



The Local Authorities' Property Fund

Annual Report & Accounts 31 March 2006



CCLA INVESTMENT MANAGEMENT LIMITED

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The Local Authorities' Property Fund

The Local Authorities' Property Fund enables local authority superannuation and other long-term funds to invest in United Kingdom commercial and industrial property through a well-spread portfolio with constant professional management at reasonable administrative cost.

The Local Authorities' Mutual Investment Trust, controlled by Members and Officers appointed by the Associations of Local Authorities in England, Wales, Scotland and Northern Ireland, acts as Trustee of the Fund and has appointed CCLA Investment Management Limited to manage and administer the Fund. CCLA Investment Management Limited is also responsible for maintaining the Fund's unit register.

Nineteen local authorities invest through the Fund, which has a value of £118 million as at 31 March 2006.

Financial Highlights

Year to	31 March 2006	31 March 2005
Value of Fund	£118 million	£103 million
Number of Properties	19	18
Net Asset Value Pence per Unit	326.85p	286.60p
Distribution per Unit*1	13.2106p	13.1914p
Dividend Yield*2	4.04%	4.60%
Total Capital and Income Return*1	18.9%	19.9%

*1 gross distribution after management expenses

*2 at 31 March



This modern distribution warehouse with a Grade II Listed art deco frontage, in a very prominent location adjacent to Junction 6 (Spaghetti Junction) of the M6 motorway north east of Birmingham, was acquired in March 2006.

The Local Authorities' Property Fund

Structure of the Fund

Structure and Management

The Local Authorities' Property Fund is established under a Scheme approved by HM Treasury under Section 11 of the Trustee Investments Act 1961 and is subject to the provisions of a Trust Deed dated 6 April 1972 and a Supplemental Trust Deed dated 13 September 1978.

The Local Authorities' Mutual Investment Trust (LAMIT) is a company incorporated under the Companies Act 1948, limited by guarantee and not having a share capital, and acts as Trustee of the Fund. The Fund operates as an open-ended Fund under Part IV of the schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001.

LAMIT, the Trustee and operator of The Local Authorities' Property Fund, is controlled by Members of the Council under the provisions of the Memorandum and Articles of Association of LAMIT.

The Members of the Council are members and officers appointed by the Local Government Association, the Convention of Scottish Local Authorities, the Northern Ireland Local Government Officers' Superannuation Committee and representative unitholders.

The Members of the Council meet regularly to receive reports and monitor the progress of the Fund.

LAMIT has delegated to CCLA Investment Management Limited (CCLA), which is authorised and regulated by the Financial Services Authority (FSA), the property management, administration, registrar and secretarial functions of the Fund under a Management Agreement. LAMIT owns 15% of the share capital of CCLA.

Under the provisions of the Financial Services and Markets Act 2000 (FSMA), LAMIT, as Trustee of the Fund, is not considered to be operating the Fund by way of business. In consequence, it is not required to be authorised and regulated by the FSA and the members of LAMIT are not required to be authorised by the FSA for this purpose. This extends to CCLA in respect of its administrative, registrar and secretarial functions for the Fund. The property management, which refers to direct property, is outside the scope of the FSMA.

Objective

The Fund provides facilities exclusively for local authorities to invest in commercial and industrial property on a collective basis so as to obtain a spread of risk with constant expert property management. Its objective is to provide, over the long term, a satisfactory total capital and income return.

Investment Policy

The Fund's powers of investment are not restricted either to particular types of property or, subject to the consent of HM Treasury, to specific parts of the world, but it is the present policy to confine investment to commercial and industrial properties in the United Kingdom.

In accordance with Clause 14 of the scheme, following HM Treasury approval, revised borrowing powers are available to the Manager to enhance the Fund's flexibility. Details are available from the Manager.

A suitable spread is maintained between different types of property and geographical location. Overriding importance is attached to location, standard of construction and to covenant quality of the tenants, with lease terms embodying upwards-only rent reviews at intervals of not more than five years. Finance is also provided for suitable property developments. The portfolio is kept under constant review with the object of disposing of any property if future growth prospects diminish unacceptably. Properties are regularly inspected to ensure that the tenants comply with maintenance and other contractual obligations.

Benchmark

The performance benchmark for the Fund is the Balanced Property Unit Trust Index, compiled and calculated by Investment Property Databank (IPD) and published by HSBC and The Association of Real Estate Funds (AREF, formerly APUT), calculated on a net asset value basis.

The benchmark covers the investment performance of 20 property funds (31.3.2006) valued at £10.72bn, ranging in size from £34.5m to £2.1bn.

An IPD Direct Property Benchmark is also used to review and monitor the performance of the Fund's property portfolio. This provides an appropriate and durable index for measuring the performance of the Fund's property assets and details can be supplied on application to CCLA Investment Management Limited.

Monthly Subscription Dates

Investment in the Fund may be made by a local authority on any month-end dealing date.

Withdrawals from the Fund may also be requested by a local authority on any month-end dealing date. The Fund may, however, at its discretion, defer the processing of any withdrawal for such period not exceeding six months from the relevant valuation date as it may think fit, to allow time for the sale of properties, if required.

Risk Warning

The value of the Fund's units and the income from them can fall as well as rise and a local authority may not get back the amount originally invested. Past performance is no guarantee of future returns. The Property Fund's unit value will reflect fluctuations in property values. The units are intended only for long-term investment and are not suitable for money liable to be needed in the near future. They are realisable only on each monthly dealing date and a period of notice, not exceeding six months, may be imposed for the redemption of units.

The Local Authorities' Property Fund

Report of the Trustee

for the year ended 31 March 2006

We have pleasure in presenting our Annual Report to unitholders in The Local Authorities' Property Fund.

Responsibilities of the Trustee

We have met half-yearly to carry out our responsibility for the approval of property investment strategy, to monitor diversification, suitability and risk, to review the performance of the Fund and to approve its dividend payments. In addition, we have monitored the administration, expenses and property valuations of the Fund.

Review of property management activities and policies of the Fund

We have met half-yearly with the Property Manager to review the Fund's property portfolio, transactions and policies. In addition, the Trust's Property Sub-Committee has met quarterly with the Property Manager.

Controls and Risk Management

The Trustee receives and considers regular reports from the Manager and ad hoc reports and information are supplied as required. The Manager has established an internal control framework to provide reasonable, but not absolute, assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the directors and senior management of the Manager on a continuing basis.

The Trustee receives an annual report on the controls of the Manager (FRAG 21). The last report covered the year ended 31 December 2005 and included a report by CCLA's reporting accountants, PricewaterhouseCoopers LLP.

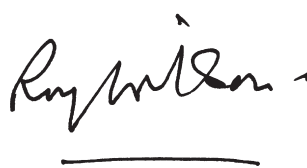
During the year, the Trustee, assisted by the Manager, reviewed the Fund's system of internal control. At each half-yearly meeting the Trustee receives from the Manager, and reviews, a formal risk management report setting out the main risks facing the Fund, the controls in place to mitigate the risks and the assessment of each risk in terms of both gross exposure and residual exposure after application of mitigating controls.

