

Peel Town Commissioners

Statement of Accounts

For the year ended 31 March 2013

Peel Town Commissioners

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Peel Town Commissioners

Explanatory Foreword

Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2013. It has been prepared in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006.

The individual accounts within the Statement are as follows:

The **Income and Expenditure Account** reports the net cost for the year of all functions for which the Authority is responsible and how those costs are financed from general government grants and income from local ratepayers.

The **Statement of the Movement on the General Fund Balance** shows the surplus or deficit on the Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged or credited to the General Fund in determining the movement on the General Fund Balance for the year. This is the basis on which the Authority sets its rate for the year.

The **Housing Revenue Income and Expenditure Account** is an account which independently records the costs of maintaining and managing the Authority's own housing stock and how these costs are met by rent payers, Central Government subsidy and other income.

The **Statement of Movement on the Housing Revenue Account Balance** shows the surplus or deficit on the Housing Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged or credited to the Housing Account in determining the movement on the Housing Account for the year.

The **Statement of Total Recognised Gains and Losses** shows all gains and losses recognised by the Authority during the year which are not reflected in operating performance within the Income and Expenditure Account. This will include any gains or losses arising on the revaluation of fixed assets for the year together with the surplus or deficit relating to the annual measurement of the net liability to recover the cost of retirement benefits.

The **Balance Sheet** sets out the financial position of the Authority at the end of the year.

The **Cash Flow Statement** summarises the inflows and outflows of cash arising from the Authority's transactions with third parties during the year.

The **General Rate Fund** shows the transactions of the Authority as a charging authority in respect of rates income.

The **Refuse Rate Fund** show the transactions of the Authority as a charging authority in respect of refuse rate income.

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Explanatory Foreword (continued)

This section provides a summary review of performance during the year and of key areas which impact the Authority's financial position.

Income and Expenditure Account

The Income and Expenditure Account covers the day to day running costs of the Authority's services with the exception of Authority housing which is contained within the Housing Revenue Income and Expenditure Account.

Expenditure is met from the General Rate Fund and Refuse Rate Fund together with other income such as refuse collection and commercial rents.

For the year ended 31 March 2013 the deficit for the year amounted to £4,349,246 (2012: deficit £174,463). Following evidence of a potential impairment in values of the land and property owned, Chrystals Commerical carried out a desktop review of the value of all assets. The desktop review has resulted in an overall impairment provision of £4,433,844 as disclosed in note 1 to the financial statements. This impairment is added back in the Statement of the Movement on the General Fund Balance and does not impact upon the general reserves held.

Statement of the Movement on the General Fund Balance

As described on page 2, this statement is the basis on which the Authority's rate is set. For the year ended 31 March 2013, the deficit amounted to £3,236 (2012 surplus: £23,238). There was an increased rate income due to the continued expansion of the Town but costs were over budget in certain areas causing a decrease in revenue reserves for the year.

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2012/13 resulted in a deficiency requirement of £392,517 (2012: £376,804). As explained above, following evidence of a potential impairment in values of the land and property owned, Chrystals Commerical carried out a desktop review of the value of all assets. The desktop review has resulted in an impairment provision of £3,638,043. This impairment is added back in the Statement of the Movement on the Housing Revenue Account Balance and does not impact upon the general reserves held.

Statement on the Movement on the Housing Revenue Account Balance

This statement shows the deficit on the Housing Revenue Income and Expenditure Account adjusted for the additional amounts as required by Statute and non-statutory proper practices. Deficiency payments are received from Department of Social Care covering any deficit and hence there is no annual movement on the reserve.

Statement of Total Recognised Gains and Losses

This statement summarises all gains and losses incurred during the period and includes actuarial losses for the period of £177,000 (2012: £58,000).

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Explanatory Foreword (continued)

Capital Expenditure

Total capital expenditure (on an accruals basis) in the year was £2,076,358 and is analysed as follows:

Housing schemes - £2,035,110

Plant and equipment - £41,248

Financing was provided and analysed as follows:

IOM Bank loans and overdrafts - £2,035,109

General Revenue - £36,564

Housing Maintenance - £4,685

Accruals at the year end in respect of capital expenditure totalled £203,826 (2012: £101,221).

General Rate Fund and Refuse Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 242p (2012: 237p) in the £ on a rateable value of £362,644 (2012: £355,183) during the year. In addition a separate refuse charge of £128.50 (2012: £126.50) per residential household was levied.

Total rates arrears were £63,790 (2012: £70,643). Prior year rates were recovered totalling £28,765 (2012: £38,090). As a consequence of the recovery of certain debts provided in the prior year, together with additional bad debt provisions made at the year end, the bad debt provision has reduced from £61,794 at 31 March 2012 to £56,751 at 31 March 2013.

Investments and Borrowing

During the year no external investments were made and the Authority borrowed £2,093,562 (2012: £1,380,256) during the year to finance capital schemes as highlighted above. This note and capital additions are both included in the accounts on an accruals basis and differ to the cash flow statement which represents only cash paid in the year.

Reserves

The Authority's general revenue account has reduced from £232,581 at 31 March 2012 to £229,345 at 31 March 2013. This leaves the authority's general reserves at a level between the recommended range of 20-25% of rate income.

Pensions Liability

The Statement of Recommended Practice requires the Authority to disclose certain information within its Statement of Accounts and this appears in note 27 to the core Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Superannuation Scheme that is attributable to Peel Town Commissioners.

This is the difference between future liabilities and assets, as valued at 31st March 2013, and amounts to £918,000, an increase of £193,000 on the previous year.

This increase is primarily as a result of a change on the discount factor used in the calculations.

Peel Town Commissioners

Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings and in accordance with United Kingdom Generally Accepted Accounting Principles.

The accounts have been drawn up in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP") issued by Treasury. This SORP is recognised under the Audit Act 2006 and the Accounts and Audit Regulations 2007 as representing proper accounting practices. Key principles are set out below.

Tangible fixed assets

Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Where such expenditure on plant and equipment is less than a de minimis level of £1,000 it is not capitalised but is charged to revenue in the year in which it is incurred.

Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off.

Valuations

Asset valuations have been carried out in accordance with guidelines established by RICS and in accordance with the Statement of Recommended Practice.

Operational assets have been valued at the lower of net current replacement cost or net realisable value in existing use. In the case of vehicles, plant and equipment, historic costs have been used as a proxy for these values; as inflation is low, prices will not vary significantly over the estimated life of the assets while the Authority depreciates them on a prudent basis using conservative estimates of working lives. As a consequence, the use of historic costs rather than values for these items will not result in a material difference in the Accounts.

Infrastructure assets and community assets are included in the Balance Sheet at historical cost (net of depreciation where appropriate); if this could not be ascertained, a nominal value has been used. There is no material effect on the Accounts.

