Company Number: 3037449

LONDON COUNCILS LIMITED
(A Company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2016

LONDON COUNCILS LIMITED

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2016

INDEX

PAGE

Directors' Report	1
Statement of Directors' Responsibilities	3
Independent Auditors' Report to the Members of London Councils Limited	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the financial statements	8

DIRECTORS' REPORT
For the year ended 31 March 2016

The Directors submit their annual report and the audited financial statements of London Councils Limited for the year ended 31 March 2016.

Principal Activities

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

London Councils' political advisers serve and support London local government and the members belonging to their London Councils party group. The political advisers are also the main point of contact between London Councils and other national/regional or local groupings of their respective national political parties. There are political advisers for the Conservative and Labour parties.

Business Review

London Councils Limited's results for the financial year ended 31 March 2016 show a breakeven position (2015: a breakeven position). London Councils Limited's Profit and Loss Account at 31 March 2016 amounted to £Nil (2015: £Nil).

On 22 December 2008, the company acquired a lease at Block 2, Angel Square, Islington, London, EC1V 1NY to accommodate the Parking and Traffic Appeals Service which relocated to Angel Square on 7 February 2009. The lease was originally due to end on 24 March 2015 but it was extended to 24 July 2015 to allow for the refurbishment of a new premises acquired at Chancery Exchange, 10 Furnivall Street, London EC4. The lease on the new property commenced on 3 February 2015 and runs until 29 March 2025. The Parking and Traffic Appeals Service which was renamed London Tribunals relocated to Chancery Exchange in July 2015. The annual cost of both the leases will be recharged to London Councils' Transport and Environment Committee.

On 10 April 2012, the company renewed the lease at 59½ Southwark Street, London, SE1 0AL for a ten year period commencing on 26 March 2011 to 25 March 2021.

Provision of Information to the Auditors

So far as the Directors are aware, there is no relevant audit information of which the London Councils Limited's auditors are unaware; and

The Directors have taken all the steps that ought to have taken as the Directors in order to make themselves aware of any relevant audit information and to establish that London Councils Limited's auditors are aware of that information.

DIRECTORS' REPORT
For the year ended 31 March 2016

Directors and Directors' Interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Position	Name	
Chair:	Mayor Jules Pipe	(Resigned 12 July 2016)
Deputy Chair:	Cllr Claire Kober	
Vice Chairs:	Mr Mark Boleat Cllr Ruth Dombey OBE Cllr Teresa O'Neill OBE	

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

The Directors receive no emoluments (2015: Nil) for services provided to London Councils Limited.

Exemption Statement

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved and signed on behalf of the Directors

X..

12 July 2016

Mayor Jules Pipe
Chair of London Councils Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent;
- 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 directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON COUNCILS LIMITED

We have audited the financial statements of London Councils Limited for the year ended 31 March 2016 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Statement of Directors' Responsibilities set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit 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 matters 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and.
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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

Chartered Accountants
15 Canada Square
London
E14 5GL

Date 13 July 2016

LONDON COUNCILS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2016

	Note	2016	2015 Restated
		£	£
TURNOVER		1,800,527	1,784,342
COST OF SALES		(1,728,910)	(1,710,173)
GROSS PROFIT		71,617	74,169
Administrative Expenses		(4,479)	(6,267)
OPERATING PROFIT	4	67,138	67,902
Interest Payable and Similar Charges	5	(11,528)	(10,363)
Interest Receivable and Similar Income	6	4,701	6,521
Transfer to London Councils' Joint Committee	7	(60,311)	(64,060)
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		0	0
Tax on result on ordinary activities	10	0	0
RESULT FOR THE FINANCIAL YEAR	**14**	**0**	**0**

All amounts relate to continuing operations.

There is no material difference between the result on ordinary activities before taxation and the result for the financial year stated above and their historical costs equivalents

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

LONDON COUNCILS LIMITED

BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 £	2015 Restated £
Current assets			
Debtors	11	681,209	892,313
Cash at bank and in hand		375,046	30,736
		1,056,255	923,049
Current liabilities			
Creditors: amounts falling due within one year	12	(522,611)	(357,780)
Provisions for Liabilities	13	(179,936)	(337,825)
Net current assets		353,708	227,444
Provisions for Liabilities	13	(353,708)	(227,444)
Net assets		**0**	**0**
Profit and Loss Account	14	0	0
Total Shareholders' funds		**0**	**0**

The financial statements and notes on pages 6 to 14 were approved by the Directors of the Company on 21 June 2016.