Review of the structure of the Fund

In May 2005 the Trustee considered a review of the structure of the Fund which had been carried out by a Working Party on its behalf with a contribution from external consultants. The Working Party recommended that the Manager be allowed a period to achieve growth in the size of the Fund through an increase in the number of units in issue. Central to this course of action was a marketing strategy for the Fund linked to continuing good performance. The recommendation was agreed by the Trustee and the progress of the Manager in achieving the required growth will be monitored in the course of each year and reviewed annually by the Trustee.

Compliance with Trust Deed and Management Agreement

Following our regular meetings and consideration of the reports and papers we have received, we are satisfied that CCLA Investment Management Limited, to whom we have delegated the administration and management of the Fund, has complied with the terms of the Fund's Trust Deed and the Management Agreement.



Roy Wilson
Chairman of The Local Authorities' Mutual Investment Trust

10 May 2006

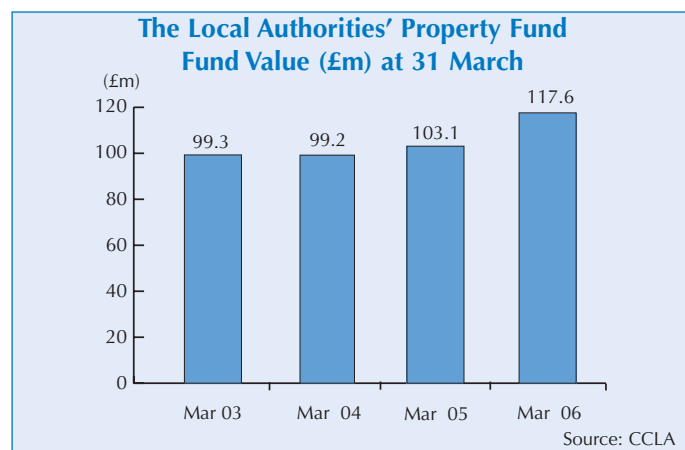
The Local Authorities' Property Fund Report of the Property Manager

for the year ended 31 March 2006

Growth achieved in the value of the Fund

During the course of the last twelve months, the value of the Local Authorities' Property Fund has increased to £117.6m (£103.1m, 31 March 2005). This represents growth over the year of more than 14% and has been due to the attractive levels of capital growth available in property markets and the regular revaluation of the property portfolio. Nineteen local authorities currently gain an exposure to the property sector through the Local Authorities' Property Fund whilst the marketing of the Fund during the year has heightened awareness of the Fund and the benefits it can offer local authority investors.

Marketing initiatives have been well received and some growth in the size of the Fund through new investment is anticipated during 2006.



Unit price movement

During the course of the Fund's financial year to 31 March 2006 the net asset value (NAV) of a Local Authorities' Property Fund unit has increased to 326.85p per unit from 286.60p at the start of the year. For investors in the Fund this represents another attractive capital return for the twelve month period of 14.04% (2005: 14.3%).

Income distribution

The Fund's income is fully distributed to unitholders, after the deduction of management expenses, on a quarterly basis. During the course of the year to 31 March 2006 distribution payments have totalled 13.2106p per unit. This compares with distributions of 13.1914p for the twelve month period to 31 March 2005. Some income pressures have existed during the year with conditions in property markets limiting the ability of the Fund to generate income growth. Nevertheless, it was possible to slightly raise the total distribution in line with our income distribution objectives.

Against the NAV of the Fund's units in March 2005 (286.80p), the income received by investors in the Fund this

year represents an income return of 4.6%. Although property yields have fallen significantly in recent years, the income on offer remains attractive to investors and continues to compare favourably against the lower yields available either from equities or bonds.

Performance

It has been another strong twelve month period for the property investment sector. Total returns steadily gained strength during 2005 with the latter months of the year producing some of the highest total returns for eleven years. As expected, performance in the first three months of 2006 has started to moderate, however, total returns remain high. As an investment asset class, property has remained popular to a range of investor groups, and given the availability of good quality property investments has been in short supply, bidding in the market has been very competitive. This high demand has therefore caused yields to fall further, producing a strong pace of capital valuation growth. This combined with the high income yield available from property, has now extended, for investors, the current period of attractive total returns.

Another feature of the UK property investment market has been a narrowing in the range of returns between the different types of investment property. Yields have fallen across all sectors of the property market with office property enjoying a much improved year. Supported by a rapidly strengthening London West End office market the office sector had by the end of March 2006 produced the highest twelve month total return. Despite weakening sentiment during the period within the retail sector, and in particular with regard to High Street shops, the retail sector has enjoyed another strong year. Retail warehouse property has again performed well whilst the retail sector generally continues to generate the greatest increases in rents. Although rental growth for all property has improved during the year, rates of growth remain modest. Rental value growth rates have however been a key performance differentiator in the last twelve months.

In this market context the performance of the Fund's property portfolio has been led by some strong capital growth performance from the retail warehouse and industrial warehouse holdings. This is a result of a number of management opportunities being progressed during the year that have had a positive impact on value. An above average weighting to the Central London office sector was gained in the year and has been of benefit to the performance of the Fund.

However, lower total returns from the office holdings outside Central London and within the shops portfolio generally has held back the performance.

The Local Authorities' Property Fund

Report of the Property Manager

for the year ended 31 March 2006

In line with the market, the Fund's property portfolio produced some increasingly attractive levels of capital valuation growth as the year progressed. The total capital and income return on a Local Authorities' Property Fund unit for the twelve month period to 31 March 2006 was 18.9%, after all expenses. The Fund's performance benchmark, the Balanced Property Unit Trust Index, has recorded a total return for the year of 21.5%. The performance record of the Fund is compared against the benchmark over longer term periods to 31 March 2006 in the table below.

Total Return Performance To 31 March 2006			
	1 yr %	3 yrs %p.a.	5 yrs %p.a.
Local Authorities' Property Fund	18.9	17.6	13.2
Benchmark: Balanced PUT Index	21.5	16.9	13.1

*Source: IPD Pooled Property Fund Indices
Published by HSBC/AREF*

The Fund's twelve months total return fell below that of the benchmark mainly due to management and acquisition expenses incurred during the year. Positively, however, this activity will ensure the Fund is well placed to produce an attractive and competitive performance in the future. The strong performance over the longer term is very encouraging and demonstrates the success achieved with the management strategy implemented and the Fund's performance track record in the last three years. It should also be noted that, in addition, several of the participants in the Fund's benchmark have high levels of gearing that would have enhanced the performance levels recorded by the benchmark. The Local Authorities' Property Fund is ungeared.

The total return performance of the Fund and the benchmark is calculated by the Investment Property Databank (IPD) and published within the Pooled Property Funds Indices Report by HSBC and The Association of Real Estate Funds (AREF, formally APUT).

Activity

It has been a positive year for the Fund in terms of transactional activity with several strategic objectives achieved. The acquisitions of three new property investments were completed. A multi-let office property in Glasgow and an office building with ground floor retail accommodation in Conduit Street London W1, were purchased in 2005. Early in 2006, the acquisition of a prominent modern industrial warehouse at Spaghetti Junction of the M6 motorway in Birmingham was completed. Total expenditure on investment acquisitions during the last twelve months, including purchase costs, has

amounted to approximately £24.7m. Just before the Fund's year-end another City of London office and retail property with a value of circa. £11m was placed under offer.