Non-operational assets have been valued at the lower of net current replacement cost or net realisable value.

Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land and non operational property. Where depreciation is provided for, assets are being depreciated by applying the straight line method to Balance Sheet values over periods reflecting their estimated useful lives. Assets acquired under finance leases are depreciated over the lease period if this is shorter than their estimated useful life.

Peel Town Commissioners

Statement of Accounting Policies (continued)

Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year: where values have changed materially in the period, the valuations are adjusted to reflect the change. Where a major change in asset values is due to a consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Income and Expenditure Account. Other impairments are recognised in the Revaluation Reserve.

Disposals

Income from the disposal of fixed assets is accounted for on an accruals basis.

Government grants

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account to match the expenditure to which they relate.

Housing Deficiency

Housing deficiency is accounted for on an accruals basis and represents an amount due in respect of the shortfall in housing income over housing expenses in the year in accordance with the housing deficiency scheme operated by the Department of Social Care.

Accruals of income and expenditure

The capital and revenue accounts of the Authority are maintained on an accruals basis: activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Fees, charges and rents are accounted for as income at the date the Authority provides the relevant goods or services.

Employee costs are charged as expenditure when they are due rather than paid, including any arrears of pay or pay awards.

Supplies are recorded as expenditure when they are consumed – where there is a gap between when the date supplies are received and their consumption, they are carried as stock on the balance sheet.

Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.

Interest payable and receivable on borrowings is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Income and expenditure are credited and debited to the relevant account, unless they properly represent capital receipts or capital expenditure. These accruals are largely based on known commitments and can be assessed accurately. Where estimates are made, they are based on historical records, precedence and officers' knowledge and experience. In all cases the Authority adopts a prudent approach to avoid overstating its resources.

Peel Town Commissioners

Statement of Accounting Policies (continued)

Value added tax

Value Added Tax is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Overheads

The costs of service management and support services have been fully charged or allocated to service and trading accounts either in relation to the time spent on each revenue service or capital scheme or in proportion to transactions processed for those accounts.

Pension costs

Pension arrangements for Authority employees are handled by the Isle of Man Local Government Superannuation Scheme, which is a funded, defined benefit scheme. The Accounting Policies of the Fund are now those recommended by the SORP and its annual reports are now prepared in accordance with the Pensions SORP.

The pension cost has been assessed by the Fund's actuary based on triennial valuations, the 2012/13 contributions being based on the results of the review as at 31 March 2010. These contributions are charged to the Accounts in accordance with statutory requirements. The financial statements have been prepared on the basis that the assets and liabilities arising from an employer's retirement benefit obligations and any related funding are reflected at fair value.

The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

Reserves

Reserves represent resources set aside for purposes such as general contingencies and cash flow management. The Authority maintains the following significant reserves:

General Reserve: set up to act as a buffer against the potential risks of increased expenditure to be charged to future years accounts and to assist in organisational development.

Housing Reserve: set up to hold surplus monies received from housing rents less expenditure incurred.

Usable capital receipts reserve: these are amounts of capital receipts received to be used to finance future capital expenditure.

The following reserve accounts have been established in accordance with the capital accounting provisions. They are not fully backed by cash, nor generally available to finance expenditure.

Revaluation Reserve: representing principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.

Capital adjustment account: these are amounts set aside from capital receipts or revenue resources to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

Peel Town Commissioners

Statement of Accounting Policies (continued)

Pension reserve: this is a reserve matching the liability in respect of the Commissioners' share of the Isle of Man Local Government Superannuation Scheme.

Provisions

The Authority maintains provisions for bad and doubtful debts, which are held against its arrears of major income sources.

Events after the balance sheet date

Post balance sheet events, whether favourable or unfavourable, that affect the conditions existing at the balance sheet date are adjusted in the Accounts and disclosures. For events occurring after the balance sheet date relating to conditions that arose after that date, adjustments are not made in the Accounts but details are disclosed in a note to the balance sheet. These principles apply up to the date when the Accounts are authorised for issue.

Peel Town Commissioners

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs through the appointment of a Responsible Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Responsible Financial Officer's responsibilities

The Responsible Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP").

In preparing this Statement of Accounts, the Responsible Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the SORP.

The Responsible Financial Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

We certify that the accounts set out on pages 14 to 37 of this Statement present fairly the financial position of the Authority at 31 March 2013 and its income and expenditure for the year ending on that date.

Peel Town Commissioners

Statement of Internal Control

Introduction

Regulation 8 of the Accounts and Audit Regulations 2007 requires the Authority to conduct a review at least once a year of the effectiveness of its systems of internal control and include a statement on internal control within the Authority's Statement of Accounts.

This statement is made by the Peel Town Commissioners to the Isle of Man Government Treasury in accordance with the requirements of the Isle of Man Government's Corporate Governance Principles and Code of Conduct ("the Code").

Responsibilities of the Board and the Responsible Financial Officer

The Board controls strategy, policy and key financial and operational matters within the Authority. In addition, it is the Board's responsibility to ensure that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Board.

The Board is responsible for implementing and maintaining systems of internal control and corporate governance which:

- ensure compliance with legislation and other regulations;
- safeguard public money, ensure that it is properly accounted for and that it is used economically, efficiently and effectively; and
- support the achievement of the strategy, policies, aims and objectives approved by the Board.

In discharging this responsibility, the Board works with senior officers to put in place arrangements for the governance of the Authority's affairs and the stewardship of resources, in accordance with the Code.

Internal control and corporate governance environment

The Authority's systems of internal control and corporate governance have been developed through an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The following are considered to be key aspects of the internal control and corporate governance environment:

- **Authority's corporate governance framework**

A corporate governance framework has been developed which documents the Authority's policies and procedures in relation to community focus, performance management, internal control, risk management, delegated authority, human resources management, standards of conduct and management of Health & Safety and the environment. The framework provides a structure for documenting the legislation, regulations, policies, procedures and other internal controls which, when taken together, form the Authority's internal control and corporate governance environment.

- **Board meetings**

The Board meets monthly and consists of a Chairman and 8 other Board members. The Board receive reports from the Authority's Officers on operational matters and ensure that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Board.

Peel Town Commissioners

Statement of Internal Control (continued)

- **comprehensive budgeting systems**
- **regular reviews of periodic and annual financial reports to evaluate financial performance against forecasts**
- **setting targets to measure financial and other performance**
- **the preparation of regular financial reports which indicate actual expenditure against the forecasts, and**
- **clearly defined capital expenditure guidelines**

Review of internal control and corporate governance environment

The effectiveness of the Authority's internal control and corporate governance arrangements is continuously assessed by the work of management and the Board.

The review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the Authority
- the work of the internal auditors, and
- the external auditors in their annual audit letter and other reports.


