

LOCAL GOVERNMENT ASSOCIATION
(a UK Registered unlimited company)
Company Registration No. 11177145

Consolidated financial statements
for the year ended 31 March 2021

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2021

	Note	2021 £000	2020 £000
Income: Group and share of joint ventures' income		63,450	64,045
Less share of joint ventures' income		(10,699)	(9,837)
Group Income	2	<u>52,751</u>	<u>52,208</u>
Administrative expenses		(55,910)	(62,298)
GROUP OPERATING DEFICIT BEFORE INTEREST AND TAX	4	(3,159)	(8,090)
Interest receivable and similar income		331	72
Interest payable		(803)	(550)
Share of operating surplus of joint ventures	9	3,486	2,968
Dividend and profits share from Joint Ventures		3,511	1,915
Finance discounts allowed	5	(604)	(604)
Share of joint ventures distribution to members		(3,250)	(1,750)
Unrealised loss on revaluation in respect of investment property	8	(2,795)	17,668
GROUP OPERATING (DEFICIT) / SURPLUS BEFORE TAX		(3,283)	11,629
Corporation Tax		-	-
GROUP OPERATING (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR		(3,283)	11,629
Other Comprehensive Income:			
Actuarial (loss)/gain recognised in respect of the pension fund		(5,540)	45,050
GROUP TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,823)	56,679

All amounts relate to continuing operations.

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	Note	2021 £000	2020 £000
Income	2	20,984	24,229
Administrative expenses		(25,690)	(26,743)
Gain/(Loss) on revaluation of investment property		(1,690)	16,768
OPERATING (DEFICIT) / SURPLUS BEFORE INTEREST	4	(6,396)	14,254
Interest receivable and similar income		770	1,414
Interest payable		-	(650)
Finance discounts allowed	5	(604)	(604)
Dividend and profits share from Joint Ventures	9	261	165
OPERATING (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR		(5,969)	14,579
Other Comprehensive Income:			
Actuarial gain/(loss) recognised in respect of the pension fund		(2,051)	5,450
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,020)	20,029

All amounts relate to continuing operations.

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Note	2021 £000	2020 £000
FIXED ASSETS			
Tangible assets	7	17,842	18,690
Investment Properties	8	79,150	81,655
Intellectual Copyright Assets		1	1
Investments - MBA	9	4	4
Investments in Joint Ventures:			
Share of gross assets of joint ventures	9	9,338	7,786
Share of gross liabilities of joint ventures	9	(1,446)	(2,001)
		<u>104,889</u>	<u>106,135</u>
LONG TERM DEBTORS	10	150	150
CURRENT ASSETS			
Debtors	11	7,867	7,453
Short term Investments	12	3,560	1,479
Cash at bank and in hand		4,701	5,011
		<u>16,128</u>	<u>13,943</u>
CREDITORS: amounts falling due within one year	13	(9,553)	(9,693)
		<u>6,575</u>	<u>4,250</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>111,614</u>	<u>110,535</u>
CREDITORS: amounts falling due after more than one year	13	(30,013)	(30,811)
PROVISIONS FOR LIABILITIES			
Provision for organisation restructuring	14	(250)	(250)
Pension Fund deficit	15	(101,943)	(93,115)
NET LIABILITIES		<u>(20,592)</u>	<u>(13,641)</u>
ACCUMULATED FUNDS			
General Reserve		19,060	19,060
Revaluation Reserve		57,619	60,414
Risk & Contingency Reserve		4,672	-
Pension Deficits Reserve			
- Pension Fund Assets		359,155	290,384
- less Defined Liabilities		(461,098)	(383,499)
		<u>(20,592)</u>	<u>(13,641)</u>

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

These financial statements were approved by the LGA Board on 9 June 2021 and signed on their behalf by



James Jamieson, LGA Chairman and Chairman of the LGA Board

ASSOCIATION BALANCE SHEET

For the year ended 31 March 2021

	Note	2021 £000	2020 £000
FIXED ASSETS			
Tangible Assets	7	224	352
Investment Properties	8	63,000	64,400
Investments	9	804	804
LONG TERM DEBTORS	10	22,650	42,650
CURRENT ASSETS			
Debtors	11	2,510	5,814
Short term Investments	12	3,894	4,840
Cash at bank and in hand		42	39
		<u>6,446</u>	<u>10,693</u>
CREDITORS: amounts falling due within one year	13	(4,823)	(4,851)
NET CURRENT ASSETS		<u>1,623</u>	<u>5,842</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>88,301</u>	<u>114,048</u>
CREDITORS: amounts falling due after more than one year	13	(36,000)	(57,319)
PROVISIONS FOR LIABILITIES			
Provision for Organisation restructuring	14	-	-
Pension Fund deficit	15	(37,994)	(34,401)
NET ASSETS		<u>14,307</u>	<u>22,328</u>
ACCUMULATED FUNDS			
General Reserve		7,874	7,874
Risk & Contingency Reserve		664	3,402
Revaluation Reserve		43,763	45,453
Pension Deficits Reserve			
- Pension Fund Assets		161,992	142,588
- less Defined Liabilities		(199,986)	(176,989)
		<u>14,307</u>	<u>22,328</u>

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

These financial statements were approved by the LGA Board on 9 June 2021 and signed on their behalf by



James Jamieson, LGA Chairman and Chairman of the LGA Board

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Risk & Contingency Reserve	Investment Property Reserve	Pensions Deficit Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	-	42,746	(133,848)	21,218	(69,884)
Changes in equity for 2019/20					
Income for the year	-	-	-	11,629	11,629
Pensions Adjustments in Statement of Consolidated income	-	-	(4,317)	4,317	-
Actuarial gains/(losses) on defined benefit plans	-	-	45,050	-	45,050
Unrealised gain on revaluation in respect of investment property	-	17,668	-	(17,668)	-
Total comprehensive income for the year	-	17,668	40,733	(1,722)	56,679
Movement on Joint Venture Reserves	-	-	-	(436)	(436)
Transfer to Risk and Contingency reserve (LGA and IDEA only)	-	-	-	-	-
Balance as at 31 March 2020	-	60,414	(93,115)	19,060	(13,641)
Balance at 1 April 2020	-	60,414	(93,115)	19,060	(13,641)
Changes in equity for 2020/21					
Income for the year	-	-	-	(3,282)	(3,282)
Pensions Adjustments in Statement of Consolidated income	-	-	(3,288)	3,288	-
Actuarial gains (losses) on defined benefit plans	-	-	(5,540)	-	(5,540)
Unrealised gain on revaluation in respect of investment property	-	(2,795)	-	2,795	-
Total comprehensive income for the year	-	(2,795)	(8,828)	2,801	(8,822)
Movement on Joint Venture Reserves	-	-	-	1,871	1,871
Transfer to Risk and Contingency reserve (LGA and IDEA only)	4,672	-	-	(4,672)	-
Balance as at 31 March 2021	4,672	57,619	(101,943)	19,060	(20,592)

