

**THE LOCAL GOVERNMENT
MANAGEMENT BOARD**
(a company limited by guarantee)

Report and Financial Statements

31 March 2008



THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2008

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THE LOCAL GOVERNMENT MANAGEMENT BOARD
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DIRECTORS

Ian C F Swithenbank
Paul Coen
Lord Paul Hanningfield
Christopher White
Milner Whiteman OBE (resigned 15 June 2007)

SECRETARY

John Rees (resigned 30 June 2007)
John Ransford (appointed 1 July 2007)

REGISTERED OFFICE

Local Government House
Smith Square
London
SW19 3HZ

BUSINESS ADDRESS

Layden House
76-86 Turnmill Street
London
EC1M 5QU

BANKERS

HSBC Bank Plc
Luton Commercial Centre
63 George Street
Luton
LU1 2AR

SOLICITORS

Local Government Association legal department
Local Government House
Smith Square
London
SW19 3HZ

AUDITORS

KPMG LLP
Canary Wharf
1 Canada Square
E14 5AG

THE LOCAL GOVERNMENT MANAGEMENT BOARD

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DIRECTORS REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2008.

ACTIVITIES

The Local Government Management Board (a company limited by guarantee) is a property company renting its premises to the Local Government Association who is 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 Improvement and Development Agency and other associated companies continue to provide services to Local Authorities from the premises owned by the company for an agreed rental through the Local Government Association.

DIVIDENDS

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

FUTURE PROSPECTS

The company currently retains the freehold premises of Layden House, charging a rental to the Improvement and Development Agency and other associated companies. However, following changes in the priorities and operating mode of those companies after the government's financial settlement for 2008/11 and an internal review, authority is being sought from Directors to market test the sale of the freehold of Layden House or a sale and a partial leaseback option. It is anticipated that the outcome of this process will be known in the autumn of 2008 in order for strategic decisions to be taken about the future of the building.

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.

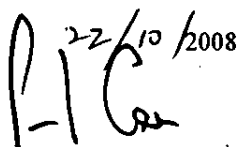
PROVISION OF INFORMATION TO AUDITORS

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.

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

 22/10/2008

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS LOCAL GOVERNMENT MANAGEMENT BOARD LIMITED BY GUARANTEE

We have audited the financial statements of Local Government Management Board Limited by Guarantee for the year ended 31 March 2008 which comprise Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page [number].

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 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.

KPMG LLP

KPMG LLP
London
Chartered Accountants
Registered Auditor

| December 2008

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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INCOME AND EXPENDITURE ACCOUNT
31 March 2008

	Note	2008 £000	Restated 2007 £000
Income	2	526	763
Administrative expenses		(464)	(282)
OPERATING SURPLUS	5	62	481
Loss on disposal of fixed assets		-	(320)
SURPLUS BEFORE INTEREST		62	161
Interest payable and similar expenditure	6	(190)	(115)
(DEFICIT)/SURPLUS FOR THE YEAR		(128)	46

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 deficit for the year and the surplus for the preceeding year.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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BALANCE SHEET
31 March 2008

	Note	2008 £000	2007 £000
FIXED ASSETS			
Tangible assets	8	6,341	6,748
CURRENT ASSETS			
Debtors	9	-	764
Cash at bank		746	-
		746	764
CREDITORS: amounts falling due within one year	10	(1,048)	(1,022)
NET CURRENT ASSETS/LIABILITIES		(302)	(258)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,039	6,490
CREDITORS: amounts falling due after more than one year	11	(2,378)	(2,701)
NET ASSETS		<u>3,661</u>	<u>3,789</u>
ACCUMULATED FUNDS	12	<u>3,661</u>	<u>3,789</u>

These financial statements were approved by the Board of Directors on 22 / 10 / 2008
Signed on behalf of the Board of Directors



Director

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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CASH FLOW STATEMENT
Year ended 31 March 2008

	Note	2008 £000	Restated 2007 £000
Net cash inflow from operating activities	i	1,249	600
Fixed Assets acquired		-	(3,118)
Returns on investments and servicing of finance	ii	(190)	(115)
Net cash inflow/(outflow) before the management of liquid resources and financing		1,059	(2,633)
Financing	iii	(313)	2,633
Increase in cash		746	-

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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NOTES TO THE CASH FLOW STATEMENT
Year ended 31 March 2008