The internal auditor concluded that high risk observations were identified in the area of disaster recovery as no formal plan exists.

The RFO has met with the Commissioners to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

Report on internal control and corporate governance environment

Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage rather than eliminate the risk of failure to achieve objectives. They can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that, the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the year ended 31 March 2013.

(Signed) 
(Chairman)

(Signed) 
(Responsible Finance Officer)

(Dated) 14th November 2013

Peel Town Commissioners

Independent Auditor's Report to the Commissioners of Peel Town Commissioners

We have audited the financial statements of Peel Town Commissioners for the year ended 31 March 2013 which comprise the statement of accounting policies, the income and expenditure account, the statement of the movement on the general fund balance, the housing revenue income and expenditure account, the statement of the movement on the housing revenue account balance, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the general rate fund, the refuse rate fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP").

This report is made solely to the authority's Commissioners, as a body, in accordance with section 6 of the Audit Act 2006. Our audit work has been undertaken so that we might state to the authority's Commissioners, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's Commissioners, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Responsible Financial Officer and auditors

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Responsible Financial Officer is responsible for the preparation of the Statement of Accounts, including the financial statements, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accountancy policies are appropriate to the authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the authority's affairs as at 31 March 2013 and of its result for the year then ended;
- have been prepared in accordance with the requirements of the SORP; and
- have been prepared in accordance with the Accounts and Audit Regulations 2007 made under the Audit Act 2006.

Peel Town Commissioners

Independent Auditor's Report to the Commissioners of Peel Town Commissioners (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the section 4 of the Audit Act 2006 requires us to report to you if, in our opinion:

- the financial statements do not comply with the regulations made under section 12 of the Act and any directions under section 13; or
- expenditure or income of any other transaction effected by or on account of the authority is or will be contrary to law; or
- the internal organisation of the authority and the controls maintained by it are not sufficient as to secure proper management of the finances of the authority and economy and efficiency in the use of its resources.

BDO (Isle of Man) LLC

BDO (Isle of Man) LLC

Chartered Accountants

Douglas

Isle of Man

Date: *22 November 2013*

Peel Town Commissioners

Income and Expenditure Account for the year ended 31 March 2013

Statement of net expenditure	Gross expenditure	Income	2012/13 Net Expenditure	2011/12 Net Expenditure (Restated)
	£	£	£	£
Continuing operations:				
Employee costs	633,174	-	633,174	630,079
Premises related costs	243,512	210,381	33,131	37,071
Agency and contracted services	351,497	42,698	308,799	283,626
Recharges	32,242	100,500	(68,258)	(65,087)
Central and technical	161,671	94,763	66,908	53,121
Vehicle costs	21,676	-	21,676	15,978
Depreciation	26,990	-	26,990	57,141
Current service cost of Pension Scheme	-	8,000	(8,000)	(10,000)
Impairment/demolition of assets	795,800	-	795,800	108,600
Housing Revenue Income and Expenditure Account	4,518,774	1,494,169	3,024,605	(450,893)
Net cost of services	6,785,336	1,950,511	4,834,825	659,636
Interest payable and finance charges			617,260	588,056
Interest and investment income			(1,031)	(1,130)
Pensions interest cost and return on pension assets			24,000	13,000
Net operating expenditure			5,475,054	1,259,562
Sources of finance				
Income from the Rate Funds			1,125,808	1,085,099
Net deficit for the year			(4,349,246)	(174,463)

The notes on pages 24 to 37 form part of these financial statements.

Peel Town Commissioners

Statement of the Movement on the General Fund Balance for the year ended 31 March 2013

	<i>Notes</i>	2012/13 £	2011/12 £
Deficit for the year on the Income and Expenditure Account		(4,349,246)	(174,463)
Amounts included in the Income and Expenditure account but required by statute to be excluded when determining the Movement on the General Fund Balance			
Depreciation		26,990	57,141
Impairments/demolition of fixed assets		795,800	108,600
Reversal of net charges made for retirement benefits	27	16,000	3,000
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year			
Capital loan repayments received		16,138	16,053
Revenue contribution to capital assets		(36,564)	(4,368)
Capital loan repayments		(60,743)	(67,019)
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year			
Transfer from housing revenue account		3,588,389	84,294
(Deficit)/surplus for the year		(3,236)	23,238
General Fund Balance brought forward		232,581	209,343
General Fund Balance carried forward		229,345	232,581

The notes on pages 24 to 37 form part of these financial statements.

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Housing Revenue Income and Expenditure Account

for the year ended 31 March 2013

	£	2012/13 £	2011/12 £
Income			
Dwelling rents	1,101,652		985,984
Contributions towards expenditure including Housing Deficiency Payments	<u>392,517</u>		<u>376,804</u>
Total income		1,494,169	1,362,788
Expenditure			
Repairs and maintenance	309,104		313,702
Administration allowance	76,903		76,903
Depreciation	494,069		516,542
Bad debt provision	655		4,748
Impairment of assets	<u>3,638,043</u>		<u>-</u>
		<u>(4,518,774)</u>	<u>(911,895)</u>
(Deficit)/surplus for the year on the HRA income and expenditure account before interest		(3,024,605)	450,893
Interest received	918		941
Interest payable and similar charges	<u>(564,702)</u>		<u>(536,128)</u>
		<u>(563,784)</u>	<u>(535,187)</u>
Net deficit for the year on the HRA income and expenditure account		(3,588,389)	(84,294)

The notes on pages 24 to 37 form part of these financial statements.

Peel Town Commissioners

Statement of the Movement on the Housing Revenue Account Balance for the year ended 31 March 2013

	2012/13 £	2011/12 £
Deficit for the year on the HRA income and expenditure account	(3,588,389)	(84,294)
Amounts included in the Housing Revenue Income and expenditure accounts but required by statute to be excluded when determining the Movement on the Housing Revenue Account balance		
Depreciation charge for the year	494,069	516,542
Impairment of fixed assets	3,638,043	-
Amounts not included in the Housing Revenue Income and expenditure account but required by statute to be included when determining the Movement on the Housing Revenue Account Balance for the year		
Housing contribution to capital assets	(4,685)	-
Capital repayments on loans	(527,063)	(438,335)
Surplus/(deficit) for the year before transfers to reserves	<u>11,975</u>	<u>(6,087)</u>
Transfers to or from the Housing Revenue Account Balance that are required to be taken into account when determining the Movement on the Housing Revenue Account Balance for the year		
Transfers (to)/from housing reserve account	<u>(11,975)</u>	<u>6,087</u>
	-	-
Housing Revenue Account Balance brought forward	<u>-</u>	<u>-</u>
Housing Revenue Account Balance carried forward	<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 24 to 37 form part of these financial statements.

