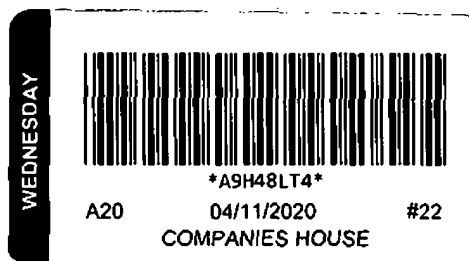


**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
**(a company limited by guarantee)**

**THE LOCAL GOVERNMENT MANAGEMENT BOARD**  
**(a UK Registered company limited by guarantee)**  
**Company Registration No. 02553768**

**Report and Financial Statements**  
**for the year ended 31 March 2020**



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

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

<b>CONTENTS</b>	<b>Page</b>
<b>OFFICERS AND PROFESSIONAL ADVISORS</b>	<b>1</b>
<b>DIRECTORS' REPORT</b>	<b>2</b>
<b>STATEMENT OF DIRECTORS' RESPONSIBILITIES</b>	<b>4</b>
<b>INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT MANAGEMENT BOARD</b>	<b>5</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>8</b>
<b>BALANCE SHEET</b>	<b>9</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>10</b>
<b>STATEMENT OF CASHFLOWS</b>	<b>11</b>
<b>NOTES TO THE ACCOUNTS</b>	<b>12</b>

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

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

Councillor Ian Swithenbank CBE (Chairman)

Councillor David Neighbour

Councillor Nicholas Chard

(Resigned 27 July 2019)

Councillor Andrew Proctor

Councillor Nicholas Darby

(Appointed 27 July 2019)

Sarah Pickup, LGA Deputy Chief Executive

**SECRETARY**

Claire Holloway

**REGISTERED OFFICE**

18 Smith Square  
London  
SW1P 3HZ

**BANKERS**

Barclays  
UK Banking  
1 Churchill Place  
London  
E14 5HP

**STATUTORY AUDITORS**

PKF Littlejohn LLP  
15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

**COMPANY NUMBER**

02553768

# **THE LOCAL GOVERNMENT MANAGEMENT BOARD**

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

### **DIRECTORS' REPORT**

The directors present their report and audited financial statements for the year ended 31 March 2020.

#### **Directors' Indemnity**

The company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the year and remain in force at the date of this report.

#### **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 is the rental of its property to third party tenants.

Following a detailed options appraisal, the Board agreed to the refurbishment of Layden House from 2017 in order to increase both the capital value of the building and its income base. The building was vacant of tenants as at 1 April 2016. From October 2016 until October 2017 the entities controlled by the Local Government Association then temporarily decanted over from 18 Smith Square whilst that property was being refurbished.

The redevelopment project for Layden House commenced in the autumn of 2017 and achieved Practical Completion on 27 May 2020.

#### **Future Developments**

On practical completion of Layden House, the property is to be rented out to commercial tenants. Layden House has office space and two areas of retail space each of which will be separately let.

The impact of COVID-19 on the Group and Company's business has been assessed and has been determined to not be material to the ongoing business prospects of the Company. Due to travel restrictions and the site being closed due to COVID-19, practical completion and the commissioning of the building has been delayed from the expected date of March 2020, at a cost to the Company of c.£0.25 million per month in foregone rental income. However, the company has substantial cash reserves, as it was anticipating a commercial rent-free period throughout 2020/21 and has sufficient reserves to continue in business for the foreseeable future.

Layden House is being completed to a high standard and the Farringdon area commercial letting market remains buoyant, such that there is no anticipated risk to the asset valuation, or the letting prospects.

#### **Post Balance Sheet Event**

On 3 June 2020, the company re-registered as an unlimited company, with no change in name.

#### **Principal risks and uncertainties**

The principal risk currently 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.

The ongoing refurbishment of Layden House is also subject to risks relating to the eventual marketability of the building and the costs of refurbishment. These risks will be closely managed through the continuous review of the viability of the refurbishment.

#### **Employees**

The company has no employees.

