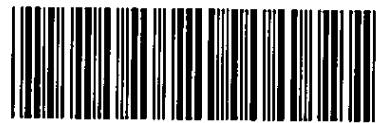


Company Number: 3037449

LONDON COUNCILS LIMITED
(A Company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
31st MARCH 2007

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FINANCIAL STATEMENTS
For the year ended 31 March 2007

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DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements of London Councils Limited for the year ended 31 March 2007

Principal Activities

London Councils Limited was established on 1st April 1995, following the merger of the Association of London Authorities (ALA) and the London Boroughs Association (LBA), with the objects of consultation as to the common interests of member authorities and discussion of matters relating to local government. From 1 April 2000, these functions transferred to the London Councils Joint Committee. London Councils Limited has been retained solely to record all transactions relating to the holding of property and in relation to the employment of the three political advisers.

London Councils Limited was formerly known as the Association of London Government (ALG) Limited. The name was changed to London Councils Limited on 1 October 2006 to reflect more accurately the membership of the company.

Business Review

London Councils Limited's results for the year ended 31 March 2007 show a breakeven position (2006: a breakeven position). London Councils Limited's general fund balance at 31 March 2007 amounted to Nil (2006: Nil).

Auditors

In accordance with Section 385, Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP, will be proposed at the next Annual General Meeting.

Provision of Information to the Auditors

The Directors have taken adequate steps to make themselves aware of all relevant audit issues and have ensured that this information has been provided to the auditors.

DIRECTORS' REPORT

Directors and Directors' Interests

The officers who served as directors of the Company for Companies Act purposes during the year were -

| Position | Name | Period |
|--------------------------------------|----------------------------|------------------------|
| Chairman | Cllr Merrick Cockell | July 2006 – March 2007 |
| | Mayor Sir Robin Wales | April 2006 – July 2006 |
| Deputy Chairman Deputy Chairwoman | Cllr Stephen Carr | July 2006 – March 2007 |
| | Cllr Dame Sally Powell DBE | April 2006 – July 2006 |
| Vice Chairs | Mr Michael Snyder | July 2006 – March 2007 |
| | Cllr Sean Brennan | July 2006 – March 2007 |
| | Mayor Steve Bullock | July 2006 – March 2007 |
| | Cllr Edward Lister | April 2006 – July 2006 |
| | Cllr Hugh Malyan | April 2006 – July 2006 |
| | Cllr Steve Hitchins | April 2006 – July 2006 |

All directors have an interest in London Councils Joint Committee, as members, which is the ultimate parent undertaking

The Directors receive no emoluments for services provided to London Councils Limited

Approved and signed on behalf of the Directors

x 
.....
Cllr. Merrick Cockell
Chairman of London Councils Limited

10 July 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES.

The directors are responsible 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)

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company 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, 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 confirm that they have complied with the above requirements in preparing the financial statements

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 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Exemption Statement

The Directors' Report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF LONDON COUNCILS LIMITED

We have audited the financial statements of London Councils Ltd for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing 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 legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF LONDON COUNCILS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2007 and of its break even position 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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
10 July 2007

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2007

| | Note | 2007 | 2006 |
|---|-------------|-------------|-------------|
| | | £ | £ |
| TURNOVER – continuing operations | 2c | 1,186,240 | 1,230,596 |
| COST OF SALES | | (1,085,712) | (1,013,890) |
| GROSS PROFIT | | 100,528 | 216,706 |
| Administrative Expenses | | (5,773) | (3,608) |
| OPERATING PROFIT – continuing operations | 3 | 94,755 | 213,098 |
| Interest Receivable and Similar Income | 4 | 13,836 | 18,275 |
| Transfer to London Councils' Joint Committee | 5 | (108,591) | (231,373) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 0 | 0 |
| Taxation | | 0 | 0 |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 0 | 0 |

The company has no recognised gains or losses other than those included in the profit and loss account and, therefore, no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET AS AT 31 MARCH 2007

| | Note | 2007 £ | 2006 £ |
|---------------------------------|-------------|-------------------------|-------------------------|
| Fixed assets | 10 | 0 | 0 |
| Current assets | | | |
| Debtors | 11 | <u>313,451</u> | <u>359,539</u> |
| | | 313,451 | 359,539 |
| Current liabilities | | | |
| Creditors | 12 | <u>(313,451)</u> | <u>(359,539)</u> |
| Net current assets | | <u>0</u> | <u>0</u> |
| Net assets | | <u>0</u> | <u>0</u> |
| | | | |
| Profit and Loss Account Reserve | 13 | <u>0</u> | <u>0</u> |
| | | <u>0</u> | <u>0</u> |

The financial statements and notes on pages 8 to 11 were approved by the Directors of the Company on 10 July 2007