The Fund has sold its largest property holding, Attwood House Birmingham. This predominantly retail investment had benefited from substantial enhancement resulting from a pro-active approach to management making full advantage of the improvement to the location of the property due to the redevelopment of the Bullring shopping centre. The growth achieved on this investment had made a significant contribution towards the performance of the Fund in recent years. Following our success, the lot size of the property had become too large to hold and its sale at a price of £21.75m complemented a strategic move to reduce the exposure of the Fund to the shops sector of the property market. Also during the period the Funds multi-let industrial estate in Thatcham was sold raising £4.42m for reinvestment. The performance outlook for this property was not considered attractive whilst the holding also presented some management difficulties and void risks. As with the Attwood House disposal, the price achieved was in excess of the valuation.

The Fund's investment activities this year have been significant in terms of the pursuance of strategic objectives. In addition to controlling the size of the cash holding to minimal levels, the Fund's acquisition and disposals activity this year have helped to improve the quality of the property portfolio, whilst also introducing future growth and active management opportunities. The targeted increase in the allocation to Central London offices and the higher yielding industrial warehouse sector has been achieved. The acquisitions will have improved the performance prospects of the Fund that is both well positioned and also diversified, with an allocation across all the main sectors and geographical regions of the UK property market.

Property management

It has been another busy twelve month period in terms of the management of the Fund's property portfolio. This reflects our pro-active approach to the management of property assets and the importance of active management in the pursuit of competitive total returns for the Fund's unitholders.

Management activities concluded during the year have had a positive impact upon the Fund's income. A number of rent reviews have produced an increase in rent during the year whilst new leases agreed on office accommodation at Jermyn Street, London SW1 and Romford and the industrial estates in Norwich and Thatcham have helped to support the Fund's income. Two rent reviews involving the South East office buildings in Milton Keynes and Watford, however, failed to produce any increase. This particular office market had been affected by weak occupier demand in recent years and these results were in line with expectations.

The Local Authorities' Property Fund

Report of the Property Manager

for the year ended 31 March 2006

However, by the year end, the growth in rents achieved has been counter-balanced by the management position taken with the East Street, Chichester shop holding. This property has, during the year, been prepared for redevelopment with all occupational leases being surrendered and vacant possession obtained. Material building works are expected to commence during the summer of 2006 and are projected to last for approximately twelve months. The building works will provide large, well specified modern retail accommodation on the site that currently provides three small and inferior units. In addition to this development property, as at 31 March 2006, other voids in the portfolio amounted to just 1.5% and consist of some small vacant office units in Eastern Road, Romford and Clarendon Road, Watford.

Another exciting opportunity exists with the retail warehouse holding in Ashford. Planning permission exists for the redevelopment of the site and negotiations have been taking place with existing and prospective tenants during the year. The property is the largest in the portfolio by capital value, and our redevelopment proposals for this retail park have already had a positive impact on performance. Significant growth in the estimated rental value of the property has been established given the parks Open A1 planning consent. Whilst the redevelopment proposal is being reappraised, rent reviews that are due in 2006 have been activated and a substantial reversion is believed to exist. This additional income will provide important support to the Fund's distribution during a period when other management projects will be placing some pressure on the income level available for distribution.

Units awaiting redemption

As at 31 March 2006 no redemption notices were outstanding.

Outlook

The property sector has in recent years benefited from a steady decline in yields. This reduction has accelerated in the last two years and, combined with the sector's yield advantage, has provided investors with attractive levels of total return performance. Performance has been driven by a combination of high demand and the limited availability of good quality property investment stock, at a time when

occupier markets have been relatively weak and producing only limited rates of rental value growth. The performance of the property sector has, therefore, been due entirely to the yield shift caused by demand and the relative attraction of property when compared to other investment asset classes.

More moderate levels of total return are however now anticipated for 2006 and 2007. Capacity for further yield compression is now more limited, whilst the outlook for rental value growth remains in general terms uncertain. In addition, sentiment towards the property sector may become less positive at a time when other investment asset classes and in particular equities are becoming more attractive to investor groups.

Nevertheless, double digit total returns are expected from the property sector this year and the risk would appear to be on the up side. The yield available from property investment remains attractive with the prospect of some further capital value growth. Performance levels should vary between different types of property assets and as in previous years it will be those property holdings that deliver stronger rates of rental value growth that will also benefit from greater further yield shift. Therefore, an appropriately weighted portfolio, containing assets that can benefit from active management and realise rental value and income growth, should be well placed to produce attractive and competitive total returns for investors in what will be a more modest performance environment for the property sector.



Paul A. Hannam
Head of Property
CCLA Investment Management Limited

10 May 2006

The Local Authorities' Property Fund

Report of the Independent Auditors

to the unitholders of The Local Authorities' Property Fund

We have audited the accounts which comprise the statement of total return, the statement of change in unitholders' net assets, the property portfolio, the balance sheet, the cash flow statement, the distribution statement and the related notes.

Respective responsibilities of the Trustee and Auditors

The Trustee's responsibilities for preparing the annual report and accounts in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Trustee and Manager Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the unitholders of the Fund as a body, in accordance with the Trust Deed and for no other purpose. We do not, in giving this opinion, accept or assume responsibility, for any other purpose, or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Trust Deed. We also report to you if, in our opinion, the Report of the Property Manager is not consistent with the accounts, the Manager has not kept proper accounting records for the Fund, if the accounts are not in agreement with those accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the accounts, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the financial statements;

- give a true and fair view, of the financial position of the Fund at 31 March 2006, the net income and the net gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed.

PricewaterhouseCoopers LLP
Chartered Accountants
London

10 May 2006

Footnote to the Report of the Independent Auditors

The accounts are published on the www.ccla.co.uk website, which is a website maintained by CCLA. The maintenance and integrity of the website maintained by CCLA is, so far as it relates to the Fund, the responsibility of CCLA. The work we carry out as auditors does not involve consideration of the maintenance and integrity of this website and accordingly we accept no

responsibility for any changes that may occur to the accounts following their presentation on the website.

Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

The Local Authorities' Property Fund

Report of the Valuers

Dear Sirs,

The Local Authorities' Property Fund Valuation as at 31 March 2006

In accordance with your instructions, we have valued all the property investments owned by The Local Authorities' Property Fund as at 31 March 2006. The valuation has been prepared on the basis of Market Value in accordance with the current edition of the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (RICS). We understand that our valuation is required for accounts and unit pricing purposes.

We are of the opinion that the aggregate Market Values of all the properties held by the Fund as at 31 March 2006 was:

£114,125,000

(One hundred and fourteen million, one hundred and twenty five thousand pounds).

Details of the basis of our valuation and the individual properties are set out in our Report and Valuation addressed to you and dated 3 April 2006.

Yours faithfully,

Atisreal Limited
Chartered Surveyors and International
Real Estate Consultants
Norfolk House, 31 St James's Square
London SW1Y 4JR

3 April 2006

The Local Authorities' Property Fund

Net Asset Value, Unit Price Range, Net Distributions and Total Expense Ratio

Net Asset Value

At 31 March	Net Asset Value £'000	Net Asset Value Pence per Unit	Number of Units in Issue
2004	99,177	250.75	39,552,084
2005	103,139	286.60	35,984,920
2006	117,614	326.85	35,984,920

Unit Price Range

Year to 31 March	Highest Offer Pence per Unit	Lowest Bid Pence per Unit
2002	247.86	225.55
2003	249.25	224.96
2004	265.17	232.05
2005	303.08	246.91
2006	337.80	282.16

Net Distributions

Year to 31 March	Annual Distribution Pence per Unit ¹	Yield on Unit Held for One Year % ²
2002	15.1802	6.27
2003	12.6472	5.07
2004	14.1002	5.32
2005	13.1914	4.35
2006	13.2106	3.91

¹ Distributions are stated gross before taxation but after management expenses.
² Yield expressed as a percentage of the unit offer price at the end of the year.

