

Touche  
Ross



Company Registration No. 2553768

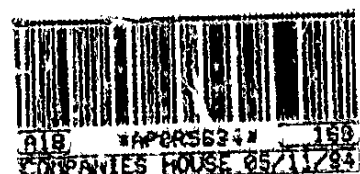
**THE LOCAL GOVERNMENT  
MANAGEMENT BOARD**

**Report and Financial Statements**

**31 March 1994**

**Touche Ross & Co.**

Ashton House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HG





**REPORT AND FINANCIAL STATEMENTS 1994**

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**REPORT AND FINANCIAL STATEMENTS 1994**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Lady Elizabeth Anson  
Joseph B Baldwin  
Henry J Brooks  
Stephen M Bullock  
Brian Clack  
Chris Clarke (appointed 23 July 1993)  
Robert W Dixon-Smith (resigned 23 July 1993)  
Patrick J Doyle (resigned 23 July 1993)  
Josephine Farrington  
Frederick G R G Gimblett OBE (resigned 23 July 1993)  
Clive Goldwater  
John R Horrell CBE (appointed 23 July 1993)  
Gordon V Houlston (appointed 23 July 1993)  
Elgar Jenkins OBE  
Harry G Jones (Chair)  
Frederick J Kingdom (resigned 23 July 1993)  
Richard Lewis  
John I Morgan OBE (resigned 23 July 1993)  
James Mutter  
Graham M Pratley (appointed 23 July 1993)  
John Sewell CBE  
Peter Soulsby (appointed 23 July 1993)  
Ian C F Swithenbank (appointed 23 July 1993)  
Charles J P Webster (resigned 23 July 1993)  
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 1994.

## **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**

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). During the year the staff of the Local Authorities Race Relations Information Exchange (LARRIE) were relocated to Belgrave Square resulting in savings on accommodation costs. Also the tenants of 38 Belgrave Square were allocated additional accommodation, increasing the rent received from £16,000 to £24,000 per annum. Income generation was increased by £145,000 due to Probation and Magistrate staffs being collected and paid over by the Central Probation Council with a corresponding reduction in Section 78 funding. Additional funds of £95,000 were made available from Section 78 funds to contribute towards the work of METRA. The income and expenditure for the year is shown on page 6.

## **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 £462,000, (1993: surplus £745,000) for the year has been transferred to Accumulated Funds.

## **FUTURE PROSPECTS**

The company continues to obtain 62% (1993: 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. It would now appear that the company will remain separate from the single association representing all of Local Government in England and Wales, but the exact relationship is unknown at present.

## **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.

## **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. Five 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

J Hunt  
Secretary  
29 July 1994

Touche  
Ross

## THE LOCAL GOVERNMENT MANAGEMENT BOARD

### 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;
- 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.

**Touche  
Ross**



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

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International + 44 908 666665  
Fax (Gp 2) 0908 600510

## 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 pages 19 and 21

#### 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 1994 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

29 July 1994

Deloitte Touche  
Tohmatsu  
International

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**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
Year ended 31 March 1994

	Note	1994 £000	1993 £000
INCOME	2	14,302	13,997
Income from interest in related company	10	(3)	1
		<u>14,299</u>	<u>13,998</u>
Administrative expenses		(15,011)	(13,758)
OPERATING (DEFICIT)/SURPLUS	5	(712)	240
Interest receivable		<u>250</u>	<u>505</u>
(DEFICIT)/SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR	15	<u>(462)</u>	<u>745</u>

All income and expenses have been derived from continuing operations.

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)/surplus for the year in either 1994 or 1993.

**RECONCILIATION OF MOVEMENTS IN ACCUMULATED FUNDS**  
Year ended 31 March 1994

	1994 £000	1993 £000
(Deficit)/Surplus of income over expenditure for the year	(462)	745
LACSAB/LGTB provisions, transferred on formation, no longer required	-	<u>237</u>
Net (reduction in)/addition to accumulated funds	(462)	982
Opening accumulated funds	<u>3,603</u>	<u>2,621</u>
Closing accumulated funds	<u>3,141</u>	<u>3,603</u>



