

Peel Town Commissioners

Financial Statements

For the year ended 31 March 2010

Peel Town Commissioners

<i>Contents</i>	<i>Page</i>
Explanatory Foreword	2 - 4
Statement of Accounting Policies	5 - 8
Statement of Responsibilities for the Financial Statements	9
Statement of Internal Control	10 -11
Report of the Independent Auditors	12 -13
Income and Expenditure Account	14
Statement of the Movement on the General Fund Balance	15
Housing Revenue Income and Expenditure Account	16
Statement of Movement on the Housing Revenue Account Balance	17
Statement of Total Recognised Gains and Losses	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Cash Flow Statement	21
General Rate Fund	22
Refuse Rate Fund	23
Notes to the Statement of Accounts	24 - 36

Peel Town Commissioners

Explanatory Foreword

Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2010. 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.

Peel Town Commissioners

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.

Net expenditure is met from the following sources:

- Income from the General Rate Fund and Refuse Rate Fund

For the year ended 31 March 2010 the deficit during the year amounted to £61,459 (2009 restated: surplus £121,867). This included a net credit of £20,000 (2009: £23,000) in relation to pension service costs.

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 2010, the surplus amounted to £48,406 (2009 deficit: £34,845). This was mainly due to an increased rate income due to the continued expansion of the Town.

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2009/10 resulted in a deficiency requirement of £255,857, (2009: £145,598).

The deficit relates largely to the increased level of borrowings in recent times to fund capital schemes in the Town.

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 DOLGE covering any deficit and hence there is no annual movement on the reserve.

Capital Expenditure

Total capital expenditure in the year was £1,774,055 and is analysed as follows:

Study 5 North View - £237,003
Study 6 and 7 Strand Street and Beach Street Flats - £627,342
Ballawattleworth Elderly Persons Complex - £58,837
Study 1 North View and Glenfaba - £666,559
Cavity Wall Installation - £133,411
Central Heating Close Chairn - £2,470
Costs 13 and 15 Athol Street - £6,571
Doors and Windows various properties - £33,610
Vehicle - £8,252

Peel Town Commissioners

Explanatory Foreword (continued)

Capital Expenditure - continued

Financing was provided and analysed as follows:

IOM Bank loans - £1,708,958
Usable capital receipts brought forward – £23,235
Housing Reserve - £33,610
General Revenue - £8,252

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 229p (2009: 224p) in the £ on a rateable value of £342,440 (2009: £326,471) during the year. In addition a separate refuse charge of £98 (2009: £98) per residential household was levied.

Total rates arrears were £93,468 (2009: £109,872) although £12,688 (2009:£39,707) was received from Treasury on 28 April 2010. Prior year rates were recovered totalling £11,430 (2009: £14,123).

Investments and Borrowing

During the year no external investments were made and the Authority borrowed £1,708,958 (2009: £1,290,864) during the year to finance capital schemes as highlighted above.

Reserves

The Authority's general revenue account has increased from £218,026 at 31 March 2009 to £266,433 at 31 March 2010. This is as a result of increased rate income as the town expands and brings the authority's general reserves to a level within the recommended range of 20-25% of rate income.

Pensions Liability

Financial Reporting Standard 17 "Retirement Benefits" (FRS17) requires the Authority to disclose certain information within its Statement of Accounts and this appears in note 28 to the Core Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Pension Scheme that is attributable to Peel Town Commissioners.

This is the difference between future liabilities and assets, as valued at 31st March 2010, and amounts to £1,071,000 an increase of £697,000 on the previous year.

This increase is primarily as a result of changes in expected mortality rates and also as a result of a significant change in real discount rates used in the calculation of the actuarial loss for the year.

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 land and buildings as at 31 March 2009.

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.

Certain comparative figures have been restated to include changes to accounting policies in the current year. Principally this change is to apply depreciation against assets held as explained in the accounting policy below and in note 29 to the financial statements.

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 furniture 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.

Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land. 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. The 2009 comparatives have been restated to include depreciation charges (see note 29).

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. Impairment reviews are carried out on all assets, other than non-depreciable land, where no depreciation charge is made or the estimated remaining useful life of the asset exceeds 50 years.