Unit Prices at 31 March 2006

	Bid Price Pence per Unit	Offer Price Pence per Unit
Income units	321.78	337.80

The Fund's units were first issued on 18 April 1972 at a price of 100.00p.
The monthly unit values of The Local Authorities' Property Fund are published daily in the *Financial Times*.
The offer and bid prices are calculated on the net asset value plus or minus a 3.35% surcharge (prior to 31 August 2005: 5.75%) or 1.55% deduction respectively.

Total Expense Ratio

	31.03.06	31.03.05
Total expense ratio	0.65%	0.60%

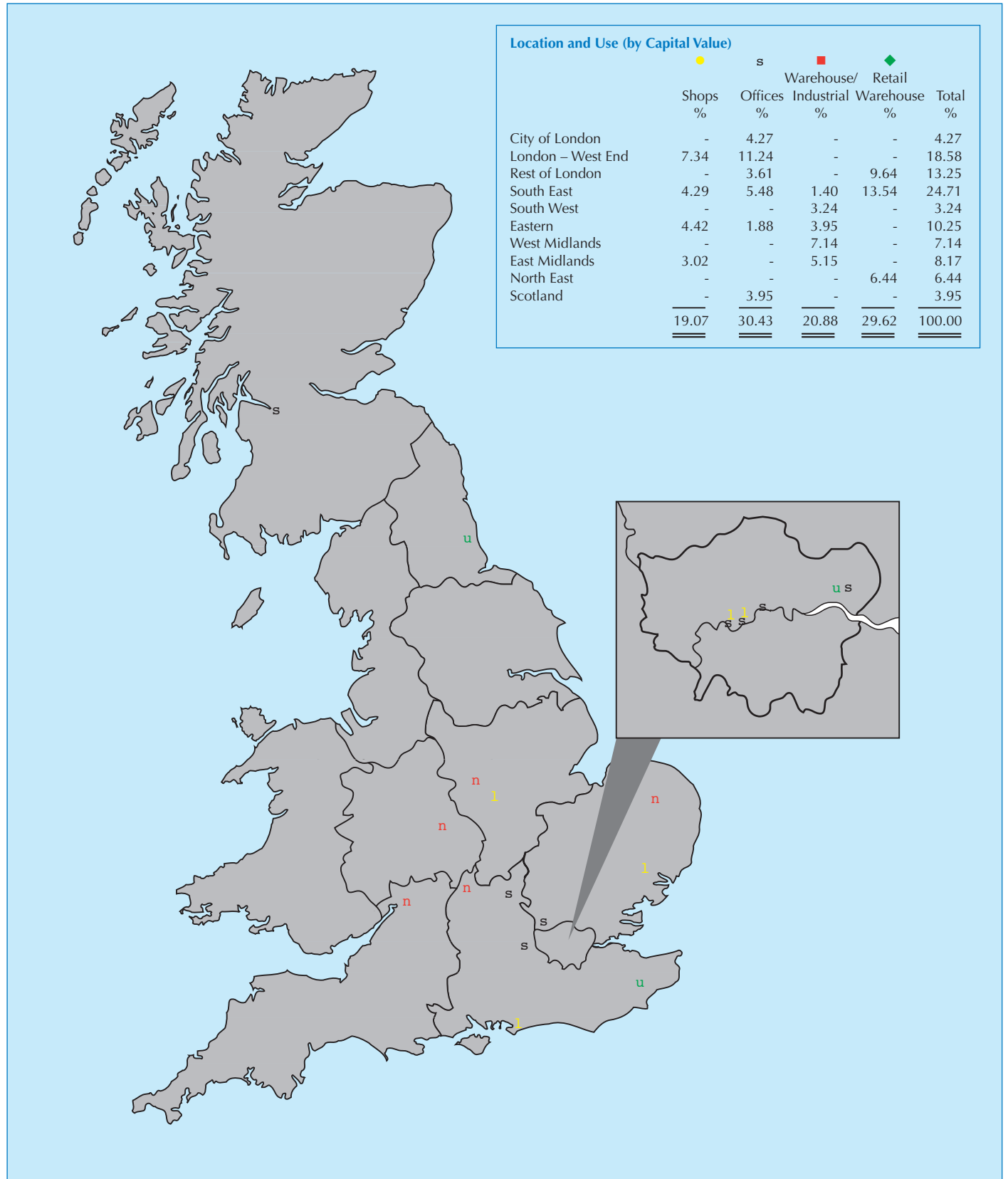
The total expense ratio is the ratio of the Fund's total operating costs to its average net assets calculated over the year. It does not include expenses incurred in managing and maintaining the individual properties held in the Fund. These expenses are detailed in note 4(i) on page 26.

The Local Authorities' Property Fund Portfolio Analysis

at 31 March 2006

Geographical Distribution

The Fund's portfolio of 19 properties is well-spread geographically and comprises over 48 separate tenancies.



The Local Authorities' Property Fund

Portfolio Analysis

Tenure

	31.3.2006		31.3.2005	
	£'000	%	£'000	%
Freehold	102,525	89.84	92,590	92.30
Leasehold: (virtual freehold)	11,600	10.16	7,720	7.70
	<u>114,125</u>	<u>100.00</u>	<u>100,310</u>	<u>100.00</u>

Rent Review Frequency

Review Period	31.3.2006		31.3.2005	
	Annual Lease Rent		Annual Lease Rent	
	£	%	£	%
1 to 4 years	44,500	0.79	769,000	13.70
5 years	5,609,262	99.21	4,842,500	86.30
	<u>5,653,762</u>	<u>100.00</u>	<u>5,611,500</u>	<u>100.00</u>

Tenants' Unexpired Lease Terms

	31.3.2006	31.3.2005
Unexpired Term	%*	%*
Over 10 years	15.89	31.84
5-10 years	41.12	33.72
Under 5 years	35.07	32.03
Void	1.48	2.41
Development	6.44	-
	<u>100.00</u>	<u>100.00</u>

Lease termination is calculated at first break clause (if any).

* Percentage of total income from contracted leases plus estimated rental values of unlet units/developments.