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Statement of Total Recognised Gains and Losses for the year ended 31 March 2013

	<i>Notes</i>	2012/13 £	2011/12 £
Deficit on the income and expenditure account for the year		(4,349,246)	(174,463)
Actuarial losses on Pension Fund Assets and Liabilities	27	<u>(177,000)</u>	<u>(58,000)</u>
Total gains and losses recognised since last annual report		<u>(4,526,246)</u>	<u>(232,463)</u>

The notes on pages 24 to 37 form part of these financial statements.

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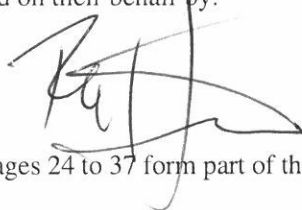
Balance Sheet

As at 31 March 2013

	<i>Notes</i>	2013 £	2012 £
Fixed assets			
Tangible fixed assets	<i>1</i>	36,605,168	39,483,712
Current assets			
Debtors	<i>5</i>	297,565	154,177
Prepayments		136,179	128,880
Cash at bank and short term investments	<i>6</i>	416,459	438,285
		<u>850,203</u>	<u>721,342</u>
Current liabilities			
Bank overdraft	<i>11</i>	(764,060)	(2,030,752)
Short term borrowing	<i>11</i>	(767,663)	(519,379)
Creditors	<i>7</i>	(626,744)	(542,797)
		<u>(2,158,467)</u>	<u>(3,092,928)</u>
Net current liabilities		(1,308,264)	(2,371,586)
		<u>35,296,904</u>	<u>37,112,126</u>
Total assets less current liabilities			
Long-term liabilities			
Liability relating to defined benefit pension scheme	<i>27</i>	(918,000)	(725,000)
Long term borrowing	<i>11</i>	(13,041,004)	(10,522,980)
		<u>21,337,900</u>	<u>25,864,146</u>
Total assets less liabilities			
Financed by:			
Revaluation reserve	<i>9</i>	17,070,259	22,128,293
Accumulated surpluses	<i>9</i>	458,782	450,043
Pensions reserve	<i>9/27</i>	(918,000)	(725,000)
Capital adjustment account	<i>9</i>	4,697,713	3,981,664
Usable capital receipts	<i>9</i>	29,146	29,146
		<u>21,337,900</u>	<u>25,864,146</u>

The financial statements were approved and authorised for issue by the Authority on 14 November 2013 and were signed on their behalf by:

Chairman



Town Clerk



The notes on pages 24 to 37 form part of these financial statements.

Peel Town Commissioners

Cash Flow Statement

for the year ended 31 March 2013

Revenue activities	£	2013 £	£	2012 £
Cash outflows				
Cash paid to and on behalf of employees	(647,097)		(641,486)	
Other operating cash payments	<u>(1,208,911)</u>	<u>(1,856,008)</u>	<u>(1,281,016)</u>	(1,922,502)
Cash inflows				
Rents	1,092,256		1,005,896	
Deficiency grant received	231,480		437,451	
Rate receipts	1,092,256		1,018,262	
Other operating cash receipts	<u>497,550</u>	<u>2,913,542</u>	<u>546,413</u>	<u>3,008,022</u>
Net cash inflow from revenue activities		<u>1,057,534</u>		<u>1,085,520</u>
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid	<u>(606,254)</u>		(582,132)	
Cash inflows				
Interest received	<u>1,031</u>		<u>1,130</u>	
		<u>(605,223)</u>		<u>(581,002)</u>
Capital activities				
Cash outflows				
Purchase of fixed assets	(1,973,753)		(1,393,798)	
Cash inflows				
Proceeds on land swap	<u>-</u>	<u>(1,973,753)</u>	<u>15,000</u>	<u>(1,378,798)</u>
Net cash outflow before financing		<u>(1,521,442)</u>		<u>(874,280)</u>
Management of liquid resources				
(Increase) /decrease in short term deposits		(1,030)		148,870
Financing				
Cash outflows				
Repayments of amounts borrowed	<u>(587,668)</u>		<u>(505,281)</u>	(505,281)
Cash inflows				
Bank loans taken out in year	<u>3,353,976</u>	<u>2,766,308</u>	<u>-</u>	<u>-</u>
		<u>2,765,278</u>		<u>(356,411)</u>
Net increase/(decrease) in cash		<u>1,243,836</u>		<u>(1,230,691)</u>

Peel Town Commissioners

Notes to the Cash Flow Statement for the year ended 31 March 2013

1. Reconciliation of net deficit to cash inflow from revenue activities

	2012/13 £	2011/12 £
Net deficit for the year on general fund income and expenditure account	(4,349,246)	(174,463)
Impairment of assets	4,433,844	108,600
Depreciation	521,058	573,682
Interest paid	606,254	582,132
Interest received	(1,031)	(1,130)
(Increase)/decrease in debtors	(150,686)	53,461
(Decrease) in creditors	(18,659)	(59,762)
Pension movement	16,000	3,000
Net cash inflow from revenue activities	<u>1,057,534</u>	<u>1,085,520</u>

2. Reconciliation of the movement in net debt

	2012/13 £	2011/12 £
Net debt at 1 April	(12,634,826)	(11,760,546)
Movement in net debt:		
Cash used to increase investments	1,030	(148,870)
Increase/(decrease) in cash in the period	1,243,836	(1,230,691)
Net (outflow)/inflow from debt financing	<u>(2,766,308)</u>	<u>505,281</u>
Net debt at 31 March	<u>(14,156,268)</u>	<u>(12,634,826)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2012 £	Cash movement £	Non Cash movement £	Balance at 31 March 2013 £
Cash in hand	201,760	(22,856)	-	178,904
Overdrafts	(2,030,752)	1,266,692	-	(764,060)
	<u>(1,828,992)</u>	<u>1,243,836</u>	<u>-</u>	<u>(585,156)</u>
Short term investments	236,525	1,030	-	237,555
Net debt:				
Due within one year	(519,379)	519,379	(767,663)	(767,663)
Due after one year	(10,522,980)	(3,285,687)	767,663	(13,041,004)
Total net debt	<u>(12,634,826)</u>	<u>(1,521,442)</u>	<u>-</u>	<u>(14,156,268)</u>

The authority's liquid resources comprise of deposit accounts that cannot be accessed within 24 hours.

