

**THE LOCAL GOVERNMENT  
MANAGEMENT BOARD**

**(a company limited by guarantee)**

**Report and Financial Statements**

**31 March 2006**

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# **THE LOCAL GOVERNMENT MANAGEMENT BOARD**

## **REPORT AND FINANCIAL STATEMENTS 2006**

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# **THE LOCAL GOVERNMENT MANAGEMENT BOARD**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Ian C F Swithenbank  
Sir Brian Briscoe  
Lord Paul Hanningfield  
Christopher White  
Milner Whiteman OBE

#### **SECRETARY**

John Rees

#### **REGISTERED OFFICE**

Local Government House  
Smith Square  
London  
SW19 3HZ

#### **BUSINESS ADDRESS**

Layden House  
76-86 Turnmill Street  
London  
EC1M 5QU

#### **BANKERS**

HSBC Plc

#### **SOLICITORS**

Beachcroft Wansbroughs

#### **AUDITORS**

Deloitte & Touche LLP  
St Albans

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

### ACTIVITIES

The Local Government Management Board (a company limited by guarantee) from the 1 April 1999 is a property company renting its premises to the Improvement and Development Agency for Local Government and the Employers' Organisation who are engaged in the provision of advice and other services to Local Authorities in England and Wales.

### REVIEW OF DEVELOPMENTS

The previous trading activities of the company were transferred on 1 April 1999 to two new companies: The Improvement and Development Agency for Local Government and the Employers' Organisation for Local Government. The new companies continue to provide services to Local Authorities from the premises owned by the company for an agreed rental.

On 1 April 2000, the company transferred its interest in The Local Government Information House Limited to The Improvement and Development Agency for Local Government.

The directors consider there to be no significant developments in the near future.

### DIVIDENDS

The articles of the company do not permit the payment of a dividend.

### FUTURE PROSPECTS

The company will retain the freehold premises at Layden House, charging a rental to the new trading companies.

### DIRECTORS

The names of the directors who served throughout the year and since the year end are set out on page 1. Directors become members of the company on appointment and provide a guarantee of £1 each during the period of their appointment.

### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### AUDITORS

A resolution for the reappointment of Deloitte & Touche LLP as auditors of the company is to be proposed at a forthcoming General Meeting.

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

18 January 2007

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT MANAGEMENT BOARD**

We have audited the financial statements of the Local Government Management Board a company limited by guarantee for the year ended 31 March 2006 which comprise the income and expenditure account, the balance sheet, cash flow statement and notes i to vi, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies and notes set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*Deloitte & Touche LLP*  
Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
St Albans

Date *24 January 2007* 2006

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31 March 2006

	Note	2006 £000	2005 £000
Income	2	570	490
Administrative expenses		(229)	(199)
<b>OPERATING SURPLUS</b>	5	341	291
Interest receivable and similar income		-	3
Interest payable and similar expenditure	6	(46)	(91)
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR</b>		295	203

All income and expenses in the current financial year 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 and the preceding year.

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## BALANCE SHEET 31 March 2006

	Note	2006 £000	2005 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>4,202</u>	<u>4,396</u>
<b>CURRENT ASSETS</b>			
Debtors	9	<u>17</u>	<u>17</u>
		17	17
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(293)</u>	<u>(608)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(276)</u>	<u>(591)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,926	3,805
<b>CREDITORS: amounts falling due after more than one year</b>	11	(183)	(357)
<b>NET ASSETS</b>		<u><u>3,743</u></u>	<u><u>3,448</u></u>
<b>ACCUMULATED FUNDS</b>	12	<u><u>3,743</u></u>	<u><u>3,448</u></u>

These financial statements were approved by the Board of Directors on 18 JANUARY 2007

Signed on behalf of the Board of Directors



**Brian Briscoe**  
Director



# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## CASH FLOW STATEMENT Year ended 31 March 2006

	Note	2006 £000	2005 £000
Net cash inflow from operating activities	i	554	454
Returns on investments and servicing of finance	ii	<u>(46)</u>	<u>(88)</u>
Net cash inflow before the management of liquid resources and financing		508	366
Management of Liquid Funds	iii	-	101
Financing	iv	<u>(508)</u>	<u>(467)</u>
(Decrease)/ increase in cash		<u>-</u>	<u>-</u>

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## NOTES TO THE CASH FLOW STATEMENT Year ended 31 March 2006

### i. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £000	2005 £000
Operating surplus	341	291
Depreciation	194	193
(Increase)/Decrease in debtors	-	(17)
Increase/(Decrease) in creditors and provisions	19	(13)
<b>Net cash inflow from operating activities</b>	<b>554</b>	<b>454</b>

### ii. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2006 £000	2005 £000
Interest paid	(46)	(91)
Interest received	-	3
	<b>(46)</b>	<b>(88)</b>

### iii. MANAGEMENT OF LIQUID RESOURCES

	2006 £000	2005 £000
Cash Flow from money market deposits	-	101

### iv. FINANCING

	2006 £000	2005 £000
Repayment of borrowings	(508)	(467)
	<b>(508)</b>	<b>(467)</b>

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## NOTES TO THE CASH FLOW STATEMENT Year ended 31 March 2006