Use of Capital at 31 March 2006

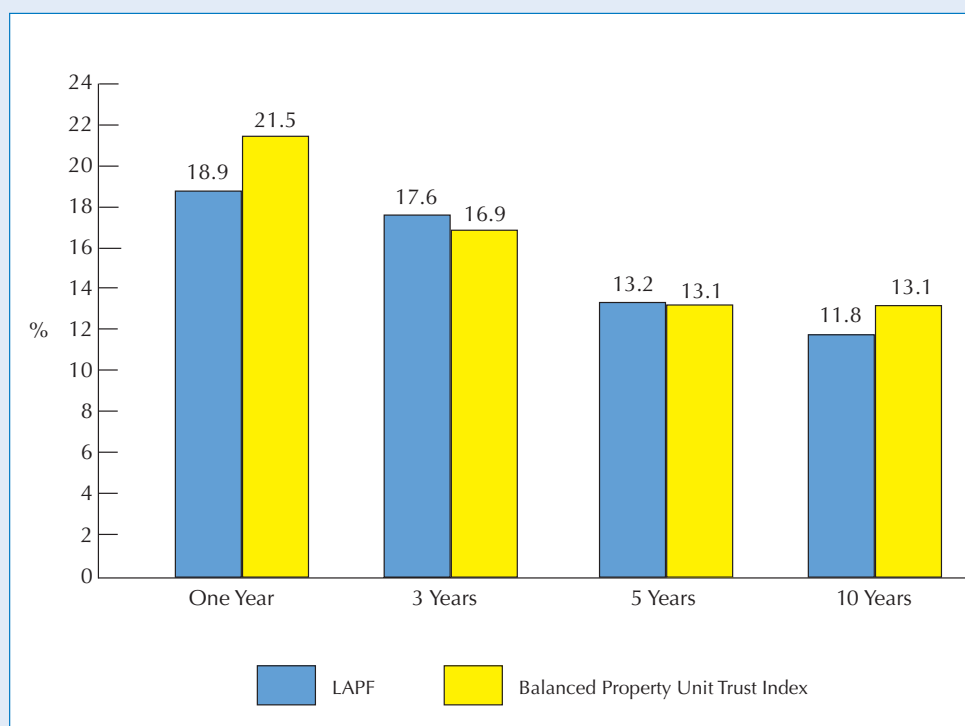
	31.3.2006		31.3.2005	
	£'000	%	£'000	%
Completed properties	114,125	97.03	100,310	97.26
Uncommitted funds	3,489	2.97	2,829	2.74
	<u>117,614</u>	<u>100.00</u>	<u>103,139</u>	<u>100.00</u>

The Local Authorities' Property Fund Portfolio Analysis

Annual Total Capital and Income Returns

Local Authorities' Property Fund Units compared with the Balanced Property Unit Trust Index compiled and calculated by Investment Property Databank (IPD) and published by HSBC and The Association of Real Estate Funds (AREF, formerly APUT).

Periods to 31 March 2006.



The returns shown above are calculated including distributions paid during the year. The Fund's return shown in the Report of the Property Manager on page 4, has been calculated including distributions declared for the year.

The Local Authorities' Property Fund

Ownership of the Fund

at 31 March 2006

<i>Size of Unitholding at 31 March 2006 '000</i>	<i>No. of Investing Authorities</i>	<i>No. of Units in Issue '000</i>	<i>% of Units in Issue</i>
1 – 500	7	887	2.47
501 – 1,000	2	1,405	3.90
1,001 – 2,000	6	8,066	22.41
2,001 and over*	4	<u>25,627</u>	<u>71.22</u>
	<u>19</u>	<u>35,985</u>	<u>100.00</u>

* Percentage held by largest Unitholder 29.38%

Portfolio Statement

at 31 March 2006

	<i>£'000</i>	<i>% of Fund</i>
Properties		
Valued between £0 and £5m		
11 properties	40,050	34.05
Valued between £5m and £10m		
5 properties	36,025	30.63
Valued between £10m and £15m		
2 properties	22,600	19.21
Valued between £15m and £20m		
1 property	<u>15,450</u>	<u>13.14</u>
	114,125	97.03
Net current assets	<u>3,489</u>	<u>2.97</u>
Net assets	<u>117,614</u>	<u>100.00</u>

The Local Authorities' Property Fund

Summary of Investments and Other Assets

at 31 March 2006

	31.3.2006		31.3.2005	
	£'000	%	£'000	%
Property Investments				
Shops	21,772	18.51	33,839	32.81
Offices	34,728	29.53	20,921	20.28
Warehouses and Industrial	23,825	20.25	17,450	16.92
Retail Warehouses	<u>33,800</u>	<u>28.74</u>	<u>28,100</u>	<u>27.25</u>
Total property investments	114,125	97.03	100,310	97.26
Net current assets				
Cash	6,921	5.89	5,688	5.51
Net creditors	<u>(3,432)</u>	<u>(2.92)</u>	<u>(2,859)</u>	<u>(2.77)</u>
Total net current assets	<u>3,489</u>	<u>2.97</u>	<u>2,829</u>	<u>2.74</u>
Total value of Fund	<u>117,614</u>	<u>100.00</u>	<u>103,139</u>	<u>100.00</u>

Distribution Statement

for the year ended 31 March 2006

	<i>Pence per Unit</i>							
	31.3.06	31.12.05	30.9.05	30.6.05	31.3.05	31.12.04	30.9.04	30.6.04
Net income before taxation	3.7948	3.9260	3.6051	3.8111	3.7776	3.9990	3.2880	3.5560
Income tax at 22%	<u>0.8348</u>	<u>0.8637</u>	<u>0.7931</u>	<u>0.8384</u>	<u>0.8311</u>	<u>0.8799</u>	<u>0.7234</u>	<u>0.7823</u>
	2.9600	3.0623	2.8120	2.9727	2.9465	3.1191	2.5646	2.7737
Management expenses	<u>0.5203</u>	<u>0.4725</u>	<u>0.3110</u>	<u>0.6226</u>	<u>0.2775</u>	<u>0.4222</u>	<u>0.3734</u>	<u>0.3561</u>
Distribution payable	<u>2.4397</u>	<u>2.5898</u>	<u>2.5010</u>	<u>2.3501</u>	<u>2.6690</u>	<u>2.6969</u>	<u>2.1912</u>	<u>2.4176</u>
Gross distribution after management expenses	<u>3.2745</u>	<u>3.4535</u>	<u>3.2941</u>	<u>3.1885</u>	<u>3.5001</u>	<u>3.5768</u>	<u>2.9146</u>	<u>3.1999</u>

The Local Authorities' Property Fund

Statement of Total Return*

for the year ended 31 March 2006

	Notes	31.3.2006		31.3.2005	
		£'000	£'000	£'000	£'000
Net gains on investments during the year	2		14,475		13,472
Gross income	3	5,909		5,939	
Property expenses	4	(327)		(420)	
Finance costs: Interest	6	(121)		-	
Net income before taxation		5,461		5,519	
Income tax	5	(1,213)		(1,225)	
Net income after taxation		4,248		4,294	
Management expenses	4	(693)		(540)	
Net income after taxation and expenses			3,555		3,754
Total return for the year			18,030		17,226
Finance costs: Distributions	6		(3,555)		(3,754)
Change in net assets attributable to unitholders			14,475		13,472

* Incorporating a Statement of Income and Expenditure

Statement of Change in Unitholders' Net Assets

for the year ended 31 March 2006

Capital Account	31.3.2006		31.3.2005	
	£'000	£'000	£'000	£'000
Net assets at start of the year		103,139		99,177
Movement due to creations and cancellations of units				
Amounts receivable on creation of units	-		-	
Less: Amounts payable on cancellation of units	-		(9,510)	
		-		(9,510)
Change in net assets attributable to unitholders (see above)		14,475		13,472
Net assets at end of the year		117,614		103,139

The notes on pages 25 to 29 form part of these accounts.