Peel Town Commissioners

General Rate Fund

As at 31 March 2013

	£	2013 £	£	2012 £
Total rates levied for the year		862,302		832,438
<i>Add:</i>				
Due from/(to) Treasury re prior year	19,611		(21,673)	
Arrears brought forward	51,068	70,679	76,070	54,397
		<hr/>	<hr/>	<hr/>
<i>Less:</i>		932,981		886,835
Discounts	(28,988)		(28,126)	
Collection charge	(8,529)		(8,451)	
Exempt and unoccupied properties	(8,186)		(10,233)	
Refunds	(322)		(190)	
		<hr/>	<hr/>	<hr/>
		(46,025)		(47,000)
Irrecoverable amounts and re-rating adjustments		(1,540)		(16,869)
		<hr/>		<hr/>
Total rates collectable		885,416		822,966
		<hr/> <hr/>		<hr/> <hr/>
Rates received in the year:				
Current year rates	762,080		745,150	
Arrears collected	20,548		28,810	
Balance from/(to) Treasury re previous year	19,611		(21,673)	
		<hr/>	<hr/>	
Total rates received in the year		802,239		752,287
Balances outstanding carried forward:				
Due from Treasury re current year	38,215		19,611	
Arrears - current year	15,982		20,677	
- previous years	28,980		30,391	
		<hr/>	<hr/>	
		83,177		70,679
		<hr/>		<hr/>
		885,416		822,966
		<hr/> <hr/>		<hr/> <hr/>

Peel Town Commissioners

Refuse Rate Fund

As at 31 March 2013

	£	2013 £	£	2012 £
Total refuse rates levied for the year		313,455		304,614
<i>Add:</i>				
Due from/(to) Treasury re prior year	7,390		(8,712)	
Arrears brought forward	19,575	26,965	23,739	15,027
		<u>340,420</u>		<u>319,641</u>
<i>Less:</i>				
Discounts	(10,088)		(9,709)	
Collection charge	(3,182)		(3,088)	
Exempt and unoccupied properties	(2,239)		(3,606)	
Refunds	(126)		(89)	
		<u>(15,635)</u>	<u>(16,492)</u>	
Irrecoverable amounts and re-rating adjustments		(13)		(3,702)
		<u>324,772</u>		<u>299,447</u>
Total refuse rates collectable		324,772		299,447
Refuse rates received in the year:				
Current year refuse rates	274,410		271,913	
Arrears collected	8,217		9,281	
Balance from/(to) from Treasury re previous year	7,390		(8,712)	
		<u>290,017</u>	<u>272,482</u>	
Total refuse rates received in the year		290,017		272,482
Balances outstanding carried forward:				
Due from Treasury re current year	15,927		7,390	
Arrears - current year	7,482		8,818	
- previous years	11,346		10,757	
		<u>34,755</u>	<u>26,965</u>	
		<u>324,772</u>	<u>299,447</u>	

Peel Town Commissioners

Notes to the Statement of Accounts

(forming part of the financial statements for the year ended 31 March 2013)

1. Tangible fixed assets

	Land and Property £	Vehicles Plant and equipment £	Investment Property £	Total £
Cost/valuation				
At 31 March 2012	39,550,746	109,551	1,510,000	41,170,297
Additions in the year	2,035,110	41,248	-	2,076,358
Transfers in the year	(775,000)	-	775,000	-
Impairment	(5,131,444)	-	(619,500)	(5,750,944)
At 31 March 2013	35,679,412	150,799	1,665,500	37,495,711
Depreciation				
At 31 March 2012	1,604,575	82,010	-	1,686,585
Charge for year	536,939	22,519	-	559,458
Transfers	(38,400)	-	38,400	-
Write back of depreciation	-	-	(38,400)	(38,400)
Impairment provision	(1,317,100)	-	-	(1,317,100)
At 31 March 2013	786,014	104,529	-	890,543
Net Book Value				
At 31 March 2013	34,893,398	46,270	1,665,500	36,605,168
At 31 March 2012	37,946,171	27,541	1,510,000	39,483,712

Valuation of fixed assets

The Authority plans to fully revalue its fixed assets every five years. Valuations have been carried out by Chrystals Commercial, Chartered Surveyors who are the Authority's external valuer. The basis for valuation is set out in the statement of accounting policies.

Following evidence of a potential impairment in values of the land and property owned, Chrystals Commercial carried out a desktop review of the value of all assets. Assets have now been valued as follows:

	Operational Social housing dwellings £	Operational Specialised property £	Operational Non Specialised property £	Non Operational property £	Infra- structure & Community assets £	Total £
Valued at historic cost	6,582,031	7,625	-	-	-	6,589,656
Included at valuation	30,709,200	3,962,000	325,000	1,510,000	Nominal	36,506,200
Transfers	-	(700,000)	(75,000)	775,000	-	-
Impairment	(4,899,944)	(206,500)	(25,000)	(619,500)	-	(5,750,944)
	32,391,287	3,063,125	225,000	1,665,500	Nominal	37,344,912

The desktop review has resulted in an impairment provision of £4,433,844.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

1. Tangible fixed assets - continued

Included within the above valuation is land valued which was valued at £15,159,680 before the desktop review, which has not been depreciated. Land has not been separately valued in the desktop valuation.

The Authority has reviewed the values of assets in all categories of assets including those professionally valued at 31 March 2009 and at 31 March 2013. The impairment charge has arisen as a result of this valuation as at 31 March 2013.

Impairment adjustments of £4,433,844 have been made against certain of the authorities land and properties. This represents changes as a result of the desktop review and is in the opinion of the Commissioners a permanent diminution in value.

Depreciation methodologies

Depreciation is provided on all assets with a finite useful life, other than freehold land and non operating property. Depreciation is calculated on Balance Sheet values over periods reflecting the following estimated useful lives:

Property and Dwellings (including associated Housing Revenue Account assets) – 2% per annum on a straight line basis.

Component parts of Social Housing Improvements – Between 5 and 30 years

Vehicles, plant and equipment – 20% per annum on a straight line basis

2. Assets held

Operational assets	Number at 31 March 2012 restated	Changes 2012/13	Number at 31 March 2013
Social Housing Dwellings (note 25)	321	-	321
Other Land and Buildings			
Car parks	9	-	9
Depots	1	-	1
Public Conveniences	4	-	4
Public Halls	1	(1)	-
Public Offices	1	-	1
Recreational properties	5	-	5
Miscellaneous properties	5	-	5
Vehicles, Plant and Equipments			
Vehicles	11	2	13
Infrastructure Assets			
Parks and open spaces	7	-	7
Non-Operational assets			
Commercial properties	5	1	6
Retail properties	3	-	3

These figures have been fully reconciled at the year end and this has resulted in a reduction to the opening figures in respect of motor vehicles from 12 to 11.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

3. Capital expenditure and financing

	2012/13 £	2011/12 £
Capital investment		
Operational assets	<u>2,076,358</u>	<u>1,599,624</u>
Sources of finance		
Isle of Man Bank Financing	2,035,109	1,380,256
Revenue contribution	36,564	19,368
Housing maintenance	4,685	-
Land sale in year	-	200,000
	<u>2,076,358</u>	<u>1,599,624</u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2013 are listed below:

	31 March 2013 £	31 March 2012 £
Housing	<u>1,043,605</u>	<u>3,046,609</u>

Commitments represent expenditure in relation to major housing schemes due under capital contracts.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

5. Debtors

Debtors due within one year

	2013	2012
	£	£
Amounts falling due in one year (net of bad debt provisions):		
Government departments	100,465	9,605
Ratepayers	61,181	35,850
Housing rents	14,101	13,724
Sundry debtors	121,818	94,998
	<u>297,565</u>	<u>154,177</u>

Debtor balances are shown net of provisions for bad or doubtful debts. Details of these provisions are given at note 8.