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 due from customers 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 stocks 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

The implementation of Financial Reporting Standard (FRS) 17 changed the accounting treatment of pension costs in 2009.

For 2008/2009 the Authority fully implemented the provisions of FRS 17, representing a change to accounting policies that have been applied in previous years.

The previous policy was to recognise liabilities in respect of retirement benefits only when employer contributions became payable to the Pension Fund or payments fell due to the pensioners for which the Commissioners were directly responsible.

The new accounting treatment better reflects the Authority's commitment in the long term to increase contributions to make up any shortfall to the Authority's proportion of net assets in the Pension Fund.

In accordance with the requirements of FRS 17, the Authority now accounts for retirement benefits when it is committed to give them, even if the actual payment will be many years into the future.

The financial statements therefore reflect, at fair value, the assets and liabilities arising from the Authority's retirement obligations. The operating cost of providing retirement benefits to employees is recognised in the accounting periods in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise. There are additional entries as accepted practice for local authorities to negate the effects on ratepayers or balances.

Pension arrangements for Authority employees are handled by the Local Government Pension 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 2009/10 contributions being based on the results of the review as at 31 March 2007. 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.

Peel Town Commissioners

Statement of Accounting Policies (continued)

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. During 2010, approval was received to spend £33,610 from this reserve towards the cost of capital schemes in the year.

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.

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

Provisions

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

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Accounts. Material contingent assets are disclosed in notes to the Accounts if the inflow of a receipt or economic benefit is probable. Material contingent liabilities are disclosed in notes if there is a possible obligation which may require a payment or a transfer of economic benefits. The nature and estimated financial effect of each item are disclosed.

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 Financial Statements

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 36 of this Statement present fairly the financial position of the Authority at 31 March 2010 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 as described above, and
- the external auditors in their annual audit letter and other reports.

The internal auditor concluded that no high risk observations were identified but medium risk observations were identified in four operational areas.

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 2010.

There were no matters of high risk identified during the year ended 31 March 2010.

(Signed) _____

(Chairman)

(Signed) _____

(Responsible Finance Officer)

(Dated) _____

5/10/10

Peel Town Commissioners

Report of the Independent Auditors to Peel Town Commissioners

We have audited the financial statements of Peel Town Commissioners, for the year ended 31 March 2010 which comprise the income and expenditure account, statement of the movement on the general fund balance, housing revenue income and expenditure account, statement of the movement on the housing revenue account balance, statement of total recognised gains and losses, the balance sheet, the cash flow statement, the general rate fund, the refuse rate fund, the related notes and the statement of accounting policies. The financial statements have been prepared in accordance with the accounting policies directed by the Isle of Man Treasury as relevant to local authorities set out therein.

This report is made solely to the 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 commissioners, those matters we are required to state to them in an auditors' 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 Commissioners, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Commissioners and the Responsible Financial Officer and auditors

The Commissioners and the Responsible Financial Officers responsibilities for preparing the Statement of Accounts, including the financial statements, in accordance with applicable law are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and have been prepared in accordance with the Accounts and Audit Regulations 2007 made under the Audit Act 2006.

In addition, we are required by section 4 of the Audit Act 2006 to consider whether the financial statements comply with the regulations made under section 12 of the Act and any directions under section 13, whether expenditure or income or any other transaction effected by or on account of the authority is or will be contrary to law, and whether the internal organisation of the authority and the controls maintained by it are such as to secure proper management of the finances of the authority and economy and efficiency in the use of its resources. Where we are not satisfied in respect of any of these matters our report will include a statement to that effect.

We read other information published with the Statement of Accounts and consider whether it is consistent with the audited financial statements. This other information comprises the explanatory forward, the statement of responsibilities for the statement of accounts, the statement of internal control and the statement on the system of internal financial control. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Peel Town Commissioners

Report of the Independent Auditors to Peel Town Commissioners (continued)

Basis of audit opinion

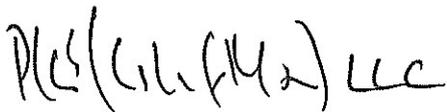
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with the requirements of the SORP, of the state of the authority's affairs as at 31 March 2010 and of its results for the year then ended; and
- have been prepared in accordance with the Accounts and Audit Regulations 2007 made under the Audit Act 2006.