Signed on behalf of the Directors by

Mayor Jules Pipe
Chair of London Councils Limited

12 July 2016

Cllr Teresa O'Neill OBE
Director of London Councils Limited

12 July 2016

1. COMPANY STATUS

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

2. ACCOUNTING POLICIES

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below:

a. Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The company has adopted FRS102 in these statements and details of the transition are disclosed in note 19.

b. Income and Expenditure

Income and Expenditure is recognised on an accruals basis.

c. Turnover

Turnover represents the invoiced value of goods sold and services provided net of Value Added Tax. Over half of the turnover is derived from member subscriptions with the balance derived from rental income, premises and accommodation. The turnover and pre-tax result is wholly attributable to the principal activities, which arose wholly in the United Kingdom. Revenue from the provision of services is recognised when the Company can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Company.

d. Leasing

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

e. Provisions

A provision is recognised in the financial statements when there is a present obligation as a result of a past event, it is probable that a payment would be made to settle the obligation and a reliable estimate of the obligation can be made. The present obligation is measured at the discounted value of the future cash flows using an appropriate discount factor.

f. Pensions

The company is unable to identify its share of the assets and liabilities of the Defined Benefit Pension Scheme, As such, the costs of participating in this scheme are recognised as they are incurred. In the event of any liabilities arising in respect of the scheme, these would be the responsibility of London Councils.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

a. Critical judgements in applying accounting policies

The critical judgements made in applying the accounting policies are:

Government funding – The Company's members are all local government bodies and there is a high degree of uncertainty about future levels of funding for local government. However, the directors' have determined that this uncertainty is not sufficient to provide an indication that the operations of the company might be affected as a result of a need to reduce levels of service provision.

Pensions – The employees of the company are eligible to participate in the parent undertaking's defined benefit pension scheme which is a Local Government Pension Scheme (LGPS) administered by the London Pension Fund Authority (LPFA). The directors' do not have sufficient information of the plan assets and liabilities to allow them to reliably account for the company's share of the net pension deficit. Therefore, the costs of the scheme are accounted for as a defined contribution scheme. See note 9 for further details.

b. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future when preparing the accounts. The estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. The estimates and assumptions may differ from the actual results which could lead to material adjustments to the values of assets and liabilities. The item in the company's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

Provisions - The Company has made a provision of £533,644 for its contractual obligations for dilapidations and periodic decoration included within its property leases. The provision is based on the most reasonable estimate of these future costs. An increase of 10% to the total value of these costs would have the effect of adding £53,364 to the annual contribution to the provision.

4. OPERATING PROFIT

	2016	2015
	£	£
The operating profit is stated after charging:		
Auditors' Remuneration payable for the statutory audit	900	1,230
Operating Leases	886,090	852,358
	886,990	**853,588**

5. INTEREST PAYABLE AND SIMILAR CHARGES

This amount represents the finance costs in relation to the unwinding of the discounted property provisions (note 13).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

This amount represents allocation of interest on cash balances held by the City of London. At the year end the cash balance amounted to £375,046 (2015: £30,736).

7. TRANSFER TO LONDON COUNCILS JOINT COMMITTEE

	2016	2015 Restated
	£	£
Transfer to London Councils Joint Committee	60,311	64,060

All operating profits after inclusion of interest are transferred to the London Councils Joint Committee of which the Company is a wholly owned subsidiary.

8. DIRECTORS' REMUNERATION

The Directors did not receive any emoluments or compensation for loss of office (2015: £Nil). Emoluments received as members of the London Councils Joint Committee, which is the parent undertaking will be disclosed in the financial statements of the London Councils Joint Committee.

9. STAFF NUMBERS AND COSTS

The monthly average number of persons employed by the Company during the year was 2 (2015: 2). All staff are employed as political advisers.

	2016	2015 Restated
Staff costs comprise of the following elements:	£	£
Wages and salaries	81,493	76,878
Social Security Costs	7,870	7,490
Other Pension Costs	4,806	3,991
Annual Leave Liability	671	421
Total Staff Costs	**94,840**	**88,780**

In relation to the pension valuation, as at 31 March 2016 the scheme had a deficit of £23.026 million (2015: deficit of £25.449 million). The net pension deficit for the scheme has been measured using the projected unit method. The LGPS regulations require the scheme to carry out a full actuarial valuation every three years. This valuation is the starting point for the 'roll forward' for the annual FRS102 valuation using the projected unit method. The difference between the triennial actuarial valuation and the annual FRS102 valuation is due to the use of different actuarial assumptions and calculation methodologies. The last triennial actuarial valuation of the Scheme took place as at 31 March 2013. The valuation resulted in a deficit of £847,000 (2010: £931,000). Further details of the plans and the assumptions applied can be found in the audited financial statements of London Councils Joint Committee available from 59½ Southwark Street, London, SE1 0AL. The cost of contributions to the pension scheme during the financial year amounts to £4,806 (2015: £3,991). There were no outstanding or prepaid contributions (2014: Nil).

