

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

**Report and Financial Statements**  
**for the year ended 31 March 2012**



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

**REPORT AND FINANCIAL STATEMENTS 2012  
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**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
**(a company limited by guarantee)**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

Councillor Ian C F Swithenbank CBE  
Councillor Christopher White  
Councillor Keith R Mitchell CBE  
Stephen W Jones  
Carolyn G Downs

(appointed 21 November 2011)

**SECRETARY**

John Ransford  
Carolyn G Downs

(resigned 9 December 2011)  
(appointed 21 November 2011)

**REGISTERED OFFICE**

Local Government House  
Smith Square  
London  
SW1P 3HZ

**BANKERS**

RBS  
Holborn Circus  
P O Box No 204  
1 Hatton Garden  
London  
EC1P 1DU

**AUDITORS**

Littlejohn LLP  
1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

# **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 2012

### **Principal activities**

The Local Government Management Board is a company limited by guarantee. It owns property at Layden House, Turnmill Street, London EC1.

### **Business review**

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

In the first half of 2011, the Local Government Association and its related bodies undertook a restructuring, as a result of the space requirement for the conduct of their business was substantially reduced. It was therefore decided to relocate staff who had been working from Layden House to the Association's principal premises at Smith Square, London SW1. The surplus space in Layden House was then marketed to third party tenants and fully let by the end of 2011. Liberata also moved to Smith Square early in 2012 and the space they previously occupied is being marketed.

### **Future Developments**

The company is continuing to develop opportunities that become available to broaden its external income base.

### **Principal risks and uncertainties**

The principal risk faced by the company is that its income depends on the successful marketing of its property to good quality tenants. It is therefore exposed to fluctuations in the commercial property market.

### **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.

# THE LOCAL GOVERNMENT MANAGEMENT BOARD

(a company limited by guarantee)

## 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

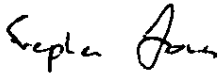
- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the 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

Following a procurement process overseen by the Local Government Association, Littlejohn LLP were appointed auditors to the company and a resolution for their is to be proposed at a forthcoming Board Meeting

Approved by the Board of Directors on 3 July 2012



Stephen Jones

Signed on behalf of the Board of Directors

# **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 2012 set out on pages 6 to 13 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes. 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 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 Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2012 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

**Paul Hopper (Senior statutory auditor)**  
**For and on behalf of Littlejohn LLP**  
**Statutory auditor**

  
3 July 2012.

1 Westferry Circus  
Canary Wharf  
London E14 4HD

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**INCOME AND EXPENDITURE ACCOUNT**  
**YEAR ENDED 31 MARCH 2012**

	Note	2012 £000	2011 £000
Income	2	646	860
Administrative expenses		(405)	(779)
		<hr/>	<hr/>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>	5	241	81
Interest payable	6	(63)	(78)
		<hr/>	<hr/>
<b>SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR BEFORE AND AFTER TAX</b>	7, 13	178	3
		<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 March 2012**

	Note	2012 £000	2011 £000
Surplus for the year		178	3
Unrealised gain on revaluation in respect of investment property	9	6,437	0
		<hr/>	<hr/>
Total recognised gain relating to the year		6,615	3
		<hr/> <hr/>	<hr/> <hr/>



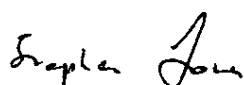
**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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C6 No 2553768

**BALANCE SHEET**  
As at 31 March 2012

	Note	2012 £000	2011 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	0	5,263
Investment property	9	11,700	-
		<u>11,700</u>	<u>5,263</u>
<b>CURRENT ASSETS</b>			
Debtors	10	271	1,014
Cash at bank and in hand		320	108
		<u>591</u>	<u>1,122</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(1,119)</u>	<u>(1,428)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(528)</u>	<u>(306)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,172</u>	<u>4,957</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(700)</u>	<u>(1,100)</u>
<b>TOTAL NET ASSETS</b>		<u><u>10,472</u></u>	<u><u>3,857</u></u>
<b>ACCUMULATED FUNDS</b>	13	<u><u>10,472</u></u>	<u><u>3,857</u></u>