PKF (Isle of Man) LLC
Douglas
Isle of Man

Date: 13 October 2010

Peel Town Commissioners

Income and Expenditure Account

for the year ended 31 March 2010

Statement of net expenditure	Notes	Gross expenditure	Income	2009/10 Net Expenditure	2008/09 Net Expenditure restated
		£	£	£	£
Continuing operations:					
Employee costs		515,413	-	515,413	440,598
Premises related costs		261,938	96,063	165,875	191,047
Agency and contracted services		248,234	38,096	210,138	229,712
Recharges		178,771	278,982	(100,211)	(103,362)
Central and technical		155,791	182,633	(26,842)	-
Vehicle costs		24,721	-	24,721	10,435
Depreciation		75,257	-	75,257	16,386
Net cost of General Fund services		1,460,125	595,774	864,351	784,816
Housing Revenue Income and Expenditure Account		769,131	1,091,139	(322,008)	(461,540)
Current service cost of Pension Scheme		51,000	103,000	(52,000)	(40,000)
Net cost of services		2,280,256	1,789,913	490,343	283,276
Interest payable and finance charges				503,112	472,934
Interest and investment income				(395)	(8,648)
Pensions interest cost and return on pension assets				32,000	17,000
Net operating expenditure				1,025,060	764,562
Sources of finance					
Income from the Rate Funds				963,601	886,429
Net (deficit) / surplus for the year				(61,459)	121,867

The notes on pages 24 to 36 form part of these financial statements.

Peel Town Commissioners

Statement of the Movement on the General Fund Balance for the year ended 31 March 2010

	<i>Notes</i>	2009/10 £	2008/09 £ restated
(Deficit) / surplus for the year on the Income and Expenditure Account		(61,459)	121,867
Amounts included in the Income and Expenditure account but to be excluded when determining the Movement on the General Fund Balance			
Depreciation		463,900	16,386
Reversal of net charges made for retirement benefits in accordance with FRS 17	28	83,000	70,000
Pensions in the year	28	(103,000)	(93,000)
Amounts not included in the Income and Expenditure Account but to be included when determining the Movement on the General Fund Balance for the year			
Revenue contribution to capital assets		(8,252)	(43,754)
Capital loan repayments		(328,992)	(211,479)
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 reserve		3,209	105,135
Surplus/ (deficit) for the year		<u>48,406</u>	<u>(34,845)</u>
General Fund Balance brought forward		<u>218,026</u>	<u>252,871</u>
General Fund Balance carried forward		<u><u>266,432</u></u>	<u><u>218,026</u></u>

The notes on pages 24 to 36 form part of these financial statements.

Peel Town Commissioners

Housing Revenue Income and Expenditure Account

for the year ended 31 March 2010

	<i>Notes</i>	2009/10	2008/09
	£	£	restated £
Income			
Dwelling rents	835,282		739,790
Contributions towards expenditure including Housing Deficiency Payments	255,857		145,598
		<u>1,091,139</u>	<u>885,388</u>
Total income			
Expenditure			
Repairs and maintenance	303,662		358,043
Legal, professional and insurance	8,980		8,765
Administration allowance	67,609		56,910
Sundry expenses	237		130
Depreciation	388,643		-
		<u>(769,131)</u>	<u>(423,848)</u>
Surplus for the year on the HRA income and expenditure account before interest		<u>322,008</u>	<u>461,540</u>
Interest received	211		
Interest payable and similar charges	(446,796)	<u>(446,585)</u>	<u>(411,874)</u>
Deficit / (surplus) for the year on the HRA income and expenditure account		<u>(124,577)</u>	<u>49,666</u>

The notes on pages 24 to 36 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 2010

	<i>Notes</i>	2009/10	2008/09
		£	restated £
(Deficit) / surplus for the year on the HRA income and expenditure account		(124,577)	49,666
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the Housing Revenue Account Balance for the year			
Depreciation		388,643	-
Capital repayments on loans		(267,275)	(154,801)
Transfers from housing reserve		3,209	105,135
		<hr/>	<hr/>
		-	-
Housing Revenue Account Balance brought forward		<hr/>	<hr/>
Housing Revenue Account Balance carried forward		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 24 to 36 form part of these financial statements.

