

**Deloitte &  
Touche**

Deloitte Touche  
Tomatsu



Company Registration No. 2553768

**THE LOCAL GOVERNMENT  
MANAGEMENT BOARD**

**(a company limited by guarantee)**

**Report and Financial Statements**

**31 March 1998**

**Deloitte & Touche  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE**



**REPORT AND FINANCIAL STATEMENTS 1998**

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**REPORT AND FINANCIAL STATEMENTS 1998****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

Muhammed Afzal  
Joseph B Baldwin  
Peter Chalke CBE (Appointed 23.1.98)  
Chris Clarke  
Bryn H Duggan (Resigned 31.3.97)  
William J Flanagan  
Elizabeth Graham  
Joan Hanham CBE  
Gerard Heywood  
John R Horrell CBE  
Gordon V Houlston (Resigned 2.12.97)  
Robert Irving  
Harry G Jones CBE (Chair)  
Tom Middlehurst (Appointed 27.1.98)  
William O'Rourke  
John Sewell CBE (Resigned 6.5.97)  
Linda Short  
Hilda Sterry (Appointed 27.1.98)  
Ian C F Swithenbank  
Rita Taylor  
Patrick Watters  
David Watts MP

**SECRETARY**

Judith Hunt

**REGISTERED OFFICE**

Layden House  
76-86 Turnmill Street  
London  
EC1M 5QU

**BANKERS**

Midland Bank Plc

**SOLICITORS**

Beachcroft Stanleys

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Verulam Point  
Station Way  
St Albans  
Hertfordshire AL1 5HE

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1998.

**ACTIVITIES**

The Local Government Management Board (a company limited by guarantee) and its subsidiaries and related companies are engaged in the provision of publications, advice and other services to Local Authorities in England and Wales.

**REVIEW OF DEVELOPMENTS**

On the 30 March 1998, a new subsidiary was formed called The Local Government Information House Limited specialising in supplying geographical information services to Local Authorities. Another company is currently being formed called Local Government National Training Organisation Limited, to deal with all work relating to a national training organisation and to continue to attract funding from the Department for Education and Employment.

Metra Services Limited ceased trading on 31 March 1998 and are applying under Section 652 for the company to be struck off.

**DIVIDENDS**

The articles of the company do not permit the payment of a dividend. The deficit of income over expenditure of £266,000 (1997: deficit £463,000) for the year has been transferred to Accumulated Funds.

**FUTURE PROSPECTS**

The Local Government Management Board has recently been reviewed and it was recommended that its work be split into three agencies: negotiations, training and development, and policy related issues. Any work connected to policy will be located with the Local Government Association. It is anticipated that the other two major agencies will continue to be based at the current premises.

**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 (1997: £nil).

**EMPLOYEE INVOLVEMENT**

Monthly joint consultative meetings are held to discuss issues raised by management or staff representatives.

**YEAR 2000**

Software and hardware used in office and operational systems is Year 2000 compliant. Investigations into ancillary equipment is in hand. Neither further expenditure nor the risk of the year 2000 problem is seen as high.



**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. Appropriate training or re-training is provided for all staff under the staff development scheme.

**AUDITORS**

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

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

A handwritten signature in black ink that reads "Judith Hunt".

Judith Hunt  
Secretary  
24 July 1998

**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;
- state whether applicable accounting standards have been followed;
- 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.



## THE LOCAL GOVERNMENT MANAGEMENT BOARD

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 20 which have been prepared under the accounting policies set out on page 12.

#### 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 1998 and of the deficit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

16 September 1998



**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
Year ended 31 March 1998

	Note	1998 £000	1997 £000
<b>INCOME</b>			
Income from interest in related companies	2	20,112	19,624
		-	14
		<u>20,112</u>	<u>19,638</u>
Administrative expenses		(20,322)	(20,251)
Loss from interest in related companies		(52)	-
		<u>(20,374)</u>	<u>(20,251)</u>
<b>OPERATING DEFICIT</b>			
Interest receivable and similar income	6	(262)	(613)
Interest payable and similar expenditure		206	262
		<u>(210)</u>	<u>(112)</u>
<b>DEFICIT OF INCOME OVER EXPENDITURE FOR THE YEAR</b>	16	<u>(266)</u>	<u>(463)</u>

All income and expenses 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 in 1998 and deficit for the year in 1997.