ASSOCIATION STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Risk & Contingency Reserve	Investment Property Reserve	Pensions Deficit Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	3,056	28,685	(37,317)	7,874	2,298
Changes in equity for 2019/20					
Operating Deficit for the year	-	-	-	(2,189)	(2,189)
Pension adjustment included in Operating Surplus / Deficit for the year	-	-	(2,534)	2,534	-
Actuarial gains/(losses) on defined benefit plans	-	-	5,450	-	5,450
Unrealised gain on revaluation in respect of investment property	-	16,768	-	-	16,768
Total comprehensive income for the year	-	16,768	2,916	345	20,029
Transfer to Risk and Contingency reserve	345	-	-	(345)	-
Balance as at 31 March 2020	3,402	45,453	(34,401)	7,874	22,328
Balance at 1 April 2020	3,402	45,453	(34,401)	7,874	23,328
Changes in equity for 2020/21					
Operating Deficit for the year	-	-	-	(4,279)	(4,279)
Pension adjustment included in Operating Surplus / Deficit for the year	-	-	(1,542)	1,542	-
Actuarial gains/(losses) on defined benefit plans	-	-	(2,051)	-	(2,051)
Unrealised loss on revaluation in respect of investment property	-	(1,690)	-	-	(1,690)
Total comprehensive income for the year	-	(1,690)	(3,593)	(2,737)	(8,020)
Transfer to Risk and Contingency reserve	(2,737)	-	-	2,737	-
Balance as at 31 March 2021	664	43,763	(37,994)	7,874	14,307

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 £000	2020 £000
Net cash outflow from operating activities			
Surplus/(Deficit)		(3,283)	11,629
Adjustments for:			
FRS17 Pension adjustments		3,288	4,317
Investment and dividend Income		(3,842)	(1,987)
Revaluation gains on Investment Properties		2,795	(17,668)
Joint Venture Non Cash Adjustments		(236)	(1,217)
Finance discounts for former members of AMA		604	604
Interest expense		803	550
Depreciation		694	602
Decrease/(increase) in debtors		(414)	748
(Decrease)/increase in creditors		(140)	721
(Decrease)/Increase in provisions		-	-
(Decrease)/Increase in creditors due after one year		(798)	(779)
Cash generated from operations		<u>(529)</u>	<u>(2,480)</u>
Interest paid		(803)	(550)
Net cash generated from operating activities		<u>(1,332)</u>	<u>(3,030)</u>
Cash flow from investing activities			
Interest received		331	72
Loan to UKMBA		-	(150)
Impairment of investment in the UKMBA		-	-
Investment in redevelopment of Property, Plant and Equipment		154	(366)
Investment in redevelopment of Investment Properties		(290)	(8,658)
Distribution from Joint Venture		3,511	1,915
		<u>3,706</u>	<u>(7,187)</u>
Cash flow from financing activities			
Finance discounts for former members of AMA		(603)	(603)
		<u>(603)</u>	<u>(603)</u>
Cash flow from Taxation activities			
Corporation Tax paid		-	-
		<u>-</u>	<u>-</u>
Net (Decrease)/ Increase in cash		1,771	(10,820)
Cash and cash equivalents at the start of the year		6,490	17,310
Cash and cash equivalents at the end of the year	16	<u><u>8,261</u></u>	<u><u>6,490</u></u>

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

1. ACCOUNTING POLICIES

On 1 December 2021 the assets, liabilities and business of The Local Government Management Board, an incorporated unlimited company with share capital, transferred to the Local Government Association, an incorporated unlimited company, via a business transfer agreement (see Note 19) and accounted for under Merger Accounting rules as permissible under FRS102.

The financial statements are prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), with the exception of preparing a detailed note on the Association's defined benefit pension scheme. The LGA Board do not believe that this results in the financial statements not showing a true and fair view. The particular accounting policies adopted are described below.

The Association is considered to be a public benefit entity.

Going concern

The financial statements have been prepared on the going concern basis. The Association and the entities under its control have net liabilities, after accounting for the defined benefit pension scheme deficits, of £20.6 million as at 31 March 2021. The valuation of net liabilities includes actuarial estimates of pension scheme liabilities at the balance sheet date. The Association and certain of its related entities pay amounts into the schemes, as prescribed by the actuaries, in order to eliminate this deficit over a period between 15 and 22 years, and unfunded pension liabilities are being cleared over the remaining lives of the pensioners concerned, as disclosed in Note 15. Payments to clear pension deficits are financed from the Association's and related entities' general income.

The impact of COVID-19 on the Group and Company's business has been assessed and has been determined to not be material. The IDeA receives grant funding from the Ministry for Housing, Communities and Local Government (MHCLG). This funding is received on behalf of the Local Government Association and its related bodies. The level of funding has been formally determined by MHCLG for the year to 31 March 2022. Funding for some of the Company's principal funded programmes has also been agreed by the funders, with the remainder expected shortly.

For the investment property rental income streams, there is expected to be no interruption for 18 Smith Square, while the delay in securing tenants for the retail units within Layden House may reduce income for the coming year, it is not expected to be material to that company or the Group.

Therefore it is considered that the majority of the Group and Company's income for the foreseeable future is secure and the directors have therefore adopted the going concern basis for the preparation of these accounts.