Peel Town Commissioners

Statement of Total Recognised Gains and Losses for the year ended 31 March 2010

	<i>Notes</i>	2009/10	2008/09
		£	Restated £
(Deficit) / surplus on the income and expenditure account for the year		(61,459)	121,867
Unrealised surplus arising on revaluation of fixed assets		-	6,588,671
Actuarial losses on Pension Fund Assets and Liabilities	28	(717,000)	(135,000)
		<hr/>	<hr/>
Total recognised gains and losses for the year		(778,459)	6,575,538
Prior year adjustment (note 29)		(114,645)	
		<hr/>	
Total gains and losses recognised since last annual report		(893,104)	
		<hr/>	

Peel Town Commissioners

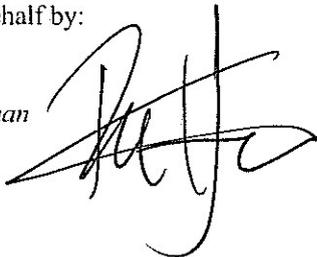
Balance Sheet

As at 31 March 2010

	<i>Notes</i>	2010 £	2009 restated £
Fixed assets			
Tangible fixed assets	<i>1</i>	36,869,121	35,579,966
Current assets			
Debtors	<i>6</i>	529,895	356,030
Cash at bank	<i>7</i>	477,910	651,619
		<u>1,007,805</u>	<u>1,007,649</u>
Current liabilities			
Short-term borrowing	<i>12</i>	(1,289,519)	(1,588,494)
Creditors	<i>8</i>	(353,525)	(341,727)
		<u>(1,643,044)</u>	<u>(1,930,221)</u>
Net current liabilities		(635,239)	(922,572)
		<u>36,233,882</u>	<u>34,657,394</u>
Total assets less current liabilities			
Long-term liabilities			
Liability relating to defined benefit pension scheme	<i>28</i>	(1,071,000)	(374,000)
Long-term borrowing	<i>12</i>	(10,350,629)	(8,671,688)
		<u>(11,421,629)</u>	<u>(9,045,688)</u>
Total assets less liabilities		<u>24,812,253</u>	<u>25,611,706</u>
Financed by:			
Revaluation reserve	<i>10</i>	21,850,251	22,135,779
Accumulated surpluses	<i>10</i>	432,737	421,137
Pensions reserve	<i>10/28</i>	(1,071,000)	(374,000)
Capital adjustment account	<i>10</i>	3,571,119	3,376,409
Usable capital receipts	<i>10</i>	29,146	52,381
		<u>24,812,253</u>	<u>25,611,706</u>

The financial statements were approved by the Authority on ~~5th~~ **October 10** and were signed on their behalf by:

Chairman



Clerk



Peel Town Commissioners

Cash Flow Statement

for the year ended 31 March 2010

Revenue activities		2009/10		2008/09 Restated
	£	£	£	£
Cash outflows				
Cash paid to and on behalf of employees	(590,687)		(574,644)	
Other operating cash payments	<u>(1,253,958)</u>	<u>(1,844,645)</u>	<u>(1,050,350)</u>	(1,624,994)
Cash inflows				
Rents	829,901		739,790	
Deficiency grant received	193,908		-	
Rate receipts	969,871		876,934	
Other operating cash receipts	<u>594,500</u>	<u>2,558,180</u>	<u>618,761</u>	<u>2,235,485</u>
Net cash inflow from revenue activities		<u>713,535</u>		<u>610,491</u>
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid	<u>(493,550)</u>	<u>(493,550)</u>	<u>(457,265)</u>	<u>(457,265)</u>
Cash inflows				
Interest received	<u>395</u>	<u>395</u>	<u>8,648</u>	<u>8,648</u>
		<u>(493,155)</u>		<u>(448,617)</u>
Capital activities				
Cash outflows				
Purchase of fixed assets	(1,774,055)		(1,545,526)	
Receipts on sale of fixed assets	<u>-</u>	<u>(1,774,055)</u>	<u>10,000</u>	<u>(1,535,526)</u>
Net cash outflow before financing		<u>(1,553,675)</u>		<u>(1,373,652)</u>
Financing				
Cash outflows				
Repayments of amounts borrowed	<u>(328,993)</u>	<u>(328,993)</u>	<u>(211,479)</u>	<u>(211,479)</u>
Cash inflows				
Bank loans taken out in year	<u>1,708,959</u>	<u>1,708,959</u>	<u>1,439,000</u>	<u>1,439,000</u>
		<u>1,379,966</u>		<u>1,227,521</u>
Net decrease in cash		<u>(173,709)</u>		<u>(146,131)</u>