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

**DIRECTORS' REPORT**

**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**

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

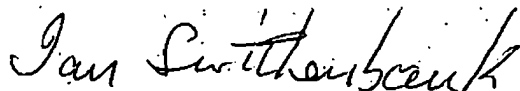
**Auditors**

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

**Status of this Directors' Report**

This report is prepared in accordance with the small companies' regime under the Companies Act 2006.

This report was approved by the Board on 3 June 2020 and signed on its behalf.



Ian Swithenbank CBE  
Director

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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual 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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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, including FRS102 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 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 LOCAL GOVERNMENT MANAGEMENT BOARD**  
(a company limited by guarantee)

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

**Opinion**

We have audited the financial statements of the Local Government Management Board (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphases of matter**

We draw attention to note 1 of the financial statements, which describes the company's assessment of the COVID-19 impact on its ability to continue as a going concern. The company has explained that the events arising from the COVID-19 outbreak do not impact its use of the going concern basis of preparation nor do they cast significant doubt about the company's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

We also draw attention to note 8 of the financial statements, which describes the material valuation uncertainty which the investment property valuer included in their valuation report on the investment property at 31 March 2020.

Our opinion is not modified in respect of either of these matters.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection

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

with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



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

**Use of our report**

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.

*Nicky Whitehead.*

**Nicky Whitehead (Senior Statutory Auditor)**

**For and on behalf of PKF Littlejohn LLP**

**Statutory Auditor**

**Date:**

*25<sup>th</sup> August 2020*

15 Westferry Circus

Canary Wharf

London E14 4HD

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

**STATEMENT OF COMPREHENSIVE INCOME**  
Year ended 31 March 2020

	Note	2020 £000	2019 £000
Income	0	-	-
Administrative expenses	5	132	(791)
<b>OPERATING (DEFICIT)/SURPLUS BEFORE INTEREST AND TAX</b>		<u>132</u>	<u>(791)</u>
Interest receivable		50	1
Interest payable	6	(650)	(311)
<b>OPERATING (DEFICIT)/SURPLUS BEFORE TAX</b>		<u>(468)</u>	<u>(1,101)</u>
Corporation Tax		-	2
<b>OPERATING (DEFICIT)/SURPLUS AFTER TAX</b>		<u>(468)</u>	<u>(1,099)</u>
Gain/(Loss) on revaluation of investment property	8	16,768	(887)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>16,300</u>	<u>(1,986)</u>

All amounts relate to continuing operations.

There was no Other Comprehensive Income received in either Financial Year.

The accounting policies and notes on pages 12 to 16 form part of these financial statements.

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

**BALANCE SHEET**  
**As at 31 March 2020**

**Company Registration No. 02553768**

	Note	2020 £000	2019 £000
<b>FIXED ASSETS</b>			
Investment property	8	64,400	38,975
		<u>64,400</u>	<u>38,975</u>
<b>CURRENT ASSETS</b>			
Debtors	9	-	198
Short term investments	11	3,609	11,431
Cash at bank and in hand		10	10
		<u>3,619</u>	<u>11,639</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(1,053)	(1,146)
<b>NET CURRENT ASSETS</b>		<u>2,566</u>	<u>10,493</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>66,966</u>	<u>49,468</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(21,198)	(20,000)
<b>TOTAL NET ASSETS</b>		<u>45,768</u>	<u>29,468</u>
<b>ACCUMULATED FUNDS</b>			
General Reserve		315	783
Revaluation Reserve		45,453	28,685
		<u>45,768</u>	<u>29,468</u>

These financial statements were approved by the Board of Directors on 3 June 2020.

  
 Ian Swithenbank CBE  
 Signed on behalf of the Board of Directors

The accounting policies and notes on pages 12 to 16 form part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY**  
Year ended 31 March 2020

	Retained Earnings £000	Revaluation Reserve £000	Total £000
<b>Balance at 1st April 2018</b>	<b>1,882</b>	<b>29,572</b>	<b>31,454</b>
<b>Changes in equity for 2018/19</b>			
Deficit for the year	(1,099)	-	(1,099)
Loss on revaluation of property	-	(887)	(887)
<b>Total comprehensive income for the year</b>	<b>(1,099)</b>	<b>(887)</b>	<b>(1,986)</b>
<b>Balance as at 31st March 2019</b>	<b>783</b>	<b>28,685</b>	<b>29,468</b>
<b>Balance at 1st April 2019</b>	<b>783</b>	<b>28,685</b>	<b>29,468</b>
<b>Changes in equity for 2019/20</b>			
Deficit for the year	(468)	-	(468)
Gain on revaluation of property	-	16,768	16,768
<b>Total comprehensive income for the year</b>	<b>(468)</b>	<b>16,768</b>	<b>16,300</b>
<b>Balance as at 31st March 2020</b>	<b>315</b>	<b>45,453</b>	<b>45,768</b>

The accounting policies and notes on pages 12 to 16 form part of these financial statements.