**RECONCILIATION OF MOVEMENTS IN ACCUMULATED FUNDS**  
Year ended 31 March 1998

	1998 £000	1997 £000
Deficit of income over expenditure for the year	(266)	(463)
Opening accumulated funds	<u>2,974</u>	<u>3,437</u>
Closing accumulated funds	<u>2,708</u>	<u>2,974</u>





**CONSOLIDATED BALANCE SHEET**  
At 31 March 1998

	Note	1998 £000	1997 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	5,242	5,417
Investments	10	32	84
		<u>5,274</u>	<u>5,501</u>
<b>CURRENT ASSETS</b>			
Stocks	11	354	279
Debtors	12	1,265	1,585
Investments - money market deposits		3,309	4,362
Cash at bank and in hand		437	297
		<u>5,365</u>	<u>6,523</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(4,550)</u>	<u>(5,415)</u>
<b>NET CURRENT ASSETS</b>		<u>815</u>	<u>1,108</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,089	6,609
<b>CREDITORS: Amounts falling after more than one year</b>	14	(2,400)	(2,400)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	<u>(981)</u>	<u>(1,235)</u>
		<u>2,708</u>	<u>2,974</u>
<b>ACCUMULATED FUNDS</b>	16	<u>2,708</u>	<u>2,974</u>

These financial statements were approved by the Board of Directors on 24 July 1998

Signed on behalf of the Board of Directors

*Harry G Jones*

Harry G Jones  
Director



**PARENT COMPANY BALANCE SHEET**  
At 31 March 1998

	Note	1998 £000	1997 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	5,242	5,417
<b>CURRENT ASSETS</b>			
Stocks	11	354	279
Debtors	12	1,265	1,707
Investments - money market deposits		3,015	3,871
Cash at bank and in hand		437	272
		5,071	6,129
<b>CREDITORS: Amounts falling due within one year</b>	13	(4,550)	(5,415)
<b>NET CURRENT ASSETS</b>		521	714
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,763	6,131
<b>CREDITORS: Amounts falling after more than one year</b>	14	(2,400)	(2,400)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(981)	(1,235)
		2,382	2,496
<b>ACCUMULATED FUNDS</b>	16	2,382	2,496

These financial statements were approved by the Board of Directors on 24 July 1998

Signed on behalf of the Board of Directors

*Harry G Jones*

Harry G Jones  
Director



**CONSOLIDATED CASHFLOW STATEMENT**  
**Year ended 31 March 1998**

	Note	1998 £000	1997 £000
Net cash outflow from operating activities	i	(721)	(291)
Returns on investments and servicing of finance	ii	(4)	150
Net capital expenditure	iii	(188)	(3,365)
		<u>(913)</u>	<u>(3,506)</u>
Management of liquid resources	iv	1,053	1,030
Financing	v	-	2,400
		<u>140</u>	<u>(76)</u>
<b>Increase/(Decrease) in cash</b>		<u><u>140</u></u>	<u><u>(76)</u></u>



**CONSOLIDATED CASHFLOW STATEMENT**  
**Year ended 31 March 1998**

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

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Operating (deficit)	(262)	(613)
Depreciation	363	292
Expenditure/(income) from interest in related companies	52	(14)
Decrease/(increase) in current assets:		
- stocks	(75)	11
- debtors	320	(383)
(Decrease)/increase in current liabilities and provisions:		
- creditors	(866)	927
- provisions	(253)	(511)
Net cash outflow from operating activities	<u>(721)</u>	<u>(291)</u>

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

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Interest paid	(210)	(112)
Interest received	206	262
	<u>(4)</u>	<u>150</u>

**iii. CAPITAL EXPENDITURE**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Payments to acquire tangible fixed assets	(188)	(3,379)
Receipts from the sale of tangible fixed assets	-	14
Payments to acquire tangible fixed assets	<u>(188)</u>	<u>(3,365)</u>

**iv. MANAGEMENT OF LIQUID RESOURCES**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Cash inflow from decrease in money market deposits	<u>1,053</u>	<u>1,030</u>



**CONSOLIDATED CASHFLOW STATEMENT**  
**Year ended 31 March 1998**

**v. FINANCING**

	1998 £000	1997 £000
Receipt of bank loan	-	2,400

**vi. RECONCILIATION OF NET CASHFLOW TO NET FUNDS**

	1998 £000	1997 £000
Increase/(decrease) in cash in year	140	(76)
Cash from reduction in liquid resources	(1,053)	(1,029)
Cash from loan raised in year	-	(2,400)
Change in net debt	(913)	(3,505)
Net funds at start of year	2,259	5,764
Net funds at end of year	1,346	2,259

**vii. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 April 1997 £000	Cashflows £000	At 31 March 1998 £000
Cash at bank	297	140	437
Debt due after one year	(2,400)	-	(2,400)
Current asset investments	4,362	(1,053)	3,309
	2,259	(913)	1,346

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998****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 undertakings for the year ended 31 March 1998.

