

**Company Registration No. 2553768**

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

**Report and Financial Statements**  
**for the year ended 31 March 2011**

**MONDAY**



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"L2HAPZTV"

05/12/2011

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COMPANIES HOUSE

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

**REPORT AND FINANCIAL STATEMENTS 2011**

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**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

Ian C F Swithenbank  
Stephen Jones  
Christopher White  
Keith R Mitchell CBE FCA FCCA

**SECRETARY**

John Ransford

**REGISTERED OFFICE**

Local Government House  
Smith Square  
London  
SW1P 3HZ

**BANKERS**

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

**AUDITORS**

KPMG LLP  
Canary Wharf  
15 Canada Square  
London  
E14 5GL

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# **THE LOCAL GOVERNMENT MANAGEMENT BOARD**

**(a company limited by guarantee)**

## **DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 March 2011

### **Principal activities**

The Local Government Management Board is a company limited by guarantee. It owns property at Layden House, Turnmill Street, London EC1 which is rented to the Local Government Association for the purposes of the Association's and its related entities' business.

### **Business review**

The company's principal business is the rental of the Layden House property for use by entities controlled by the Local Government Association. Part of the property is rented to third parties, one of which, Liberata, performs a range of support services for the Local Government Association and its related bodies.

Following a review of the external debt commitments of the Local Government Association and its related entities, the company made arrangements to repay its loan from HSBC, by means of a new loan from the Improvement & Development Agency. These arrangements were put into effect on 30 April 2010.

### **Future Developments**

The company is continuing to develop opportunities that become available to broaden its external income base as the Local Government Group's (LG Group) need for space in Layden House is re-assessed and rationalised. From mid-May 2011, most of the activities of the LG Group will be conducted from the Group's other property at Smith Square and, in consequence, the Group's need for space in Layden House will be substantially reduced. The move will not impact the income of the company as the operational costs will be covered by the controlling entity, the Local Government Association, through rental charges.

### **Principal risks and uncertainties**

The principal risk faced by the company is that its income is largely dependent on sources from within the Local Government Association group of entities. The company is therefore managed within a wider business strategy appropriate for the group.

### **Employees**

The company has no employees.

### **Political and charitable contributions**

The Company made no political or charitable donations and incurred no political expenditure during the year.

### **Dividends**

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

### **Provision of information to Auditors**

In the case of each of the persons who are directors at the time when the directors' report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

## THE LOCAL GOVERNMENT MANAGEMENT BOARD

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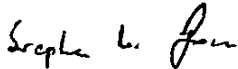
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

### Auditors

A resolution for the re-appointment of auditors of the company is to be proposed at a forthcoming Board Meeting

Approved by the Board of Directors on *10 November* 2011



Stephen Jones

Signed on behalf of the Board of Directors

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## **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)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT MANAGEMENT BOARD**

We have audited the financial statements of the Local Government Management Board for the year ended 31 March 2011 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its surplus for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**A Sayers**

**(Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*15 Canada Square, London, E14 5GL*

*Date 30 November 2011*

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 31 MARCH 2011**

	<b>Note</b>	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
Income	2	860	528
Administrative expenses		(779)	(400)
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	5	81	128
Interest payable	6	(78)	(32)
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR BEFORE AND AFTER TAX</b>	7, 12	3	96

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 surpluses for the year and the preceding year



**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**BALANCE SHEET**  
**As at 31 March 2011**

	Note	2011 £000	2010 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	5,263	5,661
<b>CURRENT ASSETS</b>			
Debtors	9	1,014	145
Cash at bank and in hand		108	377
		1,122	522
<b>CREDITORS: amounts falling due within one year</b>	10	(1,428)	(2,329)
<b>NET CURRENT LIABILITIES</b>		(306)	(1,807)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,957	3,854
<b>CREDITORS: amounts falling due after more than one year</b>	11	(1,100)	0
<b>TOTAL NET ASSETS</b>		3,857	3,854
<b>ACCUMULATED FUNDS</b>	12	3,857	3,854

These financial statements were approved by the Board of Directors on ~~10~~ November 2011

*Stephen B. Jones*

Stephen Jones

Signed on behalf of the Board of Directors

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**CASH FLOW STATEMENT**  
**Year ended 31 March 2011**

	Note	2011 £000	2010 £000
Net cash inflow / (outflow) from operating activities	I	253	23
Returns on investments and servicing of finance	II	(78)	(32)
Repayment of borrowings	III	(444)	(380)
<b>Increase/(Decrease) in cash</b>		<u>(269)</u>	<u>(389)</u>
<b>Net funds at the start of the year</b>		377	766
<b>Net funds at the end of the year</b>		<u><u>108</u></u>	<u><u>377</u></u>

**NOTES TO THE CASH FLOW STATEMENT**  
**Year ended 31 March 2011**

**i. RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2011 £000	2010 £000
Operating surplus/(deficit)	81	128
Depreciation	398	397
Decrease/(increase) in current assets		
- debtors	(869)	(145)
(Decrease)/increase in current liabilities		
- creditors	643	(357)
<b>Net cash inflow / (outflow) from operating activities</b>	<u><u>253</u></u>	<u><u>23</u></u>

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

	2011 £000	2010 £000
Interest paid	<u>(78)</u>	<u>(32)</u>

**iii. FINANCING**

	2011 £000	2010 £000
Repayment of borrowings	<u>(444)</u>	<u>(380)</u>

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2011**

**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.

**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 building	2% per annum
Furniture and equipment	10% per annum

Freehold land is not depreciated.