Peel Town Commissioners

Notes to the Cash Flow Statement

for the year ended 31 March 2010

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

	2009/10	2008/09
	£	Restated £
Net (deficit) / surplus for the year on general fund income and expenditure account	(61,459)	121,867
Depreciation	463,900	16,386
Interest paid	493,550	457,265
Interest received	(395)	(8,648)
Write off of fixed assets	-	(8,217)
(Increase)/decrease in debtors	(173,864)	(30,257)
Increase/(decrease) in creditors	11,803	85,095
Pension	(20,000)	(23,000)
Net cash inflow from revenue activities	<u>713,535</u>	<u>610,491</u>

2. Reconciliation of the movement in net debt

	2009/10	2008/09
	£	£
Net debt at 1 April	(9,608,563)	(8,234,912)
Movement in net debt:		
Decrease in cash in the period	(173,709)	(146,131)
Inflow/ (outflow) from decrease / (increase) in debt financing	(1,379,966)	(1,227,520)
Net debt at 31 March	<u>(11,162,238)</u>	<u>(9,608,563)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 1 April 2009	Cash movement	Balance at 31 March 2010
	£	£	£
Cash in hand	651,619	(173,709)	477,910
Overdrafts	(847,647)	560,983	(286,664)
	<u>(196,028)</u>	<u>387,274</u>	<u>191,246</u>
Net debt:			
Due within one year	(740,847)	(262,008)	(1,002,855)
Due after one year	(8,671,688)	(1,678,941)	(10,350,629)
Total net debt	<u>(9,608,563)</u>	<u>(1,553,675)</u>	<u>(11,162,238)</u>

Peel Town Commissioners

General Rate Fund

As at 31 March 2010

	£	2010 £	£	2009 £
Total rates levied for the year		780,245		720,705
<i>Add:</i>				
Due from Treasury re prior year	30,968		52,516	
Arrears brought forward	57,685	88,653	61,174	113,690
		<u>868,898</u>		<u>834,395</u>
<i>Less:</i>				
Discounts	(26,500)		(25,369)	
Exempt and unoccupied properties	(10,354)		(7,933)	
Previous years write offs	(12,273)		-	
Refunds	(368)		(778)	
		<u>(49,495)</u>		<u>(34,080)</u>
Total rates collectable		<u><u>819,403</u></u>		<u><u>800,315</u></u>
Rates received in the year:				
Current year rates	709,180		632,180	
Arrears collected	8,158		10,916	
Balance from Treasury re previous year	30,968		52,516	
		<u>748,306</u>		<u>695,612</u>
Balances outstanding carried forward:				
Due from Treasury re current year	8,721		39,707	
Arrears - current year	17,319		14,739	
- previous years	45,057		50,257	
		<u>71,097</u>		<u>104,703</u>
		<u><u>819,403</u></u>		<u><u>800,315</u></u>

Peel Town Commissioners

Refuse Rate Fund Account

As at 31 March 2010

	£	2010 £	£	2009 £
Total refuse rates levied for the year		231,901		217,103
<i>Add:</i>				
Due from Treasury re prior year	8,739		-	
Arrears brought forward	12,480	21,219	3,207	3,207
		<u>253,120</u>		<u>220,310</u>
<i>Less:</i>				
Discounts	(7,507)		(7,327)	
Exempt and unoccupied properties	(2,343)		(1,768)	
Refunds	(68)		(92)	
		<u>(9,918)</u>		<u>(9,187)</u>
Total refuse rates collectable		<u><u>243,202</u></u>		<u><u>211,123</u></u>
Refuse rates received in the year:				
Current year refuse rates	208,820		200,944	
Arrears collected	3,272		3,207	
Balance from Treasury re previous year	8,739		-	
		<u>220,831</u>		<u>204,151</u>
Total refuse rates received in the year				
Balances outstanding carried forward:				
Due from Treasury re current year	3,967		-	
Arrears - current year	6,133		5,169	
- previous years	12,271		1,803	
		<u>22,371</u>		<u>6,972</u>
		<u><u>243,202</u></u>		<u><u>211,123</u></u>