The Local Authorities' Property Fund

Property Portfolio – Offices

at 31 March 2006

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
GLASGOW 6-20 Bell Street	Scottish Children's Reporter Administration	20 yrs 11.2.94	5 yrs	2009	225,000	0-5
	Scottish Children's Reporter Administration	10 yrs 7.12.00	5 yrs	2005	34,995*	
LONDON, EC2 13 Austin Friars	Devonshire Business Services Ltd.	20 yrs 10.10.97	5 yrs	2007	270,000	0-5
MILTON KEYNES Grant Thornton House Silbury Boulevard	Grant Thornton Nominees	25 yrs 15.12.89	5 yrs	2009	252,000	0-5
ROMFORD 22-26 Eastern Road	National Westminster Bank plc	25 yrs 24.6.84	5 yrs	-	62,500	0-5
	Mercantile Credit Co. Ltd.	25 yrs 24.6.84	5 yrs	-	24,800	
	Lloyds Bowmaker Ltd.	25 yrs 24.6.84	5 yrs	-	60,300	
	Sterling Insurance Group Ltd.	10 yrs 21.6.01	5 yrs	2006	51,230	
	Sterling Insurance Group Ltd.	0 yrs 16.1.03	-	-	1,000	
	Nissan Insurance Company (Europe) Ltd.	12 yrs 19.12.94	5 yrs	-	21,375	
	Haul UK Ltd.	25 yrs 24.6.86	5 yrs	2006	26,880	
	ATOS Origin IT Services Ltd.	12 yrs 10.11.05	5 yrs	2010	52,188	
	Part Vacant	-	-	-	-	
	SLOUGH Bridge House Stoke Road	Inkfish Call Centres Ltd.	10 yrs 18.6.99	5 yrs	-	
WATFORD Clarendon Road	The Norwich Union Life Insurance Company	25 yrs 1.11.83	5 yrs	-	25,900	0-5
	Mainline Fashion Accessories Ltd.	3 yrs 14.8.04	-	-	37,500	
	The Royal Bank of Scotland plc	10 yrs 13.8.99	5 yrs	2004	35,000*	
	Options Employment Group Ltd.	9 yrs 9.6.00	5 yrs	2005	41,000*	
	Part Vacant	-	-	-	-	

* Outstanding rent review or lease renewal as at 31 March 2006

The Local Authorities' Property Fund
Property Portfolio – Offices
at 31 March 2006



Bell Street, Glasgow

The Local Authorities' Property Fund

Property Portfolio – Offices/Shops

at 31 March 2006

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
LONDON, SW1 101-102 Jermyn Street	DAKS Simpson Group plc	15 yrs 24.6.94	5 yrs	-	123,000	5-10
	Kessler Financial	5 yrs 13.9.04	-	-	74,132	
	Services International LLC.	10 yrs 24.3.03	5 yrs	2008	87,500	
	Quadrant Holdings Ltd.	10 yrs 24.3.03	5 yrs	2008	-	
	BM Investments LLP.	5 yrs 4.3.05	-	-	92,250	
	Material Entertainment	5 yrs 8.4.05	5 yrs	-	54,900	
	LONDON, W1 12-13 Conduit Street	Belstaff International Ltd.	15 yrs 17.3.98	5 yrs	2008	250,000
	Hartnells Ltd.	15 yrs 13.8.98	5 yrs	2008	201,000	

Property Portfolio – Shops

at 31 March 2006

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
CHICHESTER* 84-85 & 86 East Street	Vacant	-	-	-	-	0-5
IPSWICH 15-19 Westgate Street	Virgin Retail Ltd.	20 yrs 29.9.02	5 yrs	2007	240,000	5-10
LEICESTER 15-17 Gallowtree Gate	Allsports (Retail) Ltd.	25 yrs 29.6.84	5 yrs	2004	175,000*	0-5

* Outstanding rent review or lease renewal as at 31 March 2006

+ Subject to development

The Local Authorities' Property Fund
Property Portfolio – Offices/Shops
at 31 March 2006



Jermyn Street, London SW1



Conduit Street, London W1

The Local Authorities' Property Fund

Property Portfolio – Retail Warehouses

at 31 March 2006

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
ASHFORD Barrey Road	Allied Carpets Properties Ltd.	25 yrs 29.9.86	5 yrs	2006	205,000	15-20
	Homebase Ltd.	25 yrs 29.9.86	5 yrs	2006	398,277	
	Comet Group plc	1 yr 1.12.05	-	-	2,000	
	Boots The Chemists Ltd.	1 yr 1.12.05	-	-	2,000	
	NCB Apparel	1 yr 17.3.06	-	-	2,000	
ROMFORD Angel Way	Decathlon UK Ltd.	20 yrs 5.9.02	5 yrs	2012	460,756	10-15
SUNDERLAND Wessington Way	Wickes Building Supplies Ltd.	25 yrs 29.9.94	5 yrs	2004	216,000*	5-10
	Wickes Building Supplies Ltd.	25 yrs 29.9.94	5 yrs	2007	100,000	
	McDonald's Property Co. Ltd.	25 yrs 29.9.94	5 yrs	2009	53,000	

* Outstanding rent review or lease renewal as at 31 March 2006

The Local Authorities' Property Fund Property Portfolio – Retail Warehouses

at 31 March 2006

Thomsen Retail Park, Sunderland



Wessington Way, Unit 1



Wessington Way, Unit 3

The Local Authorities' Property Fund

Property Portfolio – Warehouses and Industrial

at 31 March 2006

<i>Property</i>	<i>Tenant</i>	<i>Term/ From</i>	<i>Lease Review Period</i>	<i>Review Due</i>	<i>Rent £</i>	<i>Market Value Range £m</i>
BANBURY Overthorpe Industrial Estate	Polymark International plc	25 yrs 29.9.81	5 yrs	-	142,000	0-5
BIRMINGHAM Unit 16 Junction Six	BSS Group plc Additional Income	10 yrs 4.2.05 3 yrs 10.2.06	5 yrs -	2010 -	300,000 200,000	5-10
COALVILLE Interlink Park	Copper Cable Co. Ltd.	25 yrs 20.3.95	5 yrs	2005	332,000*	5-10
NORWICH Units 7, 9 & 11 City Trading Estate	Partco Ltd. RAC Auto Windscreens Ltd. Edmundson Electrical Ltd. Meridian East Miller West Ltd. Sunfen Ltd. Holden & Holden Ltd. Kent Blaxill & Co. Ltd. Uniglaze 2 (East Anglia) Ltd. Robinsons Autoservices Ltd. R.Robinson & Co. (Motor Spares) Ltd.	15 yrs 13.6.03 10 yrs 22.6.04 10 yrs 24.8.98 15 yrs 8.4.92 15 yrs 23.11.04 15 yrs 5.3.04 15 yrs 29.9.04 15 yrs 5.3.04 9 yrs 31.1.06 15 yrs 1.9.02 5 yrs 23.2.05	5 yrs 5 yrs 5 yrs 5 yrs 5 yrs 5 yrs 5 yrs 5 yrs 5 yrs 5 yrs -	2008 2009 - - 2009 2009 2009 2009 2010 2007 -	18,000 17,774 17,250 42,500 24,000 52,050 24,150 23,720 56,135 3,000 7,700	0-5
TEWKESBURY Ashchurch Business Park	Moog Controls Ltd. Moog Controls Ltd.	30 yrs 25.12.78 25 yrs 25.12.83	5 yrs 5 yrs	2003 2003	126,000* 138,400*	0-5

* Outstanding rent review or lease renewal as at 31 March 2006

The Local Authorities' Property Fund Balance Sheet

at 31 March 2006

	Notes	31.3.2006		31.3.2005	
		£'000	£'000	£'000	£'000
ASSETS					
Portfolio of investments	7		114,125		100,310
Debtors	8	275		150	
Cash and bank balances		<u>6,921</u>		<u>5,688</u>	
Total current assets			<u>7,196</u>		<u>5,838</u>
Total assets			121,321		106,148
LIABILITIES					
Creditors	9	2,829		2,049	
Proposed distribution of income		<u>878</u>		<u>960</u>	
Total current liabilities			3,707		3,009
Net assets attributable to unitholders			<u>117,614</u>		<u>103,139</u>
Approved on behalf of the Trustee 10 May 2006			Roy Wilson, <i>Chairman</i> John Galbraith, <i>Vice-Chairman</i>		

The notes on pages 25 to 29 form part of these accounts.

