>	<u>909</u>	<u>834</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>The Group</b>		<b>The Company</b>	
	<b>1995</b>	<b>1994</b>	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	2,257	1,997	2,251	1,991
Amounts administered for other public bodies	520	640	520	640
Other taxes and social security	157	148	157	148
Other creditors	656	676	656	676
	<u>3,590</u>	<u>3,461</u>	<u>3,584</u>	<u>3,455</u>





**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1995**

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

**The Group and the Company**

	<b>Major repairs and re-decoration £000</b>	<b>Car lease termination £000</b>	<b>Total £000</b>
Balance at 1 April 1994	315	71	386
Charged to income and expenditure account	67	-	67
Utilisation during the year	(70)	(9)	(79)
Balance at 31 March 1995	<u>312</u>	<u>62</u>	<u>374</u>

The provision for major repairs and redecoration was established to spread these costs over the years in which the liabilities arise.

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.

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

	<b>£000</b>	<b>The Group £000</b>	<b>£000</b>	<b>The Company £000</b>
Balance at 1 April 1994		3,141		2,456
(Deficit) of income over expenditure for the year:				
The Company	(281)		(281)	
Subsidiary undertaking	(90)		-	
Related company	18		-	
	<u></u>	<u>(353)</u>	<u></u>	<u>(281)</u>
Balance at 31 March 1995		<u>2,788</u>		<u>2,175</u>

The accumulated funds are not distributable to the members by way of dividend. The accumulated funds of the subsidiary undertaking and related company (£613,000) may only be used for charitable purposes. The accumulated funds of the company (£2,175,000) are allocated as follows:

	<b>£000</b>
Against s78(1) 1996/97 submission	160
Against s78 (1) 1995/96 submission	710
Funding of assets	1,055
Contingency allowance	250
	<u>2,175</u>



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1995**

**16. FINANCIAL COMMITMENTS**

**Operating Leases**

At 31 March 1995 the group was committed to making the following payments during the next year in respect of operating leases.

	<b>Land and buildings £000</b>	<b>Other £000</b>
Leases which expire:		
Within one year	-	12
Within 2 to 5 years	-	278
After 5 years	372	-
	<u>372</u>	<u>290</u>

**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 Superannuation Regulations 1986 as amended. The total pension cost for the Group was £740,000 (1994: £626,000).

The most recent valuation was carried out as at 31 March 1992 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% (1994 - 8.7%) of the relevant payroll.

At the last valuation, the market value of the Fund's assets was taken as £208.5 million and the actuarial value of these assets represented 89% 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 £386,000 (1994: £271,000).

The actuaries believe the 1992 valuation, which governs the contributions payable in 1994/95, is still applicable for the 1994/95 statutory accounts.



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1995**

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

	1995 £000	1994 £000
Operating (deficit)	(555)	(712)
Depreciation	214	248
Expenditure/(income) from interest in related company	(18)	3
Decrease/(increase) in current assets:		
stocks	(34)	(27)
debtors	(57)	77
(Decrease)/increase in current liabilities and provisions:		
creditors	129	(226)
provisions	(12)	154
Net cash (outflow) from operating activities	<u>(333)</u>	<u>(483)</u>

**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.

	1995 £000	1994 £000	Change in the year £000
Cash at bank and in hand	533	211	322
Money market deposits	<u>4,072</u>	<u>4,677</u>	<u>(605)</u>
	<u>4,605</u>	<u>4,888</u>	<u>(283)</u>