**Related party transactions**

During the year the company made charges to related undertakings for accounting and other administrative services of £4,670 (1997: £4,500) and made payments to related parties of £25,585 (1997: £23,530) in respect of consultancy services provided by them.

**Tangible fixed assets**

Depreciation is provided on cost in equal 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.

**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 related companies are accounted for using the equity method of accounting. The consolidated income and expenditure account includes the group's share of the deficit of the related companies based on audited financial statements for the year ended 31 March 1998. In the consolidated balance sheet, the interest in related companies is shown at the group's share of the net assets of the related companies.

**Income**

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding 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 amounts over the lease term.

**Pension costs**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the income and expenditure 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.



**NOTES TO THE ACCOUNTS**

**Year ended 31 March 1998**

As with other organisations operating in the public sector, costs of providing pension increases to former employees are funded from annual income and are charged to the income and expenditure account as incurred. In the event of the activities of the group being transferred or ceased, the Members would have to find alternative methods of funding this ongoing yearly liability to former employees.

**2. INCOME**

	1998 £000	1997 £000
Government grants	12,788	12,143
Local Authority subscriptions	1,644	1,571
Services recharged	3,850	4,146
Sales of books and publications	1,377	912
Examination fees	220	297
Other income	233	555
	<u>20,112</u>	<u>19,624</u>

**3. DIRECTORS EMOLUMENTS**

None of the directors received any emoluments from the company (1997: £NIL). There were no retirement benefits accruing to the directors in respect of qualifying services to the company.

**4. STAFF COSTS**

	1998 No.	1997 No.
<b>Average number of persons employed:</b>		
Administration	106	107
Advisory	64	72
Negotiating	27	26
Surveys	21	20
Examinations	19	24
	<u>237</u>	<u>249</u>
	<b>£000</b>	<b>£000</b>
<b>Staff costs during the year:</b>		
Wages and salaries	5,860	5,780
Social security costs	462	465
Pension costs	1,307	888
	<u>7,629</u>	<u>7,133</u>

**5. INTEREST PAYABLE**

	1998 £000	1997 £000
Bank loans	<u>210</u>	<u>112</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**6. OPERATING (DEFICIT)**

	1998 £000	1997 £000
<b>Operating (deficit) is after charging:</b>		
Mortgage interest	210	112
Depreciation and amortisation	363	292
Rentals under operating leases		
- plant and equipment	415	329
- other operating leases	385	443
Staff costs (note 4)	7,629	7,133
Auditors' remuneration		
- audit fee	19	18
- non audit fees	4	4
	<u>          </u>	<u>          </u>

**7. 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 subsidiaries and related companies are exempt by virtue of their status as Registered Charities or as a Local Authority Associations.

**8. DEFICIT 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 £114,211 (1997: £381,000 deficit) all of which was transferred to accumulated funds (note 16).





**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**9. TANGIBLE FIXED ASSETS**  
**(The Group and the Company)**

	Freehold land and buildings £000	Computer Equipment £000	Furniture and fittings £000	Total £000
Cost				
At 1 April 1997	4,793	853	483	6,129
Additions	-	185	3	188
Disposals	-	(116)	-	(116)
At 31 March 1998	<u>4,793</u>	<u>922</u>	<u>486</u>	<u>6,201</u>
Accumulated depreciation				
At 1 April 1997	48	624	40	712
Charge for the year	96	216	51	363
Disposals	-	(116)	-	(116)
At 31 March 1998	<u>144</u>	<u>724</u>	<u>91</u>	<u>959</u>
Net book value				
At 31 March 1998	<u>4,649</u>	<u>198</u>	<u>395</u>	<u>5,242</u>
At 31 March 1997	<u>4,745</u>	<u>229</u>	<u>443</u>	<u>5,417</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**10. FIXED ASSET INVESTMENTS**

	The Group 1998 £	The Group 1997 £	The Company 1998 £	The Company 1997 £
Shares in subsidiary undertakings	-	-	200	100
Interest in related companies	32,593	84,415	100	100
	<u>32,593</u>	<u>84,415</u>	<u>300</u>	<u>200</u>

**Shares in subsidiary undertakings:**

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.