**Income**

Income represents the amount receivable as rents and services provided (excluding Value Added Tax), and is generated entirely in the UK.

**Going Concern**

The financial statements have been prepared on a going concern basis. The Directors consider that the going concern basis is appropriate because the Local Government Management Board and its controlling entity, the Local Government Association, from which a large part of the company's income derives, have agreed budgets and financial plans which will ensure that the company recovers the full costs of its operations through recharges and will continue to do so for the foreseeable future.

**Company Status**

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

**2. INCOME**

	2011 £000	2010 £000
Rents received	860	528

The company's turnover comprises rent on its freehold building receivable from its controlling entity, the Local Government Association and other tenants. Income has increased since 2010 due to rental income being adjusted to cover rates, the cost of which is recognised directly within the company's accounts for the first time.

**3. DIRECTORS' EMOLUMENTS**

None of the directors received any emoluments in respect of their services to the company and its subsidiaries (2010: £nil).

There were no retirement benefits accruing to the directors in respect of services to the company (2010: nil), nor did any director receive assets or money under any long term incentive scheme.

**4. STAFF INFORMATION**

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**  
**Year Ended 31 March 2011**

**5. OPERATING SURPLUS**

	2011 £000	2010 £000
<b>Operating surplus is after charging:</b>		
Depreciation and amortisation	398	397
Auditors' remuneration - audit fee	1	1
	<u>1</u>	<u>1</u>

**6. INTEREST PAYABLE**

	2011 £000	2010 £000
Bank and Improvement and Development Agency loans	78	32
	<u>78</u>	<u>32</u>

**7. TAXATION**

The Company 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**

Company	Freehold land and buildings	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000
<b>Cost</b>			
At 1 April 2010	4,793	3,118	7,911
<b>At 31 March 2011</b>	<u>4,793</u>	<u>3,118</u>	<u>7,911</u>
<b>Depreciation</b>			
At 1 April 2010	1,159	1,091	2,250
Charge for year	86	312	398
<b>At 31 March 2011</b>	<u>1,245</u>	<u>1,403</u>	<u>2,648</u>
<b>Net book value</b>			
At 31 March 2011	<u>3,548</u>	<u>1,715</u>	<u>5,263</u>
At 31 March 2010	<u>3,634</u>	<u>2,027</u>	<u>5,661</u>

The company's interest in the property was externally valued at £10,250,000 on 25 March 2011 by BNP Paribas Real Estate. The market value of the freehold interest in the property was arrived at primarily after consideration of market evidence for similar property. The Directors have concluded that there is no need to impair the asset.

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**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2011**

**9. DEBTORS**

	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
Due from related company	1,014	145

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

	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
Bank loan	0	1,943
Improvement and Development Agency loan	400	0
Owed to related companies	1,028	385
Accruals and deferred income	0	1
	<u>1,428</u>	<u>2,329</u>

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

	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
Improvement and Development Agency loan	1,100	0

In March 2010 the Board approved arrangements to repay the Bank loan by means of alternative finance obtained from the Improvement and Development Agency (IDeA), a related entity. These arrangements were effected on 30 April 2010. The replacement finance consists of a loan of £1,900,000 repayable by instalments of £200,000 every 6 months, with the first repayment due on 30 September 2010 and the final repayment (of £100,000) due on 31 March 2015. The loan bears interest at a fixed rate of 4.5%.

**12. STATEMENT OF MOVEMENTS ON ACCUMULATED FUNDS**

	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
Balance as at 1 April	3,854	3,758
Surplus of income over expenditure for the year	3	96
Balance at 31 March	<u>3,857</u>	<u>3,854</u>

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

	<b>2011</b> <b>£000</b>	<b>2010</b> <b>£000</b>
Funding of assets	<u>3,857</u>	<u>3,854</u>

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2011**

**13. CONTROLLING ENTITY**

The controlling entity is the Local Government Association and the registered office is Local Government House, Smith Square, London, SW1P 3HZ

**14. RELATED PARTIES**

The company had the following transactions with related parties

	<b>Value of related party transactions in year 2011 exp / (inc) £000</b>	<b>Outstanding balance at 31 March 2011 dr / (cr) £000</b>	<b>Value of related party transactions in year 2010 exp / (inc) £000</b>	<b>Outstanding balance at 31 March 2010 dr / (cr) £000</b>
Local Government Association (LGA)	(634)	1,014	494	145
		(380)		
Improvement and Development Agency	0	(646)	0	(385)

All companies are controlled by the LGA. The transactions between these companies are a result of the shared service costs and other day to day activity recharges

**15. POST BALANCE SHEET EVENTS**

The directors are not aware of any other material post balance sheet events