

**Company Number: 3037449**



**LONDON COUNCILS LIMITED  
(A Company limited by guarantee)  
REPORT AND FINANCIAL STATEMENTS  
31 MARCH 2018**

**LONDON COUNCILS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 March 2018**

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## **LONDON COUNCILS LIMITED**

### **DIRECTORS' REPORT For the year ended 31 March 2018**

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The Directors submit their annual report and the audited financial statements of London Councils Limited for the year ended 31 March 2018.

#### **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 2018 show a breakeven position (2017: 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 2018**

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**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:

<b>Position</b>	<b>Name</b>	
Chair:	Cllr Peter John OBE	(Appointed 10 July 2018)
	Cllr Claire Kober OBE	(Resigned 3 May 2018)
Board members	Cllr Lib Peck	(Appointed 10 July 2018)
	Cllr Peter John OBE	(Appointed 11 July 2017)
	Sir Mark Boleat	(Resigned 5 June 2017)
	Cllr Ruth Dombey OBE	
	Catherine McGuinness	(Appointed 11 July 2017)
	Cllr Teresa O'Neill OBE	

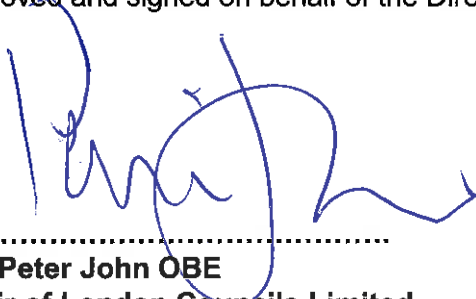
All directors have an interest in London Councils Joint Committee, as members, which is the ultimate parent undertaking.

The Directors receive no emoluments (2017: 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



.....  
**Cllr Peter John OBE**  
**Chair of London Councils Limited**

**10 July 2018**

## LONDON COUNCILS LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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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), including FRS 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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

## LONDON COUNCILS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS LIMITED

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#### Opinion

We have audited the financial statements of London Councils Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account, balance sheet and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

## LONDON COUNCILS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS LIMITED

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

Under the Companies Act 2006 we are required 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 prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**LONDON COUNCILS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON COUNCILS  
LIMITED**

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**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Andrew Sayers (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

12 July 2018



LONDON COUNCILS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2018

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	Note	2018	2017
		£	£
TURNOVER		2,039,181	1,925,408
COST OF SALES		<u>(2,038,451)</u>	<u>(1,922,710)</u>
GROSS PROFIT		730	2,698
Administrative Expenses		<u>(3,339)</u>	<u>(3,935)</u>
OPERATING PROFIT	4	(2,609)	(1,237)
Interest Payable and Similar Charges	5	(5,535)	(6,085)
Interest Receivable and Similar Income	6	<u>8,144</u>	<u>7,322</u>
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		0	0
Tax on result on ordinary activities	10	<u>0</u>	<u>0</u>
<b>RESULT FOR THE FINANCIAL YEAR</b>	<b>11</b>	<b><u>0</u></b>	<b><u>0</u></b>

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.

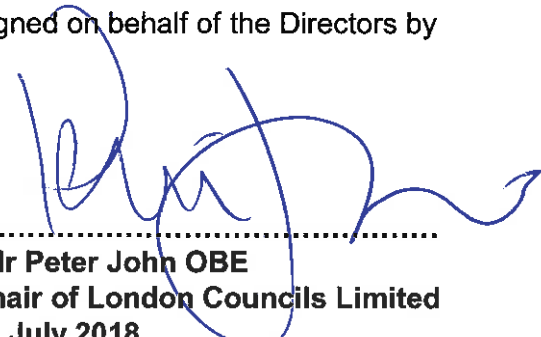
The company has no recognised gains or losses other than those included in the profit and loss account and, therefore, no separate statement of comprehensive income has been presented.

**LONDON COUNCILS LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Current assets</b>			
Debtors	11	714,556	687,133
Cash at bank and in hand		<u>1,328,092</u>	<u>1,014,413</u>
		2,042,648	1,701,546
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(825,716)	(551,543)
Provisions for Liabilities	13	<u>(208,411)</u>	<u>(196,963)</u>
Net current assets		<u>1,008,521</u>	<u>953,040</u>
Creditors: amounts falling due after more than one year	14	(446,468)	(506,781)
Provisions for Liabilities	13	<u>(562,053)</u>	<u>(446,259)</u>
Long term liabilities		<u>(1,008,521)</u>	<u>(953,040)</u>
<b>Net assets</b>		<b>0</b>	<b>0</b>
Profit and Loss Account	15	0	0
<b>Total Shareholders' funds</b>		<b>0</b>	<b>0</b>

The financial statements and notes on pages 6 to 14<sup>5</sup> were approved by the Directors of the Company on 19 June 2018.