Signed on behalf of the Directors by

x 

Cllr. Merrick Cockell
Chairman of London Councils Limited

10 July 2007

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

1 COMPANY STATUS

London Councils Limited is a company limited by guarantee and does not have any share capital. The liability of the Directors is limited to £1 each in the event of the Company being wound up.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently to items considered material in relation to the Company's financial statements.

a Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b Income and Expenditure

Income and Expenditure is recognised in the period to which it relates.

c Turnover

Turnover represents the invoiced value of goods sold and services provided net of Value Added Tax. The turnover and pre-tax surplus is wholly attributable to the principal activity, which arose wholly in the United Kingdom.

d. Leasing

All operating leases are charged to services in the period in which the benefits have been obtained.

3. OPERATING PROFIT

| | 2007 | 2006 |
|--|--------------|--------------|
| | £ | £ |
| The operating surplus/deficit is stated after charging | | |
| Auditors' Remuneration | 2,270 | 2,200 |
| Recruitment Advertising Costs | 0 | 899 |
| Interest payments | 2,023 | 509 |
| | <u>4,293</u> | <u>3,608</u> |

4. INTEREST RECEIVABLE AND SIMILAR INCOME

This amount represents allocation of interest on cash balances held by the City of London.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

5. TRANSFER TO LONDON COUNCILS JOINT COMMITTEE

| | 2007 £ | 2006 £ |
|---|----------------|----------------|
| Transfer to London Councils Joint Committee | 108,591 | 231,373 |
| | <u>108,591</u> | <u>231,373</u> |

6. DIRECTORS' REMUNERATION

The Directors did not receive any emoluments (2006 £Nil) Emoluments received as members of the London Councils Joint Committee, which is the parent undertaking will be disclosed in the accounts of the London Councils Joint Committee

7. STAFF NUMBERS AND COSTS

There are 3 staff employed by the Company (2006 3)

| | 2007 £ | 2006 £ |
|--|----------------|----------------|
| Staff costs comprise of the following elements | | |
| Salaries and Wages | 113,404 | 106,185 |
| Social Security Costs | 10,538 | 9,297 |
| Other Pension Costs | 11,772 | 12,142 |
| Total Staff Costs | <u>135,714</u> | <u>127,624</u> |

8. FRS 17

The financial statements for London Councils Limited do not comply with FRS 17, as the 32 London boroughs and the City of London Corporation, through the London Councils Joint Committee, underwrite the liabilities of the company, including any deficit on the pension fund The FRS 17 liability is, therefore, fully disclosed in the statutory accounts of the London Councils Joint Committee Based on the deficit on the pension fund as at 31 March 2007, a sum of £81,000 (2006 £112,000) can be attributed to the three full-time equivalent staff employed by London Councils Limited

9. TAXATION

London Councils Limited is exempt from charge to income tax, corporation tax and capital gains tax under S 519, Income and Corporation Taxes Act 1988

10. TANGIBLE ASSETS

The fixed assets held by London Councils Limited were transferred to London Councils Joint Committee on 1 April 2000 There have been no further purchases of fixed assets to date

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

11. DEBTORS

| | 2007 £ | 2006 £ |
|-------------------------------------|----------------|----------------|
| Debtors falling within one year | 127,064 | 178,750 |
| Prepayments falling within one year | 186,387 | 180,789 |
| | <u>313,451</u> | <u>359,539</u> |

12 CREDITORS

| | 2007 £ | 2006 £ |
|---|----------------|----------------|
| Accruals falling due within 1 year | 504 | 339 |
| Overdrawn Cash Balance held by the City of London | 312,947 | 359,200 |
| | <u>313,451</u> | <u>359,539</u> |

13. RESERVES

| | P&L Account Reserve £ |
|--------------------------|--------------------------------|
| Balance at 1 April 2006 | 0 |
| Result for the year | 0 |
| Balance at 31 March 2007 | <u>0</u> |

14 FINANCIAL COMMITMENTS – OPERATING LEASES

The Company uses leased properties under the terms of operating leases. The amounts paid under these arrangements during the year amounted to £799,046 (2006 £783,459)

Annual commitments under non-cancellable operating leases expiring

| | Properties £ |
|--------------------------|-----------------|
| Within two to five years | 838,730 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

15 ULTIMATE PARENT ENTITY

The Company is a subsidiary undertaking of the London Councils Joint Committee. The largest group in which the results of the company are consolidated is that headed by the London Councils Joint Committee. The consolidated accounts of the London Councils Joint Committee are circulated to the public and may be obtained from the London Councils Joint Committee, 59½ Southwark Street, London, SE1 0AL. No other group accounts include the results of the company.

The Company is exempt under FRS 8 from disclosing related party transactions with the group.