However, in the event of dissolution, any excess of the Association's liabilities over its assets would be required, under the terms of its constitution, to be covered by its member authorities, including authorities that had left membership within the period of five years prior to dissolution.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the holding of investment properties at valuation in accordance with FRS 102.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

1. ACCOUNTING POLICIES (continued)

Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and companies under its control for the year ended 31 March 2021. They also consolidate the Group's share of the results and post-acquisition reserves of joint ventures under the gross equity accounting method. The profits and losses of Group undertakings and joint ventures are consolidated from the date of acquisition to the date of disposal using the acquisition method of accounting. Uniform accounting policies are used for all Group companies. Profits or losses on intragroup transactions are eliminated on consolidation.

Note 18 gives details of the companies under the control of the Association and the Association's other related entities.

The accounts for Public Sector Audit Appointments Limited (PSAA) are not consolidated into these statements because the LGA does not exercise or have the ability to exercise control over PSAA and the LGA is not in a position to benefit from its results and financial performance.

Tangible Fixed Assets and depreciation

Tangible fixed assets are held at historical cost net of depreciation and provisions for impairment. Under FRS102 mixed use property must be separated between investment property and tangible fixed assets. In the Group Accounts for the Financial Year 2020/21 66 per cent (2019/20 66 per cent) of 18 Smith Square cost and depreciation will be accounted for as Tangible Fixed Assets to reflect the area of the building utilised by the group.

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

Freehold buildings	25 years
Fixtures, fittings and equipment	15 years
ICT and computer equipment	3 years

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

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 the FRS102:

- the investment property will be revalued annually with the surplus or deficit transferred to the revaluation reserve, unless the deficit is considered to be permanent; and
- no depreciation or amortisation is provided.

In the Group Accounts for the Financial Year 2020/21 34 per cent (2019/20 34 per cent) of 18 Smith Square valuation on the above basis will be accounted for as Investment Property Assets to reflect the area of the building available for occupation by 3rd parties.

Open market 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".

Investments

For the Group, investments in Joint Ventures are the interests in Local Partnerships LLP, Geoplace LLP and LGA Digital Services Limited. Note 9 provides the details of their formations and results.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

1. ACCOUNTING POLICIES (continued)

Note 9 provides details of the Association's investments in Local Partnerships LLP, UK Municipal Bonds Agency PLC and LGA Digital Services Limited.

Short Term investments are cash balances held by the Association and the companies it controls. These balances are pooled and deposited with financial institutions on the Association's approved counterparty list and in accordance with the Investment Strategy.

Financial Instruments – Loans, Swaps and hedging

External loans and swap liabilities are stated at fair value, with in year movements in value recognised in the Statement of Comprehensive Income.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes costs incurred in bringing each product to its present location and condition and is calculated as cost of direct materials and labour plus attributable overheads based on normal levels of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Revenue recognition

Income

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding Value Added Tax). Income from dividends due from Joint Ventures is identified separately within the Income and Expenditure account. Note 2 gives further analysis of income which is all generated in the UK.

Government funding

Funding and grants are recognised in the Income and Expenditure accounts when the conditions for receipt have been met. Deferred grant income at the year end is included in creditors. Specific Grant income is recognised in the financial statements in the period the related activities occur.

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 for subscription debt and debt due from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off.

Provisions

Provisions when required are utilised to reflect restructuring costs of redundancies and contracts which have been agreed before the end of the financial year.

Employee benefits

The LGA provides a range of benefits to employees, including paid holiday arrangements and the Local Government Pension Scheme defined benefit plan, as follows:

- (i) Holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received; and
- (ii) LGPS Pension costs.

New employees are entitled to membership of the Local Government Pension Scheme through either the Merseyside Pension Fund or the London Borough of Camden Pension Fund. From 1 April 2021, the administration of the IDeA LGPS has transferred from the London Borough of Camden to the Merseyside Pension Fund (though the funds have not merged). Existing staff may be members of either of these Funds.

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

1. ACCOUNTING POLICIES (continued)

The Local Government Pension Scheme is a defined benefit scheme and scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Any increase in the present value of liabilities within the defined benefit pension schemes expected to arise from employee service in the period are charged to the Statement of Comprehensive Income. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time and actuarial gains and losses are recognised in the Statement of Other Comprehensive Income as remeasurement of defined benefits pension scheme obligations. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments (included in staff costs). Past service costs are recognised immediately in the Statement of Comprehensive Income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

Reserves

The Risk and Contingency Reserve is created to provide cash resources to fund developments that provide opportunities to save costs or generate additional commercial income, fund external loan repayments, and also to cover the potential risks to the LGA medium term plan (such as increased pension deficit payments). Contributions to or from this reserve will be identified and set so that the LGA and IDeA budgets for each year of the plan are balanced.

2. INCOME

CONSOLIDATED	2021	2020
	£000	£000
Group		
Subscriptions	10,239	9,932
Conferences and seminars	248	2,180
Government Grants	33,516	31,132
Shared Services – external to group	165	895
Other income	8,583	10,069
	<u>52,751</u>	<u>54,208</u>
Joint Ventures	10,699	9,837
	<u>63,450</u>	<u>64,045</u>

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

ASSOCIATION	2021 £000	2020 £000
Subscriptions	10,239	9,932
Conferences and seminars	65	1,765
Shared Services	4,407	6,265
Other income	6,273	6,267
	20,984	24,229

3. EMPLOYEES AND DIRECTORS

Employees

The average monthly number of persons employed and staff costs employed during the year was:

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
Average number of persons employed	386	374	184	182
Staff costs	£000	£000	£000	£000
Wages and salaries	23,493	22,319	10,817	10,837
Social security costs	2,604	2,430	1,208	1,167
Pension costs – employer payments	3,427	3,005	1,128	1,012
Pension costs – employer deficit payments	778	3,547	1	1,198
Pension costs – current service costs less contributions	1127	(627)	735	(94)
<u>Less</u> income from secondments	(789)	(903)	(472)	(582)
	30,640	29,771	13,417	13,538
Staff related costs				
Agency, freelance and secondment costs	919	1,286	340	538
Redundancy costs & provision	67	137	28	8
Travel, subsistence and staff expenses	14	1,621	4	668
Recruitment costs	148	53	130	35
Training costs	142	151	128	103
Other personnel costs	79	65	38	40
	1,369	3,313	668	1,392
Total staff costs	32,009	33,084	14,085	14,930

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

3. EMPLOYEES AND DIRECTORS (continued)

The numbers of other staff who received remuneration of £50,000 or more are stated in the table below. Remuneration excludes employer pension contributions but includes redundancy and all taxable benefits paid to or receivable by the employee. The 2020 figures include 5 staff (2019: 6 staff) seconded to other organisations, of which 4 were employed by the Association.