Peel Town Commissioners

Notes to the Statement of Accounts

(forming part of the financial statements for the year ended 31 March 2010)

1. Tangible fixed assets

	Land and Property £	Plant and equipment (restated) £	Investment Property (restated) £	Total (restated) £
Cost/valuation				
At 31 March 2009 (as previously stated)	33,654,694	164,911	1,875,000	35,694,605
Prior year adjustment	6	(82,980)	-	(82,974)
At 31 March 2009 (restated)	33,654,700	81,931	1,875,000	35,611,631
Additions in the year	1,765,803	8,252	-	1,774,055
Disposals in the year	-	-	-	-
Revaluations	(21,000)	-	-	(21,000)
At 31 March 2010	35,420,503	90,183	1,875,000	37,364,686
Depreciation				
At 31 March 2009 (as previously stated)	-	-	-	-
Prior year adjustment	-	31,665	-	31,665
At 31 March 2009 (restated)	-	31,665	-	31,665
Charge for year	445,863	18,037	-	463,900
Disposals	-	-	-	-
At 31 March 2010	445,863	49,702	-	495,565
Net Book Value				
At 31 March 2010	34,974,640	40,481	1,875,000	36,869,121
At 31 March 2009 (restated)	33,654,700	50,266	1,875,000	35,579,966

Valuation of fixed assets

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

	Operational Social housing dwellings £	Operational Specialised property £	Operational Non Specialised property £	Non Operational property £	Infra- structure & Community assets £	Total £
Valuation as at 31 March 2009	29,614,200	3,694,500	325,000	1,875,000	Nominal	35,508,700

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

1. Tangible fixed assets - continued

Included within the above valuation is land valued at £14,981,360 which has not been depreciated.

The Authority has reviewed the values of assets in these categories of assets at 31 March 2009 and does not consider there to be any material change as at 31 March 2010. There has been a slight amendment in the value of properties which has resulted in an adjustment to reduce the value of the property in the year by £21,000.

Prior year adjustment

During the year, an asset register has been put together summarising the fixed asset additions in the last 7 years, to control the assets held by the Town. Previous additions are deemed to be obsolete or to have a written down value of £Nil. This has led to an adjustment to both the cost and accumulated depreciation brought forward, with a net reduction in assets of £114,645.

2. Assets held

Operational assets	Number at 31 March 2009	Changes 2009/10	Number at 31 March 2010
Social Housing Dwellings	321	-	321
Other Land and Buildings			
Car parks	6	-	6
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 Equipment			
Vehicles	10	-	10
Infrastructure Assets			
Parks and open spaces	7	-	7
Non-Operational assets			
Commercial properties	6	-	6
Retail properties	3	-	3

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

3. Capital expenditure and financing

	2009/10 £	2008/09 £
Capital investment		
Operational assets	1,774,055	1,501,792
Non-operational assets	-	-
	<u>1,774,055</u>	<u>1,501,792</u>
Sources of finance		
Isle of Man Bank Loans	1,708,958	1,290,864
Spend from housing reserve	33,610	601,668
Revenue contribution	8,252	43,734
Usable capital receipts brought forward	23,235	-
	<u>1,774,055</u>	<u>1,974,266</u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2010 are listed below:

	31 March 2010 £	31 March 2009 £
Housing	<u>729,909</u>	<u>2,161,551</u>
	<u>729,909</u>	<u>2,161,551</u>

5. Deferred charges

Deferred charges represent expenditure which may properly be capitalised but which does not represent fixed assets. They are written out to revenue in the year they are incurred.

	2009/10 £	2008/09 £
Balance at 1 April	-	15,779
Amounts written off:	-	(15,779)
	<u>-</u>	<u>-</u>
Balance at 31 March	<u>-</u>	<u>-</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

6. Debtors

	2010	2009
	£	£
Amounts falling due in one year (net of bad debt provisions):		
Government departments	208,357	145,598
Ratepayers	93,468	109,872
Housing rents	22,597	18,645
Sundry debtors	94,774	81,915
Prepayments	110,699	-
	<u>529,895</u>	<u>356,030</u>

Debtor balances are shown net of provisions for bad or doubtful debts. Details of these provisions are given at note 9.