The Local Authorities' Property Fund
Cash Flow Statement
at 31 March 2006

	Notes	31.3.2006		31.3.2005	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	14		4,128		2,118
Net cash outflow from financing activities					
Creation of units		-		-	
Cancellation of units		<u>-</u>		<u>(9,510)</u>	
			-		(9,510)
Net cash inflow from investing activities					
Payments to acquire investments	7	(25,510)		(313)	
Proceeds on disposal of investments	2	<u>26,170</u>		<u>10,890</u>	
			660		10,577
Net cash outflow from distributions paid			(3,555)		(3,754)
Increase/(decrease) in cash	15		<u>1,233</u>		<u>(569)</u>

The notes on pages 25 to 29 form part of these accounts.

The Local Authorities' Property Fund

Notes to the Accounts

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost basis, as modified by the revaluation of properties, and in accordance with the accounting policies set out below and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2003, with the exception of the omission of the statement of material portfolio changes.

Part I of The Association of Property Unit Trust's Code of Practice relating to the format and content of Property Unit Trust accounts has also been followed in the preparation of these accounts.

During the year the Fund has adopted the presentation requirements of Financial Reporting Standard 25 (FRS 25) FRS 25 requires that the assets attributable to investors are treated as a liability of the Fund and distributions are treated as finance costs. The effects of these changes are that unitholders' funds are now described as net assets attributable to unitholders.

(b) Income recognition

Rental income, interest on development loans and bank deposits are accrued on a daily basis. Interest is charged on any sums used to finance property developments. This is charged at a rate agreed in the contract with the developers.

(c) Management expenses

Management expenses are charged to unitholders based on holdings for each month. The Manager's periodic charge payable to CCLA Investment Management Limited is based on a fixed percentage of the value of the Fund, which is currently 0.65% p.a. plus VAT (prior to 1 January 2006, 0.59% p.a. plus VAT). Each month, the value at the end of the previous month is taken to calculate the fee due. This fee covers the provision of staff and investment services and other expenses incurred by the Manager. Audit and legal fees and insurance are charged separately.

(d) Distribution policy

Income distributions are made quarterly and paid one month after each quarter end. Each month the income is applied to unitholders in the Fund and no income is included in the unit price. A net distribution is paid after deduction of expenses.

(e) Capitalised costs

All costs associated with buying, selling and development of properties are charged to capital. All other expenses, including the property valuation fees payable to Atisreal Limited, are deducted from income.

(f) Basis of valuation

Freehold property and leasehold properties are valued at each quarter-end date on the basis of Market Value in accordance with the current RICS Appraisal and Valuations Standards (The Red Book) as advised by Atisreal Limited, Chartered Surveyors. In addition, the Manager reviews these values at each intervening month end. Additions to the portfolio are valued externally after acquisition.

(g) Borrowing

Interest on borrowings made by the Fund, through its loan facility with the Royal Bank of Scotland plc, is accrued on a daily basis, in accordance with the terms of the facility, at a rate of 0.95% per annum above the bank's base rate. All costs associated with the set-up of the facility are amortised over the life of the facility.

2. Net gains on investments

31.3.2006 31.3.2005
£'000 £'000

The net gains on investments during the year comprise:

Proceeds from sales of properties during the year	26,170	10,890
Original cost of properties sold during the year	<u>(6,516)</u>	<u>(9,773)</u>
Gains realised on properties sold during the year	19,654	1,117
Net appreciation thereon already recognised in earlier years	<u>(16,584)</u>	<u>(727)</u>
	3,070	390
Net unrealised appreciation for the year	<u>11,405</u>	<u>13,082</u>
Net gains on investments	<u>14,475</u>	<u>13,472</u>

The Local Authorities' Property Fund

Notes to the Accounts

3. Gross income	31.3.2006	31.3.2005
	£'000	£'000
Rents receivable	5,676	5,665
Bank interest	178	236
Other interest	11	4
Surrender premium	40	-
Dilapidations settlement	-	23
Other income	4	11
	<u>5,909</u>	<u>5,939</u>
4. Expenses	31.3.2006	31.3.2005
	£'000	£'000
i) Property expenses:		
Loan finance arrangement fee	30	12
Ground rent payable	17	46
Property empty rates	69	39
Property non-recoverable repairs and maintenance	3	48
Property legal and professional fees	105	151
Property service charges	48	74
Other property outgoings	5	2
Property revaluation fees	50	48
	<u>327</u>	<u>420</u>
ii) Management expenses:		
Payable to The Local Authorities' Mutual Investment Trust:		
Manager's periodic charge	671	565
Less: Apportionment of income from		
The Local Authorities' Mutual Investment Trust*	(13)	(65)
Investment Property Databank	8	9
Trustee liability insurance	8	8
Audit fee	17	15
Travelling expenses	3	1
Non-recoverable property insurance premiums	3	6
Insurance commission payable	-	6
Less: Bank interest receivable	(4)	(5)
	<u>693</u>	<u>540</u>

* Represents a reduction in management expenses due to The Local Authorities' Mutual Investment Trust distributing the majority of its income for the year.

The above expenses include VAT where applicable.

The Members of the Council receive no remuneration from the Fund. The Chairman of the Council receives a fee as a Director of CCLA Investment Management Limited.

5. Taxation

The Fund is not subject to capital gains tax but is subject to income tax at the basic rate.

	31.3.2006	31.3.2005
	£'000	£'000
Income tax	1,213	1,225
Income tax is calculated as follows:		
Net income before taxation at 22%	1,202	1,214
Items not allowable for income tax purposes:		
Revaluation fee at 22%	11	11
Income tax	<u>1,213</u>	<u>1,225</u>

The Local Authorities' Property Fund

Notes to the Accounts

6. Finance costs

Distributions and interest

Distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	31.3.2006	31.3.2005
	£'000	£'000
30 June – Interim distribution	845	956
30 September – Interim distribution	900	867
31 December – Interim distribution	932	971
31 March – Final distribution	878	960
Net distribution for the year	<u>3,555</u>	<u>3,754</u>
Interest		
Net interest payable for the year	121	-
Total finance costs	<u>3,676</u>	<u>3,754</u>

Details of the distribution per unit are set out in the distribution statement on page 14.