These financial statements were approved by the Board of Directors on 3 July 2012



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 2012

	Note	2012 £000	2011 £000
<b>Net cash inflow / (outflow) from operating activities</b>	1	675	253
<b>Returns on investments and servicing of finance</b>			
Interest Paid		(63)	(78)
<b>Financing</b>			
Repayment of Borrowings		(400)	(444)
		<hr/>	<hr/>
<b>Increase/(Decrease) in cash</b>		212	(269)
<b>Net funds at the start of the year</b>		108	377
		<hr/>	<hr/>
<b>Net funds at the end of the year</b>		<u>320</u>	<u>108</u>

**NOTES TO THE CASH FLOW STATEMENT**  
Year ended 31 March 2012

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

	2012 £000	2011 £000
Operating surplus/(deficit)	241	81
Depreciation	0	398
Decrease/(increase) in current assets		
- debtors	743	(869)
(Decrease)/increase in current liabilities		
- creditors	(309)	643
	<hr/>	<hr/>
<b>Net cash inflow / (outflow) from operating activities</b>	<u>675</u>	<u>253</u>

**ii Changes in Cash and Cash Equivalents**

Analysis of movement in balances	2012 £000	2011 £000	Change in year £000
Cash at bank and in hand	<u>320</u>	<u>108</u>	<u>212</u>

**iii Analysis of Net Funds**

	As at beginning of Year £000	Cash flow £000	Other non cash changes £000	As at end of year £000
Cash at bank and in hand	<u>108</u>	<u>212</u>	<u>-</u>	<u>320</u>

# **THE LOCAL GOVERNMENT MANAGEMENT BOARD**

## **(a company limited by guarantee)**

### **NOTES TO THE ACCOUNTS**

#### **Year Ended 31 March 2012**

#### **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 modified by the revaluation of the investment property.

##### **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 company's income is derived from a range of leases with good quality tenants and the leases have several years to run. Income from the leases is sufficient to fund the full costs of the company's operations for the foreseeable future.

##### **Tangible Fixed Assets and Depreciation**

Up until the current accounting period tangible fixed assets, including the freehold interest in the Layden House property, have been recorded at historical cost or valuation, net of depreciation and provisions for impairment.

Depreciation was provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories were:

Freehold buildings	25 years
Furniture and equipment	15 years

##### **Investment Property**

From 2012, Layden House has changed use to an investment property, and will be re-valued at open market value annually. Surplus or deficit on the property is transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged or credited to the income and expenditure account. Depreciation is not provided on the freehold investment property. However, the Companies Act 2006 requires that all properties should be depreciated. This requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that this property is mainly held for its investment potential. It is therefore necessary to adopt SSAP 19 as to depreciate would not give a true and fair view.

##### **Debtors**

The policy of the Association and the companies it controls is to make partial provision for debts that are over one year old and full provision for debts that are over two years old, subject to exceptions including debt due from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off. In the year to 31 March 2012, no debts were written off as irrecoverable.

##### **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.

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2012**

**2 INCOME**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Rents received	597	860

The company's turnover comprises rent on its freehold building receivable from new short term leases with third party tenants. The income has decreased as in mid 2011 staff of Improvement and Development Agency (IDeA), a body under the control of the Local Government Association, moved to the Association's property at Smith Square and there was a void period before other third party tenants were secured. In prior years rent was calculated on a basis that ensured that the company covered its costs, including depreciation, but rents now charged to third party tenants are negotiated on an arms length basis.

**3 DIRECTORS' EMOLUMENTS**

None of the directors received any emoluments in respect of their services to the company and its subsidiaries (2011 £nil)

There were no retirement benefits accruing to the directors in respect of services to the company (2011 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.