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

**STATEMENT OF CASHFLOWS**  
**Year ended 31 March 2020**

	Note	2020 £000	2019 £000
<b>Cash flow from operating activities</b>			
Operating Surplus		16,300	(1,986)
Adjustments for:			
(Gain) / Loss on revaluation of Property		(16,767)	887
Investment income		(50)	(1)
Interest expense		650	311
(Increase) / Decrease in Debtors		(198)	(53)
Increase / (Decrease) in Creditors		(93)	744
<b>Cash generated from operations</b>		<u>238</u>	<u>(98)</u>
Interest Paid		(650)	(311)
<b>Net cash used from operating activities</b>		<u>(412)</u>	<u>(409)</u>
<b>Cash flow from investing activities</b>			
Repayment of Borrowings		50	1
Expenditure on LH Redevelopment		(8,658)	(3,112)
		<u>(8,608)</u>	<u>(3,111)</u>
<b>Cash flow from financing activities</b>			
Borrowing from LGA		1,198	14,000
Repayment of borrowings		-	-
		<u>1,198</u>	<u>14,000</u>
<b>Cash flow from Tax activities</b>			
Corporation Tax paid		-	-
		<u>-</u>	<u>-</u>
Net Increase/(Decrease) in cash		(7,822)	10,480
Cash and cash equivalents at start of the year		<u>11,441</u>	<u>961</u>
Cash and cash equivalents at the end of the year	10	<u>3,619</u>	<u>11,441</u>

The accounting policies and notes on pages 12 to 16 form part of these financial statements.

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

**NOTES TO THE ACCOUNTS**  
**Year Ended 31 March 2020**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, specifically Financial Reporting Standard (FRS 102). 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.

**Expenditure**

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

**Going Concern**

The impact of COVID-19 on the Group and Company's business has been assessed and has been determined to not be material to the ongoing business prospects of the Company. Due to travel restrictions and the site being closed due to COVID-19, practical completion and the commissioning of the building has been delayed from the expected date of March 2020. However, the company has substantial cash reserves, as it was anticipating a commercial rent-free period throughout 2020/21 and has sufficient reserves to continue in business for the foreseeable future.

Layden House is being completed to a high standard and the Farringdon area commercial letting market remains buoyant, such that there is no anticipated risk to the asset valuation, or the letting prospects.

It is considered that the Company's future income will be delivered from leases with good quality tenants, and that the current cash reserves and income from the future leases will be sufficient to fund the full costs of the company's operations for the foreseeable future, including the necessary loan costs to fund the development period for the refurbishment works, and the Directors have therefore adopted the going concern basis for the preparation of these accounts.

**Investment Property**

The freehold land and buildings investment property, Layden House, has been valued by an independent, external valuer on an open market basis at the Balance Sheet date. In accordance with FRS 102 the investment property will be revalued annually with the surplus or deficit transferred to the revaluation reserve.

Fair value is defined, in accordance with the RICS valuation standards, as: "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each had acted knowledgeably, prudently and without compulsion".

**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 2020, 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**  
**(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2020**

**2. INCOME**

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Rental	<u>          </u>	<u>          </u>

**3. DIRECTORS' EMOLUMENTS**

None of the directors received any emoluments in respect of their services to the Company (2019: nil).