CONSOLIDATED BALANCE SHEET  
31 March 1994

	Note	1994 £000	1993 £000
<b>FIXED ASSETS</b>	8	1,066	1,149
Tangible assets	10	18	21
Investments		1,084	1,170
<b>CURRENT ASSETS</b>	11	164	137
Stocks	12	852	929
Debtors		4,677	5,137
Investments - money market deposits		211	149
Cash at bank and in hand		5,904	6,352
<b>CREDITORS: Amounts falling due within one year</b>	13	(3,461)	(3,687)
<b>NET CURRENT ASSETS</b>		2,443	2,665
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,527	3,835
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(386)	(232)
		3,141	3,603
<b>ACCUMULATED FUNDS</b>	15	3,141	3,603

These financial statements were approved by the Board of Directors on 29 July 1994

Signed on behalf of the Board of Directors

*Harry E Jones*  
Director



# THE LOCAL GOVERNMENT MANAGEMENT BOARD

## PARENT COMPANY BALANCE SHEET 31 March 1994

	Note	1994 £000	1993 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,066	1,149
Investments	10	-	-
		<u>1,066</u>	<u>1,149</u>
<b>CURRENT ASSETS</b>			
Stocks	11	164	137
Debtors	12	834	892
Investments - money market deposits		4,077	4,437
Cash at bank and in hand		<u>156</u>	<u>144</u>
		<u>5,231</u>	<u>5,610</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(3,455)</u>	<u>(3,693)</u>
<b>NET CURRENT ASSETS</b>		<u>1,776</u>	<u>1,917</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,842</u>	<u>3,066</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(386)</u>	<u>(232)</u>
		<u>2,456</u>	<u>2,834</u>
<b>ACCUMULATED FUNDS</b>	15	<u>2,456</u>	<u>2,834</u>

These financial statements were approved by the Board of Directors on 29 July 1994

Signed on behalf of the Board of Directors

*[Signature]*  
Harry E Jones

Director

CONSOLIDATED CASH FLOW STATEMENT  
Year ended 31 March 1994

	Note	1994 £000	1993 £000
Net cash (outflow) from operating activities	18	<u>(487)</u>	<u>(40)</u>
Returns on investments and servicing of finance Interest received		<u>250</u>	<u>505</u>
Investing activities		<u>(165)</u>	<u>(140)</u>
Payments to acquire tangible fixed assets		<u>-</u>	<u>8</u>
Receipts from sales of tangible fixed assets		<u>(165)</u>	<u>(146)</u>
Net cash (outflow) from investing activities		<u>(398)</u>	<u>339</u>
(Decrease)/Increase in cash and cash equivalents	19	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

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 1994.

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:

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 (deficit)/surplus of the related company based on audited financial statements for the year ended 31 March 1994. 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 and subscriptions and for goods sold and services provided (after deducting 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 annual amounts over the lease term.

NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

1. ACCOUNTING POLICIES (continued)

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

Costs of providing pension increases to former employees, which are paid directly by the company, are charged to the income and expenditure account as incurred.

2. INCOME

	The Group 1994 £000	The Group 1993 £000
Government grant	8,997	9,038
Local Authority subscriptions	1,346	1,296
Services recharged	2,588	2,133
Sales of books and publications	789	875
Examination fees	227	222
Other income	355	433
	<u>14,302</u>	<u>13,997</u>

3. DIRECTORS EMOLUMENTS

None of the directors received any emoluments from the company

4. STAFF COSTS

	1994 No.	1993 No.
Average number of persons employed:		
Administration	109	107
Advisory	66	78
Negotiating	22	29
Surveys	22	22
Examinations	16	15
	<u>235</u>	<u>253</u>
	1994	1993
Staff costs during the year:		
Wages and salaries	£ 1,011	4,655
Social security costs	422	383
Pension costs	626	501
	<u>£ 2,059</u>	<u>£ 5,539</u>

NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

5. OPERATING (DEFICIT)/SURPLUS

	1994 £000	1993 £000
Operating (deficit)/surplus is after charging:		
Depreciation and amortisation	248	209
Rentals under operating leases	330	339
Staff costs	6,269	5,539
Auditors' remuneration - audit fee	20	22

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)/SURPLUS 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 £178,000 (1993 £778,000 surplus) all of which was transferred to accumulated funds (note 14).