Signed on behalf of the Directors by

  
 .....  
**Cllr Peter John OBE**  
**Chair of London Councils Limited**  
**10 July 2018**

  
 .....  
**Cllr Teresa O'Neill OBE**  
**Director of London Councils Limited**  
**10 July 2018**

## LONDON COUNCILS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2018

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#### 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. Going Concern

The company is funded by subscriptions from its member boroughs and recharges to London Councils' Leaders Committee (parent undertaking) and Transport and Environment Committee. 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. The subscription and recharge budget for the 2018/19 financial year was approved by London Councils' Leaders Committee, the parent undertaking, on 5 December 2018.

c. Income and Expenditure

Income and Expenditure is recognised on an accruals basis.

d. 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.

e. 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.

## LONDON COUNCILS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2018

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#### 2. ACCOUNTING POLICIES (continued)

##### f. 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.

##### g. 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 judgement made in applying the accounting policies is:

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 2018 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 £770,464 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 £76,760 to the annual contribution to the provision.

**LONDON COUNCILS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2018

<b>4. OPERATING PROFIT</b>		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>

The operating profit is stated after charging:

Auditors' Remuneration payable for the statutory audit	900	900
Operating Leases	1,136,843	1,136,843
	<u>1,137,743</u>	<u>1,137,743</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 £1,328,092 (2017: £1,014,413).

**7. TRANSFER TO LONDON COUNCILS JOINT COMMITTEE**

There were no transfers of operating profits to the London Councils Joint Committee during the financial year (2017: Nil). 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 (2017: £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 (2017: 2). All staff are employed as political advisers.

	2018	2017
	£	£
Staff costs comprise of the following elements:		
Wages and salaries	89,397	85,292
Social Security Costs	10,105	9,563
Other Pension Costs	10,728	9,375
Annual Leave Liability	1,979	(982)
<b>Total Staff Costs</b>	<u>112,209</u>	<u>103,248</u>

**LONDON COUNCILS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2018**

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**9. STAFF NUMBERS AND COSTS (continued)**

In relation to the pension valuation, as at 31 March 2018 the scheme had a deficit of £28.019 million (2017: deficit of £29.989 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 £10,728 (2017: £9,375). There were no outstanding or prepaid contributions (2017: 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**

	2018	2017
	£	£
Trade Debtors	10,978	10,567
Amounts owed by group undertaking	669,482	628,939
Other Debtors	16,475	15,795
Prepayments and accrued income	17,621	31,832
	<u>714,556</u>	<u>687,133</u>

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

	2018	2017
	£	£
Other taxation and social security	-	0
Accruals and deferred income	825,716	551,543
	<u>825,716</u>	<u>551,543</u>

**LONDON COUNCILS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2018

**13. PROVISIONS FOR LIABILITIES**

	<b>Property Lease Provisions £</b>
<b>Balance at 1 April 2017</b>	<b>643,223</b>
Additional Provisions made in 2017/18	121,706
Discount unwind (note 5)	5,535
<b>Balance at 31 March 2018</b>	<b>770,464</b>

Analysis of total provisions:

	<b>£</b>
Current	208,411
Non-current	562,053
<b>Total Provision</b>	<b>770,464</b>

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 external decoration work due in March 2016 has not been carried out.

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

	<b>2018 £</b>	<b>2017 £</b>
Accruals and deferred income	446,468	506,781
	<b>446,468</b>	<b>506,781</b>

**15. RESERVES**

	<b>Profit and Loss Account £</b>
Balance at 1 April 2017	0
Result for the financial year	0
Balance at 31 March 2018	0

LONDON COUNCILS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2018

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 (2017: £1,136,843).

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

	2018	2017
	£	£
Within one year	1,271,646	1,221,257
Within two to five years	3,120,557	4,095,557
Over five years	591,667	888,313

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](http://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.

19. RELATED PARTY TRANSACTIONS

**London Councils (Parent undertaking)**

The Company recharged London Councils Joint Committee, its parent undertaking, £666,620 (2017: £628,939) 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 (2017: Nil) to London Councils Joint Committee during 2017/18.

**Member Boroughs**

The Company received an annual subscription of £31,306 (2017: £31,306) from each of its 33 member authorities for the year ended 31 March 2018 resulting in total subscription income of £1,033,098 (2017: £1,033,098). The directors of the company are leaders of member authorities.



**LONDON COUNCILS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2018**

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**19. RELATED PARTY TRANSACTIONS (continued)**

**City of London**

An amount of £876,667 (2017: £876,667) 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 authority 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 £239,978 (2017: £148,106) 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.