CONSOLIDATED	2021	2021	2020	2020
	Remuneration including redundancy	Remuneration excluding redundancy	Remuneration including redundancy	Remuneration excluding redundancy
£50,000 - £54,999	32	32	34	34
£55,000 - £59,999	8	8	11	11
£60,000 - £64,999	15	15	18	17
£65,000 - £69,999	28	28	18	18
£70,000 - £74,999	18	18	22	22
£75,000 - £79,999	38	38	25	25
£80,000 - £84,999	16	16	2	2
£85,000 - £89,999	2	2	9	9
£90,000 - £94,999	7	7	3	3
£95,000 - £99,999	1	1	2	2
£100,000 - £104,999	3	3	7	7
£105,000 - £109,999	8	8	3	3
£110,000 - £114,999	1	1	1	1
£115,000 - £119,999	4	4	1	1
£120,000 - £124,999	1	1	-	-
£125,000 - £129,999	3	3	3	3
£165,000 - £169,999	-	-	1	1
£170,000 - £174,999	1	1	-	-
£210,000 - £214,999	-	-	1	1
£215,000 - £219,999	1	1	-	-

ASSOCIATION	2021	2021	2020	2020
	Remuneration including redundancy	Remuneration excluding redundancy	Remuneration including redundancy	Remuneration excluding redundancy
£50,000 - £54,999	17	17	12	12
£55,000 - £59,999	1	1	5	5
£60,000 - £64,999	5	5	7	7
£65,000 - £69,999	7	7	5	5
£70,000 - £74,999	7	7	8	8
£75,000 - £79,999	17	17	15	15
£80,000 - £84,999	3	3	-	-
£85,000 - £89,999	-	-	4	4
£90,000 - £94,999	3	3	3	3
£95,000 - £99,999	1	1	1	1
£100,000 - £104,999	2	2	3	3
£105,000 - £109,999	4	4	1	1
£110,000 - £114,999	-	-	1	1
£115,000 - £119,999	1	1	-	-
£120,000 - £124,999	1	1	-	-
£125,000 - £129,999	2	2	2	2
£165,000 - £169,999	-	-	1	1
£170,000 - £174,999	1	1	-	-
£210,000 - £214,999	-	-	1	1
£215,000 - £219,999	1	1	-	-

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

3. EMPLOYEES AND DIRECTORS (continued)

Directors

The directors received emoluments during the year in respect of their services was as follows:

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Total emoluments	1,652	1766	1,528	1697
Emolument of the chairman and highest paid director	69	60	69	60

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Salaries and other short-term benefits	900	876	652	634
Post-employment benefits	110	99	59	53
Total key management compensation	1,010	975	711	687

4. OPERATING DEFICIT

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Operating deficit is after charging:				
Depreciation and amortisation	694	602	128	32
Loss on disposal of fixed assets	-	-	-	-
Auditor's remuneration				
- audit fee	43	42	19	19
- non audit services	3	3	-	-

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

5. FINANCE DISCOUNTS

Under an agreement dated 22 January 1998 made between Association of Metropolitan Authorities (Properties) Ltd, Local Government Association (Properties) Ltd and the Association, the AMA property company contributed the net sale proceeds of its former property in Great Smith Street to the purchase of 18 Smith Square by Local Government Association (Properties) Ltd. In recognition of this, authorities in membership of the LGA that were formerly members of the Association of Metropolitan Authorities receive a discount on their membership subscriptions.

The discount increases every five years in line with inflation. Originally at the rate of £6,000 per authority, the discount was increased to £7,965 with effect from 1 April 2012. The discount was increased to £9,156 with effect from 1 April 2019 for the 2018/19 membership subscriptions, with the next increase due to be recognised in the 2023/24 membership subscriptions.

6. TAXATION

The Association and the companies it controls (with the exception of LGA Commercial Services Ltd) are exempt from tax on their income and gains by virtue of their status as Local Authority Associations under Section 838(2) of the Income Tax Act 2007 and Section 984(2) of the Corporation Tax Act 2010. They are exempt from capital gains tax under Section 271(3) of the Taxation of Chargeable Gains Act 1992.

7. FIXED ASSETS

Group assets

The property from which the Association operates, 18 Smith Square, London SW1 is owned by Local Government Association (Properties) Ltd a subsidiary company. The property underwent refurbishment during 2016/17 and 2017/18, but is now in occupation. The Association pays rent to that company for its accommodation. The other trading companies that the Association controls operate from the same property. In addition related parties and third parties occupy parts of the accommodation on formal commercial leases.

As a result of the application FRS 102 for the Financial Year 2019/20 66 per cent (2018/19 66 per cent) of 18 Smith Square cost and depreciation have been accounted for as Tangible Fixed Assets in the Group figures to reflect the area of the building utilised by the Group.