7. Cash

The cash in hand figure at 31 March 2010 was £477,910 (2009: £651,619). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 21 to 22.

8. Creditors

	2010	2009
	£	£
Trade creditors	242,394	248,189
Housing rents	18,742	20,273
Sundry creditors and accruals	92,389	73,265
	<u>353,525</u>	<u>341,727</u>

9. Provisions

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

	2010	2009
	£	£
Sundry debtors	<u>7,529</u>	<u>8,686</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

10. Reserves

	Usable Capital receipts	Revaluation reserve	Capital adjustment Account Restated	Pension Reserve
	£	£	£	£
Balance at 1 April 2009	52,381	22,135,779	3,376,409	(374,000)
Movement for the year	(23,235)	(285,528)	194,710	(697,000)
Balance at 31 March 2010	29,146	21,850,251	3,571,119	(1,071,000)

Revenue reserves

	Leece Museum	Links Development	W.E Brown Memorial	Town Hall (Corrin Legacy)
	£	£	£	£
Balance at 1 April 2009	15,781	2,075	539	335
Movement for the year	8	-	-	4
Balance at 31 March 2010	15,789	2,075	539	339

Revenue reserves continued

	Housing reserve account	General revenue account	Housing revenue account	Total
	£	£	£	£
Balance at 1 April 2009	184,380	218,027	-	421,137
Movement for the year	(3,208)	48,406	-	45,210
HRA capital expenditure from repairs reserve	(33,610)	-	-	(33,610)
Balance at 31 March 2010	147,562	266,433	-	432,737

11. Analysis of net assets employed

	2010 £	2009 £
General Fund	4,338,135	4,997,212
Housing revenue account	20,474,118	20,614,494
	24,812,253	25,611,706

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

12. Bank Loans

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

	2010 £	2009 £
Analysis of loans by type:		
Isle of Man Bank Loans	<u>11,640,148</u>	<u>10,260,182</u>
Analysis of loans by maturity:		
Less than 1 year	1,289,519	1,588,494
Between 1 and 2 years	1,002,855	740,847
Between 2 and 5 years	2,979,487	2,193,462
Between 5 and 10 years	4,873,315	5,648,626
More than 10 years	<u>1,494,972</u>	<u>88,753</u>
Total outstanding	<u>11,640,148</u>	<u>10,260,182</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 are fixed term loans. The interest charged on these loans varies between 4.08% and 5.54%.

Any monies borrowed on temporary overdraft facilities incur interest at 1% 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.

13. Contingent assets and liabilities

A number of years ago, a Government Grant of £87,170 was received towards the costs of resurfacing of various Car Parks in the town. The terms of the grant indicated that this grant would be repayable if the Town did not introduce Pay & Display Car Parking within a defined period.

To date, this has not been introduced and therefore the grant is potentially repayable. A meeting is currently being arranged with Department of Infrastructure to discuss this matter in more detail.

14. Post balance sheet events

There have been no events since the date the balance sheet was produced that would require adjustment of the financial statements or disclosure in the notes to the accounts.

15. Members' allowances

During 2009/10 the Authority paid £4,962 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2008/09: £4,480).

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

16. 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	2009/10	Total	2008/09
		Number of Employees		Number of Employees
		Leavers in year		Leavers in year
£50,000 - £74,999	1	0	1	0

17. 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 has with other parties ie housing rents. During the year the Commissioners received funding of £193,908 in the form of housing deficiency grants (2009: £Nil).

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 £37,731 (2009: £55,546) 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.

18. Audit fees

During 2009/10 the Authority incurred the following fees relating to external audit and inspection:

	2009/10	2008/09
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	7,500	6,000

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

19. Total rateable value

The total rateable value of the Town at 31 March 2010 is £342,440 (2009: £326,471) at the year end with a 229p rate being charged (2009:224p).

In addition a refuse charge of £98 (2009: £98) per household was levied for the year.