The Local Government Information House Limited, a company registered in England and Wales, is engaged in the provision of geographical information services on behalf of Local Government. The Local Government Management Board owns 100% of the issued ordinary share capital.

**Interest in related companies:**

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.

	1998 £	1997 £
Cost of investment	50	50
Group share of undistributed surpluses:	32,493	56,226
Balance at 31 March	<u>32,543</u>	<u>56,276</u>

Metra Services Limited, a company registered in England and Wales, is engaged in recruitment, training and retention of employers for Local Government, together with advice on equality issues. The Local Government Management Board - owns 50% of the ordinary share capital of the company. The company ceased to trade on the 31 March 1998.

	1998 £	1997 £
Cost of investment	50	50
Group share of undistributed surpluses	-	28,089
Balance at 31 March	<u>50</u>	<u>28,139</u>

All of the companies above are unlisted.

The company has no right to receive dividends from its investments, nor to participate in any distribution of assets following a winding up.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**11. STOCKS**

	<b>The Group and the Company</b>	
	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables		
Goods for resale	214	119
	140	160
	<u>354</u>	<u>279</u>

**12. DEBTORS**

	<b>The Group</b>	<b>The Group</b>	<b>The Company</b>	<b>The Company</b>
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	602	819	602	819
Amounts administered for other public bodies	5	9	5	9
Amounts owed by related undertakings	68	60	68	187
Other debtors	215	348	215	343
Prepayments and accrued income	375	349	375	349
	<u>1,265</u>	<u>1,585</u>	<u>1,265</u>	<u>1,707</u>

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

	<b>The Group</b>	<b>The Group</b>	<b>The Company</b>	<b>The Company</b>
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade creditors	3,401	4,283	3,401	4,283
Amounts administered for other public bodies	175	171	175	171
Other taxes and social security	193	188	193	188
Other creditors	781	773	781	773
	<u>4,550</u>	<u>5,415</u>	<u>4,550</u>	<u>5,415</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

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

	The Group and the Company	
	1998 £000	1997 £000
Bank loans	2,400	2,400
<b>Loan is repayable by instalments:</b>		
Between one and two years	257	-
Between two and five years	686	943
After more than five years	1,457	1,457
	<u>2,400</u>	<u>2,400</u>

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

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	The Group and the Company			
	Relocation costs £000	Major repairs and redecoration £000	Car lease termination £000	Total £000
Balance at 1 April 1997	866	321	48	1,235
Charged to income and expenditure account	7	21	181	209
Utilisation during the year	(293)	-	(170)	(463)
Balance at 31 March 1998	<u>580</u>	<u>342</u>	<u>59</u>	<u>981</u>

The provision for relocation covers the estimated future costs of staff changes and travel.

The provision for major repairs and redecoration was established to spread these costs over the years in which the liabilities arise and to provide for possible dilapidations on vacation of premises and surrender of leases.

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.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1998**

**16. STATEMENTS OF MOVEMENTS ON ACCUMULATED FUNDS**

	£000	The Group £000	£000	The Company £000
Balance at 1 April 1997		2,974		2,496
Deficit of income over expenditure for the year:				
The Company	(114)		(114)	
Subsidiary undertakings	(100)		-	
Related companies	(52)	(266)	-	(114)
		<u>2,708</u>		<u>2,382</u>
Balance at 31 March 1998		<u>2,708</u>		<u>2,382</u>

The accumulated funds are not distributable to the members by way of dividend. The accumulated funds of the subsidiary undertaking and related companies may only be used for charitable purposes. The accumulated funds of the company are allocated as follows:

Against s78(1) 1999/00 submission	£000
Against s78 (1) 1998/99 submission	(3)
Funding of assets, less move costs	5
Yorkshire & Humberside (excluding fixed assets)	2,229
Contingency allowance	46
	<u>105</u>
	<u>2,382</u>

**17. FINANCIAL COMMITMENTS**

**Operating Leases**

At 31 March 1998 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	-	10
Within 2 to 5 years	153	355
After 5 years	232	-
	<u>385</u>	<u>365</u>

**NOTES TO THE ACCOUNTS****Year ended 31 March 1998****18. 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 Pension Regulations 1995 as amended.

The most recent valuation was carried out as at 31 March 1995 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 12.6% (1997: 12.6%) of the relevant payroll.

At the last valuation, the market value of the Fund's assets was taken as £252 million and the actuarial value of these assets represented 81% 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 total pension cost for the Group was £1,307,000 (1997: £888,000), of which £392,000 (1997: £296,000) related to the cost of increases in pensions to former employees.