### v. RECONCILIATION OF NET CASHFLOW TO NET FUNDS

	2006 £000	2005 £000
(Decrease)/ increase in cash in year	-	-
Net repayment of borrowings	508	467
Cash from movement in liquid resources	-	(101)
	<hr/>	<hr/>
Change in net debt	508	366
Net funds at start of year	(894)	(1,260)
	<hr/>	<hr/>
Net funds at end of year	<u>(386)</u>	<u>(894)</u>

### vi. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2005 £000	Cashflows £000	Non Cashflow Changes £'000	At 31 March 2006 £000
Cash at bank	-	-	-	-
Debt due within one year	(537)	537	(203)	(203)
Debt due after one year	(357)	(29)	203	(183)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(894)</u>	<u>508</u>	<u>-</u>	<u>(386)</u>

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## NOTES TO THE ACCOUNTS Year ended 31 March 2006

### 1. ACCOUNTING POLICIES

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

#### Accounting convention

The financial statements are prepared under the historical cost convention.

The company has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the company's activities.

#### Tangible fixed assets

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

Freehold buildings	2% per annum
Computer equipment	33% per annum
Furniture and fittings	10% per annum

Land is not depreciated.

#### Income

Income represents the amount receivable as rents and services provided (excluding Value Added Tax). Note 2 gives further analysis of income which is generated entirely in the UK.

### 2. INCOME

	2006 £000	2005 £000
Rents received	570	490

### 3. DIRECTORS EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company and its subsidiaries (2005: £nil). There were no retirement benefits accruing to the directors in respect of qualifying services to the company.

### 4. STAFF COSTS

The company had no employees during the current and preceding financial year.

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## NOTES TO THE ACCOUNTS Year ended 31 March 2006

### 5. OPERATING SURPLUS

	2006 £000	2005 £000
<b>Operating surplus is after charging:</b>		
Depreciation and amortisation	194	193
Auditors' remuneration		
- audit fee	1	1

### 6. INTEREST PAYABLE

	2006 £000	2005 £000
Bank loans	46	91

### 7. TAXATION

The Local Government Management Board is exempt from tax on its income and gains by virtue of its status as a Local Authority Association under Section 519(3) of the Taxes Act 1988. It is exempt from capital gains tax under Section 271(3) of the Taxation of Chargeable Gains Act 1992.

### 8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £000	Computer equipment £000	Furniture and fittings £000	Total £000
<b>Cost</b>				
At 1 April 2005 and 31 March 2006	4,793	721	976	6,490
<b>Accumulated depreciation</b>				
At 1 April 2005	816	721	557	2,094
Charge for the year	96	-	98	194
At 31 March 2006	912	721	655	2,288
<b>Net book value</b>				
At 31 March 2006	3,881	-	321	4,202
At 31 March 2005	3,977	-	419	4,396

### 9. DEBTORS

	2006 £000	2005 £000
Other debtors	17	17

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

2006 £000	2005 £000
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# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## NOTES TO THE ACCOUNTS

Year ended 31 March 2006

Trade creditors	83	60
Bank loans	203	537
Other creditors	7	11
	<hr/>	<hr/>
	293	608
	<hr/>	<hr/>

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## NOTES TO THE ACCOUNTS

Year ended 31 March 2006

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £000	2005 £000
Bank loans	183	357
<b>Loans are repayable by instalments:</b>		
Due within one year	203	537
Between one and two years	167	235
Between two and five years	16	122
	<u>386</u>	<u>894</u>
Amounts falling due within one year	203	537
Amounts falling due after one year	183	357
	<u>386</u>	<u>894</u>

A loan is secured on the freehold premises of the company at Turnmill Street. This loan bears interest at a rate of 8.75% per annum fixed over the term of the loan and is repayable in equal quarterly instalments, starting in September 1999.

### 12. STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS

	2006 £000	2005 £000
Surplus of income over expenditure for the year	295	203
Opening accumulated funds	3,448	3,245
Closing accumulated funds	<u>3,743</u>	<u>3,448</u>

The accumulated funds are not distributable to the members by way of dividend. The accumulated funds of the company are allocated as follows:

	2006 £000	2005 £000
Funding of assets	3,413	3,118
Building repair reserve	320	320
Contingency allowance	10	10
	<u>3,743</u>	<u>3,448</u>

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## NOTES TO THE ACCOUNTS

Year ended 31 March 2006

### 13. CONTROLLING ENTITY

The controlling entity is the Local Government Association.

### 14. MEMBERS

The company is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2006 there were 6 members.

### 15. RELATED PARTY TRANSACTIONS

The company rents premises to the Improvement and Development Agency for Local Government and the Employers' Organisation who are under the common control of the Local Government Association. Rent receivable is shown in note 2. In addition, on 1 April 1999, the company transferred certain assets and liabilities relating to its previous trading activities at book value to the Improvement and Development Agency for Local Government and the Employers' Organisation.

At 31 March 2006, the company owed £58,094 (2005: £54,418) to the Improvement and Development Agency for Local Government and £4,206 (2005: £4,206) to the Employers' Organisation.

At 31 March 2006, the company was indebted to the Local Government Information House and the Local Government Association, both related parties, in the sum of £1,609 (2005: £1,609) and £20,000 (2005: £nil) respectively.