20. 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.

21. Housing fixed assets

	Social Housing Dwellings £
Cost/valuation	
At 31 March 2009	29,635,194
Additions in the year	1,765,805
Disposals in the year	-
Revaluation	(21,000)
At 31 March 2010	31,379,999
Depreciation	
At 31 March 2009	-
Charge for year	388,643
Disposals	-
At 31 March 2010	388,643
Net Book Value	
At 31 March 2010	30,991,356
At 31 March 2009	29,635,194

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

21. Housing fixed assets (continued)

The authority's social housing dwellings were revalued as at 31 March 2009 on a basis that reflects their use for social housing. The vacant possession value of dwellings at 31 March 2009 was £49,392,000 compared to the balance sheet value of £29,635,194.

The difference in value at each date represents the economic cost to the Government of providing council housing at less than open market rents.

No charges for impairment were necessary in either 2008/09 or 2009/10, depreciation is provided at 2% on a straight line basis.

22. HRA capital expenditure

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

	2009/10	2008/09
	£	£
Major repairs reserve	33,610	601,668
Borrowing	1,732,195	900,124
	<u>1,765,805</u>	<u>1,501,792</u>

23. Housing reserve account

	2009/10	2008/09
	£	£
Balance at 1 April 2009	184,380	891,183
Transfers from housing reserve	(3,208)	(105,135)
Capital expenditure financed by reserve	(33,610)	(601,668)
	<u>147,562</u>	<u>184,380</u>

24. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 5.99% of the rental debit for the year, compared to 2.51% in 2008/09. More voids were incurred due to improvement works carried out.

25. 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 received is shown as follows:

	2009/10	2008/09
	£	£
Deficiency receivable at year end re 2009/10	<u>208,357</u>	<u>145,598</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

26. Housing stock

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

	2009/10	2008/09
	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:

	2009/10	2008/09
	No's	No's
Stock at 1 April 2009	321	288
Additions	-	33
Disposals	-	-
	<u>321</u>	<u>321</u>

27. Rent arrears

	2009/10	2008/09
	£	£
Rent arrears	22,597	18,645
Rent arrears as a percentage of gross rent income	<u>2.50%</u>	<u>2.46%</u>

No amounts were written off in either 2009 or 2010 and as at 31 March 2010 the provision stood at £Nil (£Nil at 31 March 2009).

28. 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 Local Government Pension Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2003. 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 £105,888 (2009: £93,315) 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.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

28. Pensions (continued)

The assets and liabilities of the Scheme as at 31 March 2010 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 2010 % per annum	31 March 2009 % per annum
Rate of inflation	3.8%	3.1%
Rate of increase in salaries	5.3%	4.6%
Rate of increase in pensions	3.8%	3.1%
Rate for discounting scheme liabilities	5.5%	6.9%

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 2007.

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

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

	31 March 2010 £	31 March 2009 £
Estimated employer assets	1,480,000	1,022,000
Present value of scheme liabilities	(2,551,000)	(1,396,000)
Present value of unfunded liabilities	-	-
Net pensions liability	(1,071,000)	(374,000)

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

	2009/10 £	2008/09 £
Net cost of service		
Current service cost	51,000	53,000
Interest cost	98,000	99,000
Expected return on employer assets	(66,000)	(82,000)
Net Return	83,000	70,000
Movement on pension reserve	20,000	23,000
Actual amount charged against rate income for LGPS contributions in the year:		
Employer Contributions Payable to the Scheme	103,000	93,000

The net deficit on the scheme has increased from £374,000 to £1,071,000. An analysis of the movement during the year is shown below:

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

28. Pensions (continued)

	2009/10	2008/09
	£	£
Net pension liability at the beginning of the year	(374,000)	(262,000)
Current service cost	(51,000)	(53,000)
Past service costs	-	-
Employer contributions	103,000	93,000
Contributions in respect of unfunded benefits	-	-
Expected net return on employer assets	(32,000)	(17,000)
Actuarial losses	(717,000)	(135,000)
Net pension liability at the end of the year	(1,071,000)	(374,000)

The actuarial gains 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:

	2009/10		2008/09
	£	Actuarial gain/loss as % of assets/liabilities	£
			Actuarial gain/loss as % of