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

	2008	Restated
	£000	2007
		£000
Operating surplus	62	481
Depreciation	407	251
Decrease/(increase) in debtors	764	(746)
Increase in creditors and provisions	16	614
Net cash inflow from operating activities	1,249	600

ii. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008	2007
	£000	£000
Interest paid	(190)	(115)

iii. FINANCING

	2008	Restated
	£000	2007
		£000
Repayment of borrowings	(313)	(367)
New Borrowings	-	3,000
	(313)	2,633

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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NOTES TO THE CASH FLOW STATEMENT (CONTINUED)
Year ended 31 March 2008

iv. RECONCILIATION OF NET CASHFLOW TO NET FUNDS

	2008	2007
	£000	£000
Increase in cash in year	746	-
New borrowings	-	(3,000)
Net repayment of borrowings	313	367
Change in net debt	1,059	(2,633)
Net funds at start of year	(3,019)	(386)
Net funds at end of year	<u>(1,960)</u>	<u>(3,019)</u>

v. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2007 £000	Cashflows £000	Non Cashflow Changes £'000	At 31 March 2008 £000
Cash at bank	-	746	-	746
Debt due within one year	(318)	313	(323)	(328)
Debt due after one year	(2,701)	-	323	(2,378)
	<u>(3,019)</u>	<u>1,059</u>	<u>-</u>	<u>(1,960)</u>

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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NOTES TO THE ACCOUNTS
Year ended 31 March 2008

1. ACCOUNTING POLICIES

The company is limited by guarantee and has no share capital. In the event of a winding up of the company, each director's contribution towards the liabilities is limited to £1.

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.

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.

Restated Figures

Prior year figures have been restated as indicated to better reflect the disclosure requirements of UK GAAP.

2. INCOME

	2008	2007
	£000	£000
Rents received	<u>526</u>	<u>763</u>

3. DIRECTORS EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company and its subsidiaries (2007: £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
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NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 31 March 2008

5. OPERATING SURPLUS

	2008	2007
	£000	£000
Operating surplus is after charging:		
Depreciation and amortisation	407	251
Auditors' remuneration		
- audit fee	<u>1</u>	<u>-</u>

No fees were paid to external auditors for non audit services during the year

6. INTEREST PAYABLE

	2008	2007
	£000	£000
Bank loans	<u>190</u>	<u>115</u>

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
Cost				
At 1 April 2007	4,793	721	3,118	8,632
At 31 March 2008	<u>4,793</u>	<u>721</u>	<u>3,118</u>	<u>8,632</u>
Accumulated depreciation				
At 1 April 2007	1,007	721	156	1,884
Charge for the year	95	-	312	407
At 31 March 2008	<u>1,102</u>	<u>721</u>	<u>468</u>	<u>2,291</u>
Net book value				
At 31 March 2008	<u>3,691</u>	<u>-</u>	<u>2,650</u>	<u>6,341</u>
At 31 March 2007	<u>3,786</u>	<u>-</u>	<u>2,962</u>	<u>6,748</u>

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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NOTES TO THE ACCOUNTS (CONTINUED)
Year ended 31 March 2008

9. DEBTORS

	2008	2007
	£000	£000
Amounts owed by related companies	-	764

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£000	£000
Trade creditors	1	26
Bank loans	328	318
Amounts owed to related companies	719	678
	1,048	1,022

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

	2008	2007
	£000	£000
Bank loans	2,378	2,701
Loans are repayable by instalments:		
Between one and two years	248	331
Between two and five years	837	808
Five years plus	1,293	1,562
	2,378	2,701
Amounts falling due within one year	328	318
Amounts falling due after one year	2,378	2,701
	2,706	3,019

A loan is secured on the freehold premises of the company at Turnmill Street. This loan bears interest at a rate of 1% over the bank's base rate over the term of the loan and is repayable in equal monthly instalments, starting in March 2007.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
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NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 31 March 2008

12. STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS

	2008	2007
	£000	£000
(Deficit)/surplus of income over expenditure for the year	(128)	46
Opening accumulated funds	3,789	3,743
Closing accumulated funds	<u>3,661</u>	<u>3,789</u>

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

	2008	Restated 2007
	£000	£000
Funding of assets	3,661	3,789
	<u>3,661</u>	<u>3,789</u>

13. CONTROLLING ENTITY

The controlling entity is the Local Government Association.

14. COMPANY STATUS

The company is incorporated as a company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every director is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2008 there were 4 members.

15. RELATED PARTY TRANSACTIONS

The company rents premises to the Local Government Association. Rent receivable is shown in note 2.

At 31 March 2008, the company owed/indebted to the following organisations:

	Value of related party transactions in year 2008 exp (inc)/£	Outstanding balance at 31 March 2008 dr (cr)/£	Value of related party transactions in year 2007 exp (inc)/£	Outstanding balance at 31 March 2007 dr/ (cr)/£
Improvement and Development Agency	-	(316,523)	763,538	1,438,725
Local Government Information House	-	(100)	-	(1,609)
Local Government Association	526,000	(403,087)	-	(1,143,875)
Local Government Employers	-	-	-	(4,206)

16. POST BALANCE SHEET EVENT

The directors are not aware of any material post balance sheet events other than those already stated.