**5. OPERATING SURPLUS**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
<b>Operating surplus is after charging:</b>		
Depreciation and amortisation	0	398
Auditors' remuneration		
- audit fee	1	1

**6. INTEREST PAYABLE**

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Improvement and Development Agency loan	63	78

**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 838(2) of the Income Tax Act 2007 and Section 984(2) of the Corporation Tax Act 2010. It is exempt from capital gains tax under Section 271(3) of the Taxation of Chargeable Gains Act 1992.

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2012**

**8 TANGIBLE FIXED ASSETS**

Company	Freehold land and buildings	Fixtures, fittings, tools and equipment	Total
	£000	£000	£000
<b>Cost</b>			
At 1 April 2011	4,793	3,118	7,911
Transfer to investment Properties	(4,793)	(3,118)	(7,911)
<b>At 31 March 2012</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Depreciation</b>			
At 1 April 2011	1,245	1,403	2,648
Charge for year	0	0	0
Transfer to Investment Properties	(1,245)	(1,403)	(2,648)
<b>At 31 March 2012</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net book value</b>			
At 31 March 2012	<u>0</u>	<u>0</u>	<u>0</u>
At 31 March 2011	<u>3,548</u>	<u>1,715</u>	<u>5,263</u>

The fixed assets and associated depreciation for all assets related the Layden House have been reclassified as an Investment Property asset as Layden House is now leased to third parties at a commercial rate on an arm's length basis,

**9 INVESTMENT PROPERTIES**

	2012 £000	2011 £000
Brought forward valuation	-	-
Transferred from fixed assets	5,263	-
Unrealised gain on revaluation	6,437	-
<b>Carried forward valuation</b>	<u>11,700</u>	<u>-</u>

The freehold land and building, Layden House, was re-valued at its open market value on a commercial rental use basis. The valuation was performed as at 31 March 2012 by an independent professional valuer, Farebrother Chartered Surveyors

**10. DEBTORS**

	2012 £000	2011 £000
Trade debtors	271	0
Due from related entities	0	1,014
	<u>271</u>	<u>1,014</u>

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2012**

**11 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Improvement and Development Agency loan	400	400
Owed to related entities	450	1,028
Accruals and deferred income	269	0
	<u>1,119</u>	<u>1,428</u>

**12. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Improvement and Development Agency loan	<u>700</u>	<u>1,100</u>

The Improvement and Development Agency loan was taken out on 30 April 2010 and was originally for £1,900,000. It is repayable by instalments of £200,000 every 6 months, with a final repayment (of £100,000) due on 31 March 2015. The loan bears interest at a fixed rate of 4.5%.

**13 STATEMENT OF MOVEMENTS ON ACCUMULATED FUNDS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Balance as at 1 April	3,857	3,854
Surplus of income over expenditure for the year	178	3
Unrealised gain on revaluation on investment property	6,437	0
	<u>10,472</u>	<u>3,857</u>

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

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Funding of assets	4,035	3,857
Unrealised gain on revaluation on investment property	6,437	0
	<u>10,472</u>	<u>3,857</u>

**14 CONTROLLING ENTITY**

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

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
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**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2012**

**15 RELATED PARTIES**

The company had the following transactions with related parties

	Value of related party transactions in year 2012 exp / (inc) £000	Outstanding balance at 31 March 2012 dr / (cr) £000	Value of related party transactions in year 2011 exp / (inc) £000	Restated Outstanding balance at 31 March 2011 dr / (cr) £000
Local Government Association (LGA)	(134)	(108)	(634)	1,014  (380)
Improvement and Development Agency	(218)	(1,414)	0	(2,146)
Local Government Association (Properties) Ltd	0	(13)	0	0
	0	28	0	0
Local Partnerships LLP	6	0	0	0

Improvement and Development Agency and Local Government Association (Properties) Ltd are companies controlled by the Local Government Association. Local Partnerships LLP is a limited liability partnership that is 50% owned by the Local Government Association and that, until May 2011, rented space in Layden House. The transactions with related parties are a result of the company's property rental business and other day to day activity recharges.

**16 POST BALANCE SHEET EVENTS**

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