6. Cash

The cash at bank figure at 31 March 2013 was £416,459 (2012: £438,285). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 20 to 21 and details of the authority's overdraft position is provided in note 11.

7. Creditors

	2013	2012
	£	£
Trade creditors	207,383	167,668
Housing rents	21,379	19,804
Sundry creditors and accruals	310,812	196,158
Government departments	87,170	159,167
	<u>626,744</u>	<u>542,797</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

8. Provisions

The Authority maintains the following provisions for bad or doubtful debts:

	2013	2012
	£	£
Sundry debtors	18,108	9,026
Rate debtors	56,751	61,794
Rent debtors	7,383	6,733
	<u>82,242</u>	<u>77,553</u>

9. Reserves

	Usable Capital receipts	Revaluation reserve	Capital adjustment Account	Pension Reserve
	£	£	£	£
Balance at 1 April 2012	29,146	22,128,293	3,981,664	(725,000)
Movement for the year	-	(724,190)	616,049	(193,000)
Impairment provision	-	(4,333,844)	100,000	-
Balance at 31 March 2013	<u>29,146</u>	<u>17,070,259</u>	<u>4,697,713</u>	<u>(918,000)</u>

Accumulated surpluses

	Leece Museum	Links Development	W.E Brown Memorial	Town Hall (Corrin Legacy)
	£	£	£	£
Balance at 1 April 2012	15,789	2,075	539	339
Movement for the year	-	-	-	-
Balance at 31 March 2013	<u>15,789</u>	<u>2,075</u>	<u>539</u>	<u>339</u>

Accumulated surpluses continued

	General revenue account	Housing reserve Account	Total
	£	£	£
Balance at 1 April 2012	232,581	198,720	450,043
Net surplus/(deficit) for the year	(3,236)	11,975	8,739
Balance at 31 March 2013	<u>229,345</u>	<u>210,695</u>	<u>458,782</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

10. Analysis of net assets employed

	2013	2012
	£	£
General Fund	3,166,025	4,098,570
Housing revenue account	18,171,875	21,765,576
	<u>21,337,900</u>	<u>25,864,146</u>

11. Bank Loans and overdraft

Loans outstanding are the amounts borrowed from external lenders at the balance sheet date. They may be analysed as follows:

	2013	2012
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	13,808,667	11,042,359
Isle of Man Bank Overdraft	764,060	2,030,752
	<u>14,572,727</u>	<u>13,073,111</u>
Analysis of loans by maturity:		
	£	£
Less than 1 year	1,531,723	2,550,131
Between 1 and 2 years	780,392	535,845
Between 2 and 5 years	2,249,718	1,553,795
Between 5 and 10 years	3,628,884	2,528,539
More than 10 years	6,382,010	5,904,801
Total outstanding	<u>14,572,727</u>	<u>13,073,111</u>

In recent years the authority has taken out IOM Bank Loan finance to fund long term capital projects. Each of these loans are unsecured, repayable between 10 and 30 years and previously were fixed term loans. The interest charged on these loans varies between 4.33% and 5.79%. In the year, a number of new loans were taken out at 1.25% above LIBOR as the authority is not permitted to take out any new fixed term loans.

Any monies borrowed on temporary overdraft facilities incur interest at 1.25% above base rate. Such loans have been sanctioned on a loan by loan basis by both Treasury and the Department of Infrastructure and/or the Department of Social Care and are secured by way of a Letter of Comfort issued by Treasury.

12. Contingent liabilities

There are no known contingent liabilities at the Balance Sheet date.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

13. Post balance sheet events

Other than detailed in note 28 below, there have been no events since the date the balance sheet was produced that would require adjustment to the financial statements or disclosure in the notes to the accounts. These financial statements have been amended to include an impairment provision in respect of the future demolition of garages.

14. Members' allowances

During 2012/13 the Authority paid £4,413 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2011/12: £4,350).

15. Employees' remuneration

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £25,000 was:

Remuneration Band	Total	2012/13	Total	2011/12
		Number of Employees		Number of Employees
		Leavers in year		Leavers in year
£50,000 - £74,999	1	0	1	0

16. Related party transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government has a direct influence over the general operations of the Authority as it is responsible for providing the statutory framework within which the Authority operates. It also provides funding in the form of grants and prescribes the terms of many transactions that the Commissioners have with other parties ie housing rents. During the year the Commissioners required funding of £392,517 in the form of housing deficiency grants (2012: £376,804). At the year end the Commissioners were owed £89,901 (2012: owed to Government £75,884) in respect of amounts received in excess of this requirement. The Commissioners also received £16,068 from IOM Water Authority in respect of loan financing that is repayable by them to the Commissioners (2012: £16,665). At the year end, an amount of £Nil was owed to the Commissioners in this respect (2012: £16,068).

All Commissioners and officers of the Authority are asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties. Peel & Western District Housing Committee is a related party of Peel Town Commissioners as the Responsible Finance Officer of Peel is also the Clerk of Peel & Western District Housing Committee. During the year an amount of £22,258 (2012: £29,377) was invoiced from Peel Town Commissioners to Peel & Western District Housing Committee in respect of the recharge of expenditure incurred and staff costs incurred by Peel Town Commissioners. At the year end, an amount of £1,604 (2012: £1,470) was due from Peel & Western District Housing Committee in this respect.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

17. Audit fees

During 2012/13 the Authority incurred the following fees relating to external audit and inspection:

	2012/13 £	2011/12 £
Fees payable with regard to external audit services carried out by the appointed auditor	8,400	8,400

18. Total rateable value

The total rateable value of the Town at 31 March 2013 is £362,644 (2012: £355,183) with a 242p rate being charged (2012: 237p). In addition a refuse charge of £128.50 (2012: £126.50) per household was levied for the year.

19. Statement of Movement on the General Fund Balance

The Income and Expenditure account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority raises rates on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed
- Retirement benefits are charged as the amounts become payable to pension funds and pensioners, rather than as future benefits earned.