8. TANGIBLE FIXED ASSETS

(The Group and Company)

	Computer Equipment £000	Furniture and fittings £000	Long leasehold premises £000	Total £000
Cost	410	316	813	1,539
At 1 April 1993	147	18	-	165
Additions	(40)	-	-	(40)
Disposals	517	334	813	1,664
At 31 March 1994				
Accumulated depreciation	245	144	31	399
At 1 April 1993	174	61	16	248
Charge for the year	(40)	-	-	(40)
Disposals	836	175	47	598
At 31 March 1994				
Net book value	141	159	782	1,086
At 31 March 1994				
At 31 March 1993	165	262	782	1,119

NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

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

	The Group 1994 £	The Group 1993 £	The Company 1994 £	The Company 1993 £
Shares in group companies - subsidiary	-	-	100	100
Interest in related company	18,404	20,833	50	50
	<u>18,404</u>	<u>20,833</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.

	1994 £	1993 £
Cost	50	50
Group share of undistributed post-acquisition surpluses	<u>18,354</u>	<u>20,783</u>
Balance at 31 March	<u>18,404</u>	<u>20,833</u>

Both of the above companies are unlisted.

NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

11. STOCKS

	The Group and the Company	
	1994 £000	1993 £000
Raw materials and consumables	61	64
Goods for resale	103	73
	<u>164</u>	<u>137</u>

12. DEBTORS

	1994 £000	The Group 1993 £000	1994 £000	The Company 1993 £000
Trade debtors	420	385	420	385
Amounts administered for other public bodies	5	49	5	49
Amounts owed by related undertakings	15	-	16	-
Other debtors	242	355	224	318
Prepayments and accrued income	169	140	169	140
	<u>852</u>	<u>929</u>	<u>834</u>	<u>892</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £000	The Group 1993 £000	1994 £000	The Company 1993 £000
Trade creditors	1,997	2,432	1,991	2,420
Amounts administered for other public bodies	640	669	640	669
Amounts owed to group undertakings	-	-	-	19
Subsidiaries	-	1	-	1
Related company	148	131	148	131
Other taxes and social security	676	454	676	453
Other creditors	<u>3,461</u>	<u>3,687</u>	<u>3,455</u>	<u>3,693</u>



NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

14. PROVISIONS FOR LIABILITIES AND CHARGES

The Group and the Company

	Major repairs and redcoration £000	Car lease termination £000	Total £000
Balance at 1 April 1993	150	82	232
Charged to Income and Expenditure account	165	-	165
Utilisation during the year	-	(11)	(11)
Balance at 31 March 1994	315	71	386

The provision for major repairs and redcoration 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

	£000	The Group £000	£000	The Company £000
Balance at 1 April 1993		3,603		2,834
(Deficit)/surplus of income over expenditure for the year:				
The Company	(378)		(378)	
Subsidiary undertaking	(31)		-	
Related company	(3)		-	
		(462)		(378)
Balance at 31 March 1994		3,141		2,456

The accumulated funds are not distributable to the members by way of dividend. The accumulated funds of the subsidiary undertaking and related company (£685,000) may only be used for charitable purposes. The accumulated funds of the company (£2,456,000) are allocated as follows:

	£000
Against s78(1) 195/96 submission	610
Against s78(1) 1994/95 submission	429
Funding of assets	1,117
Contingency allowance	300
	2,456

NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

16. FINANCIAL COMMITMENTS

Operating Leases

At 31 March 1994 the group was committed to making the following payments during the next year in respect of operating leases

	Land and buildings £000	Other £000
Leases which expire:		
Within one year	-	-
Within 2 to 5 years	372	308
After 5 years	372	308

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 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 8.5% (1993 - 6.6%) 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 £271,000 (1993 - £246,000).

The actuaries believe the 1992 valuation, which governs the contributions payable in 1993/94, is still applicable for the 1993/94 statutory accounts.

NOTES TO THE ACCOUNTS  
Year ended 31 March 1994

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

	1994 £000	1993 £000
Operating (deficit)/surplus	(712)	240
Depreciation	248	209
Expenditure/(Income) from interest in related company	3	(1)
Decrease/(increase) in current assets:	(27)	(27)
stocks	77	80
debtors		
(Decrease)/increase in current liabilities and provisions:	(226)	(589)
creditors	154	48
provisions		
Net cash (outflow) from operating activities	(483)	(40)

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

	1994 £000	1993 £000	Change in the year £000
Cash at bank and in hand	211	149	62
Money market deposits	4,677	5,137	(460)
	4,888	5,286	(398)