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

7. FIXED ASSETS (continued)

TANGIBLE FIXED ASSETS

CONSOLIDATED	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 1 April 2020	22,298	1138	23,436
Additions	(154)	-	(154)
Disposals	-	-	-
At 31 March 2021	22,144	1,138	23,282
Depreciation			
At 1 April 2020	4,563	183	4,746
Charge for year	516	178	694
Disposal in year	-	-	-
At 31 March 2021	5,079	361	5,440
Net book value			
At 31 March 2021	17,065	777	17,842
At 31 March 2020	17,735	955	18,690
ASSOCIATION		Fixtures, fittings and equipment £000	Total £000
Cost			
At 1 April 2020		384	384
Additions		-	-
At 31 March 2021		384	384
Depreciation			
At 1 April 2020		32	32
Charge for year		128	128
At 31 March 2021		160	160
Net book value			
At 31 March 2021		224	224
At 31 March 2020		352	352

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

8. INVESTMENT PROPERTIES

CONSOLIDATED	2021	2020
	£000	£000
Brought forward valuation	81,655	55,329
Capital Expenditure	290	8,658
Unrealised loss on revaluation	(2,795)	17,668
Carried forward valuation	79,150	81,655
ASSOCIATION	2021	2020
	£000	£000
Brought forward valuation	64,400	38,975
Capital Expenditure	290	8,658
Unrealised loss on revaluation	(1,690)	16,767
Carried forward valuation	63,000	64,400

Until May 2011, the Improvement and Development Agency for Local Government operated from Layden House, Farringdon, London EC1, a building owned by The Local Government Management Board. Layden House was occupied during 2015/16 by unrelated third parties who were granted short term leases on normal commercial terms. These leases have now come to an end, with the property vacated to allow for the redevelopment during 2018/19 and 2019/20.

As a result of the requirements of FRS102, in the Group Accounts for the Financial Year 2020/21 34 per cent (2019/20 34 per cent) of 18 Smith Square House valuation have been accounted for as Investment Property Assets to reflect the area of the building available for occupation by third parties.

The freehold land and buildings Layden House and 18 Smith Square, were valued at open market value on a commercial rental use basis. The valuations were performed as at 31 March 2021 by an independent professional valuer, Cushman & Wakefield Chartered Surveyors.

There was no additional commentary in the March 2021 Valuation report regarding COVID-19 – Material Valuation Uncertainty, which had appeared in the comparable 2020 Valuation report.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

9. INVESTMENTS IN JOINT VENTURES - GROUP

LOCAL PARTNERSHIPS LLP

Balance Sheet	31 March 2021 £000	31 March 2020 £000
Current Assets	7,649	5,359
Share of gross assets	<u>7,649</u>	<u>5,359</u>
Liabilities due within one year or less	(970)	(967)
Other	-	-
Loans and other Debts due to members	-	-
Share of gross liabilities	<u>(970)</u>	<u>(967)</u>
Share of net assets	<u>6,679</u>	<u>4,392</u>

The operating results for Local Partnerships LLP are shown below:

Profit and Loss Summary	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	9,848	10,530
Operating costs	(9,454)	(9,537)
Interest Receivable	15	34
Operating profit	<u>409</u>	<u>1027</u>
Share of operating profit	<u>204</u>	<u>513</u>

The Association formed a joint venture, Local Partnerships LLP, with Partnerships UK plc in July 2009. The joint venture took over part of the business of Public Private Partnerships Programme Ltd, then a related company of the Association. In November 2009 Partnerships UK transferred part of its own business to Local Partnerships LLP. The Association's investment in Local Partnerships LLP originally consisted of Equity of £500,000 and £500,000 of 6 per cent Convertible Loan Stock, repayable at par on 31 March 2029. An identical investment was made by Partnerships UK plc.

In May 2010, the Association approved a further investment of £300,000 Equity and £300,000 of 6 per cent Convertible Loan Stock repayable at par on 31 March 2029. This investment was drawn down in June 2010 with Partnerships UK plc again making an identical investment.

On 1 August 2010, Partnerships UK plc transferred the whole of its interest in Local Partnerships LLP to HM Treasury. In December 2010 the Association and HM Treasury approved additional investment of £375,000 each in the form of 6 per cent Convertible Loan Stock.

In the Financial Year 2020/21 Local Partnerships LLP paid dividends to both parties of £261,000 in respect of the prior year's results (During 2019/20 £165,000 received in respect of 2018/19 results).

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

9. INVESTMENTS IN JOINT VENTURES – GROUP (continued)

GEOPLACE LLP

Balance Sheet	31 March 2021 £000	31 March 2020 £000
Fixed Assets	-	-
Intangible Assets	13	18
Current Assets	1,592	1,922
Share of gross assets	<u>1,605</u>	<u>1,940</u>
Liabilities due within one year or less	(392)	(547)
Share of gross liabilities	<u>(392)</u>	<u>(547)</u>
Share of net assets	<u>1,214</u>	<u>1,393</u>

The operating results for Geoplace LLP are shown below:

Profit and Loss Summary	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	20,753	15,593
Operating costs	(7,624)	(5,773)
Interest Receivable and Payable	-	-
Operating profit	<u>13,129</u>	<u>9,820</u>
Share of operating profit	<u>3,282</u>	<u>2,455</u>

Under an agreement dated 17 November 2010, the Secretary of State for Communities & Local Government, acting through Ordnance Survey, entered into an agreement (the LLP Members' Agreement) with Improvement and Development Agency for Local Government (IDeA) and the Local Government Association, for the formation of a new joint venture, the limited liability partnership Geoplace LLP. The purpose of the LLP is to create, manage and, through separate licensing arrangements with Ordnance Survey, commercially exploit a single definitive National Address Gazetteer. Ordnance Survey and IDeA each contributed £1 by way of equity capital. Immediately prior to completion of the joint venture agreement, which took place on 31 March 2012, IDeA and Ordnance Survey made loans to Geoplace LLP of £1.500 million and £4.773 million respectively. These loans have now been repaid. The distributable profits of Geoplace LLP are allocated 25 per cent to IDeA and 75 per cent to Ordnance Survey.

Geoplace LLP commenced trading on 1 April 2011 and has traded profitably in the years to 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

9. INVESTMENTS IN JOINT VENTURES – GROUP (continued)

LGA DIGITAL SERVICES

Balance Sheet	31 March 2021 £000	31 March 2020 £000
Fixed Assets	-	-
Intangible Assets	30	95
Current Assets	54	392
Share of gross assets	<u>84</u>	<u>487</u>
Liabilities due within one year or less	<u>(84)</u>	<u>(487)</u>
Share of gross liabilities	<u>(84)</u>	<u>(487)</u>
Share of net assets	<u>-</u>	<u>-</u>

The operating results for LGA Digital Services are shown below:

Profit and Loss Summary	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	1,173	1,348
Operating costs	(1,173)	(1,348)
Operating profit	<u>-</u>	<u>-</u>
Share of operating profit	<u>-</u>	<u>-</u>

In July 2015 a new Joint Venture Company limited by guarantee with the London Borough of Brent was created to provide ICT Services to the LGA or the London Borough of Brent. The company has been set up to provide common services to both shareholders within the objective of minimising costs to the shareholders rather than marketing external activity and delivering commercial returns to either of the parties. The LGA service agreement was signed on 29 January 2019.