There were no retirement benefits accruing to the directors in respect of services to the Company (2019: 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**

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Operating (deficit) is after charging:		
Auditors' remuneration		
- audit fee	<u>          4</u>	<u>          4</u>

The administrative expenses balance includes a rebate of £601,426 from Islington Council

**6. INTEREST PAYABLE**

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Local Government Association loan	<u>          650</u>	<u>          311</u>
	<u>          650</u>	<u>          311</u>

**7. TAXATION**

The Company has sought tax advice and our advisors have confirmed that as a result Layden House being treated as an investment asset, the Company is no longer exempt from tax on its revenue income and gains or capital gains. The resultant tax liability has now been settled.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Corporation Tax	<u>          -</u>	<u>          (2)</u>
	<u>          -</u>	<u>          (2)</u>

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

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2020**

**8. INVESTMENT PROPERTIES**

	2020 £000	2019 £000
Brought forward valuation	38,975	36,750
Unrealised gain on revaluation	16,767	(887)
Capitalised items	8,658	3,112
Carried forward valuation	<u>64,400</u>	<u>38,975</u>

Layden House is an Investment Property to be leased to third parties at a commercial rate on an arm's length basis after re-development. The capitalised items in the table above relate to fees and construction costs incurred in developing the property in 2018/19 and 2019/20.

Layden House is being used as security on a loan from Westminster City Council to the parent undertaking Local Government Association via a mortgage charge. The loan commenced on 22<sup>nd</sup> October 2018 and is repayable over 15 years.

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 2020 by an independent professional valuer, Cushman & Wakefield Chartered Surveyors.

The Valuation report included the following additional wording:

**COVID-19 – Material Valuation Uncertainty**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this Property under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. This clause is a disclosure, not a disclaimer. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

**9. DEBTORS**

	2020 £000	2019 £000
Trade debtors	-	-
Due from related entities	-	198
Other debtors	-	-
Prepayments and accrued income	-	-
	<u>-</u>	<u>198</u>



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

**NOTES TO THE ACCOUNTS**  
Year ended 31 March 2020

**10. CASH AND CASH EQUIVALENTS**

	2020 £000	2019 £000
Cash at bank and in hand	10	10
Short Term Investments	3,609	11,431
	<u>3,619</u>	<u>11,441</u>

**11. SHORT TERM INVESTMENTS**

Surplus cash balances held by the Company, the companies it controls and related parties are pooled and lent to financial institutions on the Company's approved counterparty list. Investments are typically for periods not exceeding twelve months and as such the loan amount is a reasonable assessment of fair value. The counterparty list is currently restricted to financial institutions that meet agreed credit ratings criteria and subject to the cash limits (per counterparty) as shown in the Company's Investment Strategy.

The Company's Investment Strategy strictly applies credit limits for all financial institutions on the approved counterparty list to ensure that investments are diversified. No credit limits were exceeded during the year and the Company does not expect any losses on short term investments.

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

	2020 £000	2019 £000
Trade creditors and accruals	1,049	594
Income received in advance		
Owed to related entities	4	552
	<u>1,053</u>	<u>1,146</u>

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

	2020 £000	2019 £000
Local Government Association loan	21,198	20,000
	<u>21,198</u>	<u>20,000</u>

On 1 January 2017, an unsecured loan of £6 million was issued by LGA bearing interest of 3.24% per annum. The Loan is repayable on 31 December 2038.

On 2 January 2019, an unsecured loan of £14 million was issued by LGA bearing interest of 3.24% per annum. The Loan is repayable on 31 December 2038.

**14. CONTROLLING ENTITY**

The controlling entity is the Local Government Association and the registered office is 18 Smith Square, London, SW1P 3HZ.

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

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2020**

**15. RELATED PARTIES**

The company had the following transactions with related parties:

	Value of related party transactions in year 2020 exp / (inc) £000	Outstanding balance at 31 March 2020 dr / (cr) £000	Value of related party transactions in year 2019 exp / (inc) £000	Outstanding balance at 31 March 2019 dr / (cr) £000
Local Government Association	1,765	(4)	129	(552)
Local Government Association – Loans and interest	-	(21,198)	(14,000)	(20,000)
Improvement and Development Agency for Local Government	-	-	(501)	198

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**

On 3 June 2020, the company re-registered as an unlimited company, with no change in name.

It is likely that Covid-19 will have an impact on the valuation of investment property after the year end, in line with general market conditions. It is not the intention of the Directors to sell the property within the next 12 months.

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