

• **Company Number: 3037449**

LONDON COUNCILS LIMITED
(A Company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2017

LONDON COUNCILS LIMITED
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2017

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LONDON COUNCILS LIMITED

DIRECTORS' REPORT **For the year ended 31 March 2017**

The Directors submit their annual report and the audited financial statements of London Councils Limited for the year ended 31 March 2017.

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 2017 show a breakeven position (2016: a breakeven position).

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.

On 3 February 2015, the company acquired a lease at Chancery Exchange, 10 Furnivall Street, London EC4 1AB to accommodate London Tribunals, which relocated to Chancery Exchange in July 2015. The lease runs until 29 March 2025 and the annual cost is recharged to London Councils' Transport and Environment Committee.

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.

LONDON COUNCILS LIMITED
DIRECTORS' REPORT
For the year ended 31 March 2017

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:	Cllr Claire Kober OBE Mayor Jules Pipe	(Appointed on 12 July 2016) (Resigned 12 July 2016)
Deputy Chair:	Cllr Claire Kober OBE	(Until 12 July 2016)
Vice Chairs:	Mr Mark Boleat Cllr Ruth Dombey OBE Cllr Teresa O'Neill OBE	(Resigned 5 June 2017)


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

The Directors receive no emoluments (2016: 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


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Cllr Claire Kober OBE
Chair of London Councils Limited

11 July 2017

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; and
- prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice subject to any material departures disclosed and explained in the financial statements.

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.

LONDON COUNCILS LIMITED

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 2017 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 2017 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 is consistent with the financial statements.

LONDON COUNCILS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON COUNCILS LIMITED

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

14 July 2017

LONDON COUNCILS LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2017

	Note	2017	2016
		£	£
TURNOVER		1,925,408	1,800,527
COST OF SALES		(1,922,710)	(1,728,910)
GROSS PROFIT		2,698	71,617
Administrative Expenses		(3,935)	(4,479)
OPERATING PROFIT	4	(1,237)	67,138
Interest Payable and Similar Charges	5	(6,085)	(11,528)
Interest Receivable and Similar Income	6	7,322	4,701
Transfer to London Councils' Joint Committee	7	0	(60,311)
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

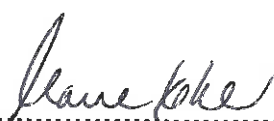
The company has no recognised gains or losses other than those included in the profit and loss account and, therefore, no separate statement of comprehensive income has been presented.

LONDON COUNCILS LIMITED
BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017 £	2016 £ Restated
Current assets			
Debtors	11	687,133	681,209
Cash at bank and in hand		<u>1,014,413</u>	<u>375,046</u>
		<u>1,701,546</u>	<u>1,056,255</u>
Current liabilities			
Creditors: amounts falling due within one year	12	(551,543)	(32,620)
Provisions for Liabilities	13	<u>(196,963)</u>	<u>(179,936)</u>
Net current assets		<u>953,040</u>	<u>843,699</u>
Creditors: amounts falling due after more than one year	14	(506,781)	(489,991)
Provisions for Liabilities	13	<u>(446,259)</u>	<u>(353,708)</u>
Long term liabilities		<u>(953,040)</u>	<u>(843,699)</u>
Net assets		0	0
Profit and Loss Account	15	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 20 June 2017.

Signed on behalf of the Directors by



Cllr Claire Kober OBE
Chair of London Councils Limited

11 July 2017



Cllr Teresa O'Neill OBE
Director of London Councils Limited

11 July 2017

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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.

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.

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

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 Local Pensions Partnership (LPP). 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 2017 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 £643,223 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 £64,322 to the annual contribution to the provision.

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. OPERATING PROFIT	2017	2016
	£	£
The operating profit is stated after charging:		
Auditors' Remuneration payable for the statutory audit	900	900
Operating Leases	<u>1,136,843</u>	<u>886,090</u>
	<u>1,137,743</u>	<u>886,990</u>

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 £1,014,413 (2016: £375,046).

7. TRANSFER TO LONDON COUNCILS JOINT COMMITTEE

	2017	2016
	£	£
Transfer to London Councils Joint Committee	0	60,311

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 (2016: £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.

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017

9. STAFF NUMBERS AND COSTS

The monthly average number of persons employed by the Company during the year was 2 (2016: 2). All staff are employed as political advisers.

	2017	2016
	£	£
Staff costs comprise of the following elements:		
Wages and salaries	85,292	81,493
Social Security Costs	9,563	7,870
Other Pension Costs	9,375	4,806
Annual Leave Liability	(982)	671
Total Staff Costs	103,248	94,840

In relation to the pension valuation, as at 31 March 2017 the scheme had a deficit of £29.989 million (2016: deficit of £23.026 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 2016. The valuation resulted in a surplus of £784,000 (2013: £847,000 deficit). 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 £9,375 (2016: £4,806). There were no outstanding or prepaid contributions (2016: 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

	2017	2016
	£	Restated £
Trade Debtors	10,567	0
Amounts owed by group undertaking	628,939	650,092
Other Debtors	15,795	0
Prepayments and accrued income	31,832	31,117
	687,133	681,209

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Other taxation and social security	0	Restated 174
Accruals and deferred income	551,543	32,446
	551,543	32,620

The 2016 comparative has been restated to more accurately reflect the payment profile of premises costs. The comparative figure for accruals and deferred income has been reanalysed by decreasing the amount due in less than one year by £489,991, with a corresponding adjustment in amounts due after one year. There is no impact on the result for that year or overall net assets.

13. PROVISIONS FOR LIABILITIES

	Property Lease Provisions
	£
Balance at 1 April 2016	533,644
Additional Provisions made in 2016/17	103,494
Discount unwind (note 5)	6,085
Balance at 31 March 2017	643,223

Analysis of total provisions:

	£
Current	196,963
Non-current	446,260
Total Provision	643,223

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 March 2021 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.

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

	2017 £	2016 £
Accruals and deferred income	506,781	Restated 489,991
	506,781	489,991

15. RESERVES

	Profit and Loss Account £
Balance at 1 April 2016	0
Result for the financial year	0
Balance at 31 March 2017	0

16. CASH FLOW STATEMENT

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

17. 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 £1,136,843 (2016: £886,090).

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

	2017 £	2016 £
Within one year	1,221,257	777,023
Within two to five years	4,095,557	3,640,660
Over five years	888,313	1,184,959

18. 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 published on its website at www.londoncouncils.gov.uk 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.

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

19. RELATED PARTY TRANSACTIONS

London Councils (Parent undertaking)

The Company recharged London Councils Joint Committee, its parent undertaking, £628,939 (2016: £650,092) in respect of premises cost for leased properties at 59½ Southwark Street, London, SE1 0AL and Chancery Exchange, 10 Furnivall Street, London EC4 1AB. The Company made no transfer (2016: £60,311) to London Councils Joint Committee during 2016/17.

Member Boroughs

The Company received an annual subscription of £31,306 (2016: £32,734) from each of its 33 member authorities for the year ended 31 March 2017 resulting in total subscription income of £1,033,098 (2016: £1,080,222). The directors of the company are leaders of member authorities.

City of London

An amount of £876,667 (2016: £533,654) is included in the accounts in respect of amounts payable to the City of London for premises costs for the leased property at 59½ Southwark Street, London, SE1 0AL. The City of London is a member of the company and the Chairman of its Policy and Resources Committee is a director of the company.

London LGPS CIV Limited

The Company received an amount of £148,106 (2016: £30,481) from London LGPS CIV Limited in respect of accommodation and premises related charges. London LGPS CIV Limited is wholly owned by members of London Councils Limited.