9. INVESTMENTS – ASSOCIATION

LGA

Investment in UK Municipal Bonds Agency PLC (MBA)	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Opening balance	4	4
Invested in year	-	-
Impairment in year	-	-
Closing Value	<u>4</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

9. INVESTMENTS – ASSOCIATION (continued)

	Equity £000	Debt £000	Total £000
Investment in Local Partnerships LLP			
Year ended 31 March 2020			
Opening balance	800	-	800
Repaid in year	-	-	-
Closing value	800	-	800
Year ended 31 March 2021			
Opening balance	800	-	800
Repaid in year	-	-	-
Closing value	800	-	800

Investment in LGA Digital Services Limited

The LGA investment in LGA Digital Services Limited is a 50 per cent shareholding reflecting a £1 ordinary shareholding matched by the London Borough of Brent.

10. LONG TERM DEBTORS

In 2020/21 there has been a reduction in loans. The value of the unsecured loans are now:

- £2.5 million loan (2019/20 £2.5 million) between the LGA and LGA Commercial Services Limited
- £20 million loan (2019/20 £20 million) between LGA and Local Government Association (Properties) to finance the refurbishment of the buildings.

These loans are due to mature on 31 December 2038 and interest is charged at 3.24 per cent p.a.

The £20 million loan between the LGA and The Local Government Management Board was satisfied as part of the transfer agreement on 1 December 2020.

The £2.5 million loan capital and associated accrued interest between the LGA and LGA Commercial Services Ltd is fully provided for within the Association's results, but not at the Group level.

An unsecured Convertible Loan Facility of £150,000 was issued by the LGA to the UKMBA on 1 August 2019 (subsequently increased to a Facility of £400,000 on 1 November 2019), repayable on 18 January 2028 with interest charged at 3.24 per cent p.a. At the year end, £150,000 had been drawn down by the UKMBA in two tranches.

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

11. DEBTORS

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	3,238	2,332	498	967
Due from related entities	15	16	62	3,288
Other debtors	(161)	1,069	18	1,100
Prepayments and accrued income	4,775	4,036	1,932	459
	7,867	7,453	2,510	5,814

12. SHORT TERM INVESTMENTS

Surplus cash balances held by the Association, the companies it controls and related parties are pooled and lent to financial institutions on the Association's approved counterparty list. Investments are typically for periods not exceeding 12 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 Association's Investment Strategy. The Association'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 Association does not expect any losses on short term investments

13. CREDITORS

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year				
Accounts payable and accruals	3,848	4,830	1,419	2,167
Income received in advance	3,835	3,131	160	363
Other creditors	1,870	1,732	987	835
Owed to related entities	-	-	2,192	1,486
	9,553	9,693	4,758	4,851
Amounts falling due beyond one year				
1 to 2 Years	585	121	65	121
2 to 5 years	1,040	1,560	-	-
More than 5 years	28,477	29,130	36,000	57,198
	30,102	31,811	36,065	57,319

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

13. CREDITORS (continued)

In 2011/12 the Association received a distribution of £2,707,612 from the liquidation of A.D.C. Trustees Ltd, the company that had held the property and assets for the Association of District Councils. The Leadership Board of the Association has determined that funds from this distribution should be applied, to provide support of £217,945 p.a. for 10 years to the District Councils Network, a special interest group of the Association; secondly to provide a new additional discount from 1 April 2013 at a rate of 1.5 per cent on the subscriptions of non-metropolitan unitary authorities. In 2019, the rate of repayment to the District Councils Network was adjusted to spread the payments over a longer period of time. Creditors payable after more than one year includes an amount of £65,434 representing the final instalments of the support due for the District Councils Network.

Included within the consolidated amounts falling due beyond one year are the following loans to LGA Properties and a loan to LGA from Westminster City Council:

	2021	2020
	£000	£000
Bank loans	1,560	2,080
Loan from ACC (Properties) Limited	2,000	2,000
Loan from AMA (Properties) Limited	6,200	6,200
Barclays Swap Liability	277	410
Loan from Westminster City Council	20,000	20,000
	<u>30,037</u>	<u>30,690</u>

The loans from ACC (Properties) Ltd and AMA (Properties) Ltd are only repayable in the event of the sale of 18 Smith Square. There is no intention to dispose of the property in the foreseeable future. The loan from ACC (Properties) Ltd bears compound interest at 1.5 per cent above the base rate with payment conditional upon the disposal of the property. The accumulated interest to date on the loan is £3.168 million.

The above Swap agreement liability is the value on the balance sheet as at 31 March 2021 that would be payable if the loan was repaid. The £133,000 loss as a result of this liability reducing has been credited to the Statement of Consolidated Income. The Bank Loans and the Barclays Swap Liability are secured against 18 Smith Square partly valued as a Property asset in note 7 at £17.1 million and partly as Investment Property Asset in note 8 at £16.1 million.

Under an agreement dated 22 January 1998 made between Association of Metropolitan Authorities (Properties) Ltd, Local Government Association (Properties) Ltd and the Association, the AMA property. The Company contributed the net sale proceeds of its former property in Great Smith Street to the purchase of 18 Smith Square by Local Government Association (Properties) Ltd. In recognition of this, authorities in membership of the Local Government Association that were formerly members of the Association of Metropolitan Authorities receive a discount on their membership subscriptions (See Note 5).

On 22 November 2018 the LGA received a loan from Westminster City Council for £20 million bearing an initial interest rate of 3.03 per cent per annum. The loan capital is repayable at a rate of £1 million per year from October 2022, with the remainder due to be repaid in November 2033.