The General Fund Balance compares the Authority's spending against the rateable income that it raised for the year, taking into account the use of reserves built up in the past and contributions to funds and reserves. This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

20. Housing fixed assets

	Social Housing Dwellings Restated £
Cost/valuation	
At 31 March 2012	35,256,246
Additions in the year	2,034,985
Impairment provision	(4,899,944)
At 31 March 2013	<u>32,391,287</u>
Depreciation	
At 31 March 2012 (restated)	1,475,965
Charge for year	494,069
Impairment provision	(1,261,900)
At 31 March 2013	<u>708,134</u>
Net Book Value	
At 31 March 2013	<u>31,683,153</u>
At 31 March 2012 (restated)	<u>33,780,281</u>

The authority's social housing dwellings were revalued as at 31 March 2009 on a basis that reflects their use for social housing. In addition, as disclosed in note 1, a desktop review was carried out as at 31 March 2013.

The vacant possession value of dwellings at 31 March 2009 amended for impairment review adjustments as at 31 March 2013 was £49,451,000.

The difference in value at each date represents the economic cost to the Government of providing social housing at less than open market rents. Depreciation is charged on these assets in accordance with the methodologies in note 1. There has been a slight change to the opening accumulated depreciation, as this was previously overstated by £2,701. There is no overall effect on the financial statements as this is a disclosure only. Impairment provisions have been made as disclosed in note 1.

21. HRA capital expenditure

Capital expenditure on HRA land and buildings was financed as follows:

	2012/13 £	2011/12 £
Borrowing	2,034,985	1,354,156
	<u>2,034,985</u>	<u>1,354,156</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

22. Housing reserve account

	2012/13	2011/12
	£	£
Balance at 1 April 2012	198,720	204,807
Transfers to/(from) housing reserve	11,975	(6,087)
	<u>210,695</u>	<u>198,720</u>

23. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 2.80% of the rentals for the year, compared to 3.26% in 2011/12.

24. Housing deficiency grant

Housing deficiency grant is paid from central government to meet the shortfall which might be incurred by the Authority. The amount of deficiency due at the year end is shown as follows:

	2012/13	2011/12
	£	£
Deficiency receivable/(repayable) at year end	<u>89,901</u>	<u>(71,136)</u>

25. Housing stock

The housing stock of dwellings at 31 March was made up as follows:

	2012/13	2011/12
	No's	No's
Houses and bungalows	279	279
Flats and maisonettes	37	37
Other	5	5
	<u>321</u>	<u>321</u>

Changes in the housing stock are detailed below:

	2012/13	2011/12
	No's	No's
Stock at 1 April 2012	321	321
Additions	-	-
Disposals	-	-
	<u>321</u>	<u>321</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

26. Rent arrears

	2012/13 £	2011/12 £
Rent arrears	<u>21,484</u>	<u>20,457</u>
Rent arrears as a percentage of gross rent income	<u>1.90%</u>	<u>2.00%</u>

No amounts were written off in either 2012 or 2013 and as at 31 March 2013 the provision stood at £7,383 (£6,733 at 31 March 2012).

27. Pensions

As part of the terms and conditions of employment of its employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make these payments. The Authority participates in the Isle of Man Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2012. This is a defined benefit statutory scheme. The Authority and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the pension liabilities with investment assets.

During the financial year the cost of pensions contributions £115,531 (2012: £115,769) has been charged to the Income and Expenditure Account. The Authority must also disclose its share of the assets and liabilities related to the scheme for its employees.

The assets and liabilities of the Scheme as at 31 March 2013 were valued by the Fund's actuaries, Hymans Robertson, using the projected unit method, which assesses the future liabilities of the Scheme discounted to their present value. The main financial assumptions used in the calculations are:

Assumptions	31 March 2013 % per annum	31 March 2012 % per annum
Rate of increase in salaries	5.1%	4.8%
Rate of increase in pensions	2.8%	2.5%
Rate for discounting scheme liabilities	4.5%	4.8%
Rate for expected return on assets	5.0%	5.3%

The actuary has also adopted a set of demographic assumptions that are consistent with those used for the Pension Scheme at the last triennial valuation on 31st March 2010.

The actuary used this valuation as the basis for the FRS17 calculations. The assets in the Isle of Man Local Government Superannuation Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Superannuation Scheme Accounts.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

27. Pensions (continued)

The fair value of the assets and liabilities held by the Authority within the Scheme are as follows:

	31 March 2013	31 March 2012
	£	£
Fair value of employer assets	2,325,000	1,968,000
Present value of funded scheme liabilities	(3,243,000)	(2,693,000)
Net pensions liability	(918,000)	(725,000)

The fair value of the pension scheme assets at 31 March can be analysed as follows:-

	31 March 2013	31 March 2012
	£	£
Equities	1,651,000	1,260,000
Bonds	465,000	492,000
Property	186,000	177,000
Cash	23,000	39,000
Estimated employer assets	2,325,000	1,968,000

The following transactions have been made in the income and expenditure account during the year:

	2012/13	2011/12
	£	£
Net cost of service		
Current service cost	108,000	105,000
Net operating expenditure		
Interest cost	131,000	141,000
Expected return on employer assets	(107,000)	(128,000)
Actual amount charged against rate income for LGPS contributions in the year		
Employer contribution payable to the Scheme	(116,000)	(115,000)

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

27. Pensions (continued)

The net deficit on the scheme has increased from £725,000 to £918,000. An analysis of the movement during the year is shown below:

	2012/13 £	2011/12 £
Net pension liability at the beginning of the year	(725,000)	(664,000)
Current service cost	(108,000)	(105,000)
Employer contributions	116,000	115,000
Expected net return on employer assets	(24,000)	(13,000)
Actuarial gains/(losses)	(177,000)	(58,000)
Net pension liability at the end of the year	(918,000)	(725,000)

The actuarial losses have been further analysed in the following table, measured as absolute amounts and as a percentage of assets or liabilities as at the end of the financial year:

	2012/13		2011/12	
	£	Actuarial result as % of assets/ liabilities	£	Actuarial result as % of assets/ liabilities
Value of assets at end of year	2,325,000		1,968,000	
Total present value of liabilities	(3,243,000)		(2,693,000)	
Difference between the actual and expected return on assets	150,000	6.45%	(103,000)	-5.23%
Actuarial losses recognised in the statement	(177,000)	5.46%	(58,000)	2.15%

The breakdown of the expected return on net assets can be further broken down by category;

	31 March 2013	31 March 2012
Equities	5.7%	6.2%
Bonds	2.9%	3.3%
Property	3.9%	4.4%
Cash	3.0%	3.5%

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2013)

27. Pensions (continued)

The above figures have been provided by the actuaries to the Isle of Man Local Government Superannuation Scheme using information provided by the Scheme, and assumptions determined by the Authority in conjunction with the actuary. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations could be affected by uncertainties within a range of possible values.