10. TAX ON RESULT ON ORDINARY ACTIVITIES

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

11. DEBTORS

	2016	2015 Restated
	£	£
Trade Debtors	650,092	614,356
Amounts owed by group undertaking	0	2,186
Other Debtors	0	75,069
Prepayments and accrued income	31,117	200,702
	681,209	892,313

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2015 Restated £
Other taxation and social security	174	0
Accruals and deferred income	522,437	357,780
	522,611	**357,780**

13. PROVISIONS FOR LIABILITIES

	Property Lease Provisions £
Balance at 1 April 2015	**565,269**
Additional Provisions made in 2015/16	157,608
Discount unwind (note 5)	11,528
Amounts used in 2015/16	(182,000)
Unused amounts reversed in 2015/16	(18,761)
Balance at 31 March 2016	**533,644**

Analysis of total provisions:

	£
Current	179,935
Non-current	353,709
Total Provision	**533,644**

The Company has established a provision for its contractual obligations included within its property leases. The lease for Southwark Street requires internal and external decoration works to be carried out in March 2016 and dilapidation works to be carried out in March 2021.

The lease for Chancery Exchange requires internal decoration work to be carried out every three years commencing from March 2018 and general dilapidation work to be carried out at the end of the lease in March 2025.

14. RESERVES

	Profit and Loss Account £
Balance at 1 April 2015	0
Result for the financial year	0
Balance at 31 March 2016	0

15. CASH FLOW STATEMENT

The Company is not required to include a cash flow statement in the financial statements as it is a small company.

16. FINANCIAL COMMITMENTS – OPERATING LEASES

The Company uses leased properties under the terms of operating leases. The amounts paid under these arrangements during the year amounted to £886,090 (2015: £852,358).

The minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £	2015 £
Within one year	789,401	878,408
Within two to five years	3,148,903	3,157,603
Over five years	1,039,277	1,819,979

17. ULTIMATE PARENT ENTITY

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

18. RELATED PARTY TRANSACTIONS

The Company received an annual subscription of £32,734 (2015: £33,176) from each of its 33 member authorities for the year ended 31 March 2016 resulting in total subscription income of £1,080,222 (2015: £1,094,808). The directors of the company are leaders of member authorities.

18. RELATED PARTY TRANSACTIONS (continued)

The Company paid an amount of £533,654 (2015: £529,225) to the City of London in respect of premises costs for the leased property at 59½ Southwark Street, London, SE1 0AL. The City of London is a member of the company and its Chairman of the Policy and Resources Committee a director of the company.

The Company recharged London Councils Joint Committee, its parent undertaking, £611,425 (2015: £600,324) in respect of premises cost for leased properties at Block 2, Angel Square, Islington, London, EC1V 1NY and Chancery Exchange, 10 Furnivall Street, London EC4. The Company transferred £60,311 (2015: £64,060) to London Councils Joint Committee.

19. TRANSITION TO FRS102 – Annual leave accrual

This is the first year that the Company has presented its results under FRS102. FRS102 requires short term employee benefits to be charged to the profit and loss accounts as the employee service is received. This has resulted in the company recognising a liability of £2,857 on transition to FRS102. Previously annual leave accruals were not recognised as it is not common practice to pay employees for untaken annual leave. Employees are encouraged to take their annual leave within the year that it applies with any remaining leave at the year-end taken in the following financial year. The 2014/15 financial statements have been restated to reflect an annual leave liability of £2,186 as follows:

Profit and Loss Account for the year ended 31 March 2015

	2014/15 Statements	**Adjustments made**	**2014/15 Restated Comparatives**
	£	**£**	**£**
Cost of Sales	1,707,987	2,186	1,710,173
Transfer to London Councils Joint Committee	66,246	(2,186)	(64,060)

Balance Sheet at 31 March 2015

	2014/15 Statements	**Adjustments made**	**2014/15 Restated Comparatives**
	£	**£**	**£**
Debtors	890,127	2,186	892,313
Creditors: amounts falling due within one year	(355,594)	(2,186)	(357,780)