On 1 January 2018, an unsecured loan of £11m was issued from the IDeA bearing interest of 2.94 per cent per annum. This value was increased to £16m on 2 January 2019 where a further unsecured loan of £5m was issued from the IDeA bearing interest of 2.94 per cent per annum. Both loans are repayable on 31 December 2038.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

14. PROVISION FOR ORGANISATION RESTRUCTURING

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
	£000	£000	£000	£000
Balance at 1 April	250	250	-	-
Arising during year	-	-	-	-
Utilised during year	-	-	-	-
Balance at 31 March	250	250	-	-

The provision for the year to 31 March 2021 relates to potential redundancy costs. There is no LGA provision for 2020/21 or 2019/20.

15. PENSION COMMITMENTS

The Local Government Association and companies under the Association's control are admitted bodies to two local government pension funds: the Merseyside Pension Fund, administered by Wirral Metropolitan Borough Council; and the London Borough of Camden Pension Fund. These funds are administered in accordance with the Local Government Pension Scheme Regulations 1997. Details of the calculation of the deficit relating to each fund are given below.

In addition, the Association and its predecessor bodies have incurred pension liabilities that are outside the funded benefits provided by the relevant pension schemes. These other unfunded liabilities were estimated by an actuary at 31 March 2021 as £1.946 million (2020 £1.224 million). The unfunded liabilities are being paid annually over the remaining lives of the pensioners concerned.

The most recent formal actuarial reviews in relation to the funds were at 31 March 2021. The actuarial assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions made by the actuaries (Mercer Ltd (M) for the Merseyside fund and Hymans Robertson (HR) for the Camden funds) are stated below.

Investment returns

The investment returns on the funds used in calculating the year end assets were in the range: 17.36 per cent to 34.7 per cent (2019/20, -2.55 per cent to -6.8 per cent).

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

15. PENSION COMMITMENTS (continued)

Major categories of plan assets as a percentage of total plan assets were in the ranges

	31 March 2021	31 March 2020
Equities	52.1% to 801.0%	51.8% to 76.0%
Bonds (HR)	9.0%	11.0%
Government Bonds (M)	1.2%	8.4%
Other Bonds (M)	11.5%	5.2%
Property	8.0% to 8.9%	9.4% to 12.0%
Cash	2.4% to 3.0%	1.0% to 1.9%
Other (M)	23.9%	23.3%

a) Actuarial assumptions

Full actuarial valuations were carried out at 31 March 2019 and updated to 31 March 2021 by qualified independent actuaries. The next Triennial valuation will be as at 31 March 2022.

The range of assumptions used by the actuaries was:

	31 March 2021	31 March 2020
	% per annum	% per annum
Pension increase rate	2.8% to 2.9%	1.9% to 2.2%
Salary increase rate	3.2% to 4.2%	2.3% to 3.6%
Discount rate	2.0% to 2.1%	2.2% to 2.4%
Inflation assumption	2.7%	2.1%

Mortality Rates*	31 March 2021	31 March 2020
	Years	Years
Current Pensioners – Male	22.0 to 22.6	21.8 to 22.5
Current Pensioners – Female	24.3 to 26.0	23.9 to 25.9
Future Pensioners – Male	21.0 to 23.4	20.9 to 23.2
Future Pensioners – Female	24.1 to 26.1	24 to 25.9

*Mortality rate is the assumption of the life expectancy of a current pensioner aged 65 or of a future pensioner (now aged 45) in 20 years' time.

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

15. PENSION COMMITMENTS (continued)

b) Scheme assets

Balance sheet	31 March 2021 £000	31 March 2020 £000
Fair value of employer assets	359,155	290,384
Present value of funded liabilities	(448,969)	(372,341)
Net underfunding in funded plans	<u>(89,814)</u>	<u>(81,957)</u>
Present value of unfunded liabilities	<u>(12,129)</u>	<u>(11,158)</u>
Net liability	<u>(101,943)</u>	<u>(93,115)</u>

Recognition in the statement of Comprehensive Income	Year to 31 March 2021 £000	Year to 31 March 2020 £000
Current service cost	(1,353)	(1,944)
Interest cost	(562)	(1,761)
Expected return on employer assets	15	325
Losses on curtailments and settlements	-	1,705
Total	<u>(1,900)</u>	<u>(1,675)</u>
Actual return on plan assets	<u>24,335</u>	<u>(3,751)</u>

Reconciliation of defined benefit obligation	2021 £000	2020 £000
Opening defined benefit obligation	383,499	441,337
Current service cost	5,869	7,012
Interest cost	8,902	10,581
Contribution by members	1,745	1,644
Actuarial (gains)/losses	74,150	(68,126)
Past service costs	-	-
Losses on curtailments	-	1,791
Estimated unfunded benefits paid	(555)	(582)
Estimated benefits paid	<u>(12,512)</u>	<u>(10,158)</u>
Closing defined benefit obligation	<u>461,098</u>	<u>383,499</u>

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

15. PENSION COMMITMENTS (continued)

Reconciliation of fair value of employer assets	2021 £000	2020 £000
Opening fair value of employer assets	290,384	307,489
Expected return on assets	6,741	7,385
Contributions by members	1,745	1,644
Contributions by the employer	4,232	7,144
Contributions in respect of unfunded benefits	555	582
Administrative Expenses	(45)	(44)
Actuarial (losses)/gains	68,610	(23,076)
Unfunded Benefits paid	(413)	(432)
Benefits paid	(12,654)	(10,308)
Closing fair value of employer assets	359,155	290,384

Amounts for the current and previous accounting periods

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Fair value of employer assets	359,155	290,384	307,489	290,931	283,283
Present value of defined benefit obligation	(461,098)	(383,499)	(441,337)	(406,431)	(408,274)
Deficit	(101,943)	(93,115)	(133,848)	(115,500)	(124,991)
Experience gains/(losses) on assets	68,610	(23,076)	(54,797)	(8102)	6,224
Experience gains/(losses) on liabilities	-	-	-	-	1,451

The total of employer pension contributions estimated to be payable in 2020/21 is £4.203 million (£1.562 million of which relates to the Association).