The net liability represents the difference between the value of the Authority's share of assets in the Scheme and the value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in the global equity markets after 31 March 2013 would also have an impact on the capital value of the pension fund assets.

In addition, full details of the pension fund accounts can be obtained from Douglas Borough Council, Douglas, Isle of Man.

28. Investments

The Authority has representation on the board of the Western Civic Amenity Site ('the Committee'). The Committee comprises representative members from various western local authorities, whereby each representative member has access to the rewards, and exposure to the associated risks, arising from the operation of the Committee. The Committee is managed jointly by its representative members, with no single member having control or the right to exercise dominant or significant influence. Accordingly the Authority's interest in the Committee is considered to be an 'Investment' as defined by the SORP.

The Authority, together with the other representative members, fund the Committee to the extent necessary to maintain its operations, but have made no capital contribution to the Board and therefore the investment is recorded at nil value.

On 1 July 2013, the Western Civic Amenity Site ("The Committee") transferred its operations, assets and liabilities to a new entity, the Western Civic Amenity Site Board and the Committee ceased to exist. The Authority, from 1 July 2013, has representation on the Board of the Western Civic Amenity Site Board under the same terms as set out above.

29. Comparative figures

During the year, a detailed Income and Expenditure Account has been drawn up to provide enhanced information to Commissioners and other users of the financial statements. As a result, certain prior year income and expenses have been re-categorised to provide consistent disclosure of income and expenditure within the same overall headings.

There has been no overall change to the results or the net assets for the prior year as a change of this amendment.

The unaudited detailed Income and Expenditure account is presented on pages 38 to 40.

Peel Town Commissioners

Detailed Income and Expenditure Account for the year ended 31 March 2013

	2013 £	2013 £	2012 £	2012 £
Employee costs				
Office salaries	187,193		188,265	
Housing officer	28,040		28,121	
Technical officer	42,676		42,885	
Attendants	70,982		72,342	
Grass cutting	36,617		25,492	
Gardening	27,224		27,062	
Cleaning	32,725		38,360	
Admin – Foreman	10,769		12,539	
Commercial properties	18,211		11,350	
General properties	65,028		49,167	
Works	26,099		51,131	
Public functions	8,204		7,385	
Refuse	1,750		1,956	
Drainage	15,165		11,791	
Ward library	32,491		32,101	
Leece museum	30,000		30,132	
		<u>633,174</u>		<u>630,079</u>
Premises related costs				
Playground costs	5,292		10,033	
Amenity areas	22,725		13,532	
Ballawattleworth grass cutting	-		21,373	
Skateboard/BMX costs	3,230		7,479	
Beach costs	1,401		2,859	
Campsite costs	22,072		13,690	
Phillip Christian Centre costs	4,311		2,627	
Ward library costs	11,354		9,948	
Leece Museum costs	5,905		6,175	
Bowls and tennis costs	2,381		1,533	
Swimming pool contributions	8,880		8,834	
Commercial property costs	20,098		14,252	
Landslip costs	23,973		-	
Dangerous building costs	33,330		1,542	
Street lighting costs	49,840		69,871	
Repairs to commissioners land	579		12,670	
Seats, bins, flags, signs, clocks etc	2,289		10,553	
Mill Road yard costs	6,517		9,803	
Clothing	2,716		2,175	
Replacement equipment	2,052		784	
Repairs to toilets	13,679		17,454	
Shelters, CCTV, road repairs	888		1,401	
		<u>243,512</u>		<u>238,588</u>

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Peel Town Commissioners

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2013

	2013 £	2013 £	2012 £	2012 £
Premises related income				
Commercial rents	74,744		72,959	
Campsite fees	75,827		76,118	
Library fees	2,727		2,728	
Shell tipping fees	1,200		1,200	
Garage rents	45,788		39,312	
Peel Hill rents	4,690		4,032	
Car park fees	4,707		4,130	
Other income	698		1,038	
		<u>(210,381)</u>		<u>(201,517)</u>
		<u><u>33,131</u></u>		<u><u>37,071</u></u>
Agency and contracted services costs				
Refuse disposal	98,393		88,143	
Refuse contract	153,900		144,231	
Wheelie bin purchase	2,079		6,125	
Amenity site charges	97,125		89,105	
		<u>351,497</u>		327,604
Agency and contracted services income				
Commercial refuse income		<u>(42,698)</u>		<u>(43,978)</u>
		<u><u>308,799</u></u>		<u><u>283,626</u></u>
Recharge costs				
Drainage recharge costs	6,194		7,751	
Street cleaning	5,769		6,421	
Westlands	20,279		26,707	
		<u>32,242</u>		40,879
Recharge income				
Drainage recharge costs	20,815		20,391	
Street cleaning	45,565		45,830	
Westlands	22,258		29,378	
Grass cutting	11,862		10,367	
		<u>(100,500)</u>		<u>(105,966)</u>
		<u><u>(68,258)</u></u>		<u><u>65,087</u></u>

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Peel Town Commissioners

Detailed Income and Expenditure Account (continued) for the year ended 31 March 2013

	2013	2013	2012	2012
	£	£	£	£
Central and technical				
Public function fireworks	4,711		4,825	
Civic Sunday	2,094		2,042	
Peel Day	13,133		9,962	
Carnival Day	5,054		4,417	
Christmas costs	5,786		5,410	
Other public function costs	3,183		3,483	
Rates payable	5,484		1,014	
Audit fees	8,622		9,097	
Accountancy fees	16,451		15,053	
Legal and professional fees	4,974		15,656	
Website costs	7,371		6,312	
Printing, stationery, photocopier etc	6,120		6,156	
Postage	2,381		2,034	
Insurance	17,588		17,439	
Election expenses	1,044		73	
Attendance allowances	4,413		4,350	
Honorarium	1,500		1,500	
Town Hall maintenance	1,123		3,253	
Computer costs	18,403		13,398	
Telephone	4,922		5,993	
Staff training	1,685		2,192	
Miscellaneous	9,416		5,233	
Rate collection costs	11,711		11,540	
Rates provision - write back of provision	(3,576)		(6,226)	
Other bad debt provisions	8,078		2,613	
	<hr/>	161,671	<hr/>	146,819
Central and technical income				
Admin allowance	76,903		76,903	
Rates commission	3,454		3,455	
Search fees	9,475		8,925	
Hire of Boardroom	450		650	
Other income	4,481		3,765	
	<hr/>	(94,763)	<hr/>	(93,698)
		<hr/> 66,908 <hr/>		<hr/> 53,121 <hr/>
Motor vehicle expenses				
Tax and licences	1,566		1,022	
Petrol and diesel	7,233		8,172	
Repairs	12,440		6,272	
Lease costs	437		512	
	<hr/>	<hr/> 21,676 <hr/>	<hr/>	<hr/> 15,978 <hr/>

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