7. Property investments

	31.3.2006	31.3.2005
	£'000	£'000
Market value at the start of the year	100,310	97,415
Acquisitions at cost	25,510	313
Sales proceeds from disposals	(26,170)	(10,890)
Realised gains on disposals	3,070	390
Unrealised gains on revaluation	11,405	13,082
Market value at the end of the year	<u>114,125</u>	<u>100,310</u>
Historical cost at the end of the year	<u>82,001</u>	<u>63,008</u>

8. Debtors

	31.3.2006	31.3.2005
	£'000	£'000
Loan to The Local Authorities' Mutual Investment Trust	150	50
Accrued income	95	48
Property payments recoverable	26	29
Prepayments	4	23
	<u>275</u>	<u>150</u>

9. Creditors

	31.3.2006	31.3.2005
	£'000	£'000
Rent deposits	221	191
Revaluation fees payable	6	9
Rent received in advance	1,351	789
Management expenses payable to The Local Authorities' Mutual Investment Trust	187	100
Taxation payable	604	550
Property expenses payable	1	12
Service charge payable	15	17
VAT payable	323	381
Loan interest payable	121	-
	<u>2,829</u>	<u>2,049</u>

The Local Authorities' Property Fund

Notes to the Accounts

10. Financial instruments

The main risks arising from the Fund's financial instruments and the Manager's policies for managing these risks are summarised below. These policies have been applied throughout the year and the comparative year.

Interest rate risk

The majority of the Fund's assets are property investments and therefore do not pay interest or have maturity dates. As a consequence, any changes in interest rates will not significantly affect the Fund except insofar as they affect rental levels generally. All cash and bank balances earn interest at floating rates based on either LIBOR or base rate. Other debtors and creditors do not pay or receive interest.

Financial liabilities:

There were no financial liabilities that pay either floating rate or fixed rate interest at 31 March 2006 (31.3.2005, £nil). All financial liabilities are due to be settled in one year or on demand.

During the year the Manager utilised the Fund's power to borrow. The borrowing facility is provided by The Royal Bank of Scotland plc at a floating interest rate of 0.95% above the bank's base rate. Interest on amounts drawn down from the loan facility is calculated on a daily basis and is payable quarterly in arrears. The loan can be drawn in tranches and repaid at any time. The loan facility terminated on 1 September 2005 and was extended on expiry. The Manager may borrow a maximum of 25% of the value of the property of the Fund to assist with investing in, improvements to or the managing of property and the short-term financing of, or meeting payments to be made out of the Fund. At the year-end there were no loan monies outstanding.

11. Contingent liabilities

There are no contingent liabilities at 31 March 2006 (31.3.2005, £nil). As at 31 March 2006 there were no redemption notices outstanding (31.3.2005, 646,164 units).

12. Turnover of units

The number and net asset value of units in The Local Authorities' Property Fund created, cancelled and transferred in the year to 31 March 2006 was as follows:

	<i>Number of units</i>	<i>Value £</i>	<i>% of NAV at 31.3.2006</i>
Units created	–	–	–
Units cancelled	–	–	–
Units transferred	2,085,603	6,117,074	5.20

13. Related party transactions

Management expenses are payable to The Local Authorities' Mutual Investment Trust, a related party to the Fund. The amounts paid in respect of management expenses are disclosed in Note 4. There were outstanding balances due to The Local Authorities' Mutual Investment Trust at 31 March 2006 of £187,000 (31.3.2005, £100,000). There were loans outstanding due from The Local Authorities' Mutual Investment Trust at 31 March 2006 of £150,000 (31.3.2005, £50,000). There were no other transactions entered into with The Local Authorities' Mutual Investment Trust during the year.

CCLA Investment Management Limited, as Manager of the Fund, is a related party to the Fund. There were no transactions entered into with CCLA Investment Management Limited during the year.

The City of Bradford Metropolitan District Council and the Northern Ireland Local Government Officers' Superannuation Committee are related parties to the Fund with holdings of 29.4% and 28.9% respectively of the total Fund units in issue. In addition Mr John Galbraith (Northern Ireland Local Government Officers' Superannuation Committee) and Mr Stuart Imeson (City of Bradford Metropolitan District Council) are Members of the Council and the Trust.

The Local Authorities' Property Fund

Notes to the Accounts

14. Reconciliation of net income after taxation to net cash inflow from operating activities

	31.3.2006	31.3.2005
	£'000	£'000
Revenue after taxation	3,555	3,754
(Increase)/decrease in accrued income	(47)	51
(Increase)/decrease in debtors	(78)	117
Increase/(decrease) in creditors	698	(1,804)
Net cash inflow from operating activities	<u>4,128</u>	<u>2,118</u>

15. Reconciliation of net cash flow to movement in cash balances

	31.3.2006	31.3.2005
	£'000	£'000
Net cash at beginning of the year	5,688	6,257
Movement in cash during the year	1,233	(569)
Net cash at the end of the year	<u>6,921</u>	<u>5,688</u>

The Local Authorities' Property Fund

Statement of Trustee and Manager Responsibilities

The Trustee of the Fund is required by the Trust Deed to prepare accounts which give a true and fair view of the financial position of the Fund at the end of each half-yearly accounting period and the movement in net assets for the period then ended, together with the information set out in clause 15(1) of the Trust Deed. In preparing these accounts the Trustee is required to:

- select accounting policies that are appropriate for the Fund and apply them on a consistent basis;
- comply with disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in November 2003;
- follow generally accepted accounting principles and applicable United Kingdom accounting standards;
- keep proper accounting records which enable them to demonstrate that the accounts, as prepared, comply with the above requirements;

- make judgements and estimates that are prudent and reasonable;
- prepare the accounts on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Trustee has delegated to the Manager the day-to-day management, accounting and administration as permitted by the Trust Deed and the Manager is required to carry out these duties in accordance with the terms of the Trust Deed.

The Trustee is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.



The Local Authorities' Mutual Investment Trust

80 Cheapside, London EC2V 6DZ

Members of the Council and the Trust

Chairman

Roy Wilson

Vice-Chairman

John Galbraith

Local Government Association

Alan Lloyd (up to 20.7.2005)

Serge Lourie

Roy Wilson

Susan Davis, CBE

Adrian Coles, MBE, TD (up to 20.7.2005)

Toby Eckersley, MBE (from 7.9.2005)

Stuart Fraser (from 20.7.2005)

Paul Clokie (from 20.7.2005)

Peter Hardy (from 20.7.2005)

Northern Ireland Local Government Officers' Superannuation Committee

John Galbraith

Unitholder Member

Stuart Imeson (City of Bradford Metropolitan District Council)

Secretary

Julie Glass, ACIS

Property Manager, Administrator and Registrar

CCLA Investment Management Limited

Authorised and regulated by the Financial Services Authority

80 Cheapside, London EC2V 6DZ

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Client Service: F: 020 7489 6126

Property Dept: F: 020 7489 6127

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Director responsible for The Local Authorities' Property Fund

Andrew Gibbs, FCA (up to 8.3.2006)

Michael Quicke (from 8.3.2006)

Property Manager and Head of Property

Paul Hannam, MRICS

Client Relationship Manager

David Kightley

Local Authorities Consultant

Jeffrey Crispin

External Valuers

Atisreal Limited, Chartered Surveyors
and International Real Estate Consultants
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