16. CASHFLOW: RECONCILIATION OF CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents	2021 £000	2020 £000
Short Term Investments	3,560	1,479
Cash at bank and in hand	4,701	5,011
Cash and cash equivalents	8,261	6,490

17. CONTINGENT LIABILITIES

LGA Properties has a loan from ACC (Properties) Ltd that bears compound interest at 1.5 per cent above the base rate, with payment conditional on the disposal of the property. The accumulated interest to date on the loan is £3.168 million.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

On 18 January 2018, the LGA issued a letter of comfort to the UK Municipal Bonds Agency Plc (UKMBA), effective for 10 years, confirming that the LGA will stand behind the Agency in meeting its commitments and its non-financing related liabilities going forward to ensure that the UKMBA has adequate support to ensure its business continuity.

18. RELATED ENTITIES

The Association exercises control of the following entities, all companies limited by guarantee (except where noted below), by virtue of rights to appoint members of the company and all or a majority of the Board of Directors of the company:

- Improvement and Development Agency for Local Government (IDeA)
- Local Government Association (Properties) – unlimited with share capital
- LGA Commercial Services Ltd – limited by shares

The IDeA has a provision in its Memorandum of Association stating that, in the event of dissolution of the company, any surplus of assets over liabilities is to be transferred to the Local Government Association or some other local authority association having similar objects. The provisions relating to Local Government Association (Properties) are that any surplus arising on winding up is to be distributed to local authorities in equal shares. The provisions relating to LGA Commercial Services Ltd are that any surplus arising on winding up is to be transferred to the Local Government Association.

The Association is a 50 per cent owner (£1 ordinary share) of LGA Digital Services Ltd.

The Association is a member of Local Partnerships LLP, a limited liability partnership, owning 50 per cent. The other members of Local Partnerships LLP are HM Treasury (45 per cent) and the Welsh Local Government Association (5 per cent). The members share profits and losses proportionally.

The Association is a member of The Joint Contracts Tribunal Limited, a company limited by guarantee. There are six other members. In the event of a wind up, the liability is limited to £100 for each member.

Improvement and Development Agency for Local Government is a member of Geoplace LLP, a limited liability partnership. The other member of Geoplace LLP is Ordnance Survey. Both members have equal rights as regards the operation of the LLP and appointments to its Board of Directors, but Improvement & Development Agency for Local Government takes a 25 per cent share of profits and losses, with the balance going to Ordnance Survey.

LGA Commercial Services Ltd is a member of LG Mutual Management Services Limited, a company limited by share, owning 49 per cent. The other member is Regis Mutual Management Ltd. The members share profits and losses proportionally

19. EXCEPTIONAL ITEM

During 2020/21 there were no exceptional items to report.

20. POST BALANCE SHEET EVENTS

On 1 April 2021, the administration of the IDeA Local Government Pension Scheme (IDeA LGPS) was transferred from Camden Borough Council to the Merseyside Pension Fund (though the funds were not merged with the LGA LGPS).

The Board is not aware of any other material post balance sheet events.

21. CONTROLLING ENTITY

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

NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2021

22. MERGER ACCOUNTING – COMPARATIVES

On 1 December 2020 the business, assets and liabilities of The Local Government Management Board (LGMB) were transferred into the Local Government Association (LGA) via a transfer agreement and accounted for using merger accounting. Under FRS102 the comparative numbers for the Local Government Association presented in the Association only pages of the financial statements are therefore those of the combined entity. The following tables set out the comparative figures for the individual entities.

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021 – Comparative figures by original entity

	LGA 2020 £000	LGMB 2020 £000	Consol- idation adj's £000	LGA Revised 2020 £000
Income	24,229	-	-	24,229
Administrative expenses	(26,875)	132	-	(26,743)
OPERATING (DEFICIT) / SURPLUS BEFORE INTEREST	(2,646)	132	-	(2,514)
Interest receivable and similar income	1,364	50	(650)	764
Interest payable	-	(650)	650	-
Finance discounts allowed	(604)	-	-	(604)
Dividend and profits share from Joint Ventures	165	-	-	165
OPERATING (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR	(1,721)	(468)	-	(2,189)
Other Comprehensive Income:				
Actuarial gain/(loss) recognised in respect of the pension fund	5,450	5,450	-	5,450
Gain/(Loss) on revaluation of investment property	-	16,768	-	16,768
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,729	16,300	-	20,029

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

22. MERGER ACCOUNTING – COMPARATIVES (continued)

ASSOCIATION BALANCE SHEET

For the year ended 31 March 2021 – Comparative figures by original entity

	LGA 2020 £000	LGMB 2020 £000	Consol- idation Adj's £000	LGA Revised2 020 £000
FIXED ASSETS				
Tangible Assets	352	-	-	352
Investment Properties	-	64,400	-	64,400
Investments	804	-	-	804
LONG TERM DEBTORS	42,650	-	(20,000)	22,650
CURRENT ASSETS				
Debtors	5,815	-	(1,198)	4,617
Short term Investments	1,231	3,609	-	4,840
Cash at bank and in hand	29	10	-	39
	7,074	3,619	(1,198)	9,495
CREDITORS: amounts falling due within one year	(3,798)	(1,053)	-	(4,851)
NET CURRENT ASSETS	3,276	2,566	(1,198)	4,644
TOTAL ASSETS LESS CURRENT LIABILITIES	47,082	66,966	(21,198)	92,850
CREDITORS: amounts falling due after more than one year	(36,121)	(21,198)	21,198	(36,121)
PROVISIONS FOR LIABILITIES				
Provision for Organisation restructuring	-	-	-	-
Pension Fund deficit	(34,401)	-	-	(34,401)
NET LIABILITIES	(23,440)	45,768	-	22,328
ACCUMULATED FUNDS				
General Reserve	7,091	315	468	7,874
Risk & Contingency Reserve	3,870	-	(468)	3,402
Revaluation Reserve	-	45,453	-	45,453
Pension Deficits Reserve				
- Pension Fund Assets	142,588	-	-	142,588
- less Defined Liabilities	(176,989)	-	-	(176,989)
	(23,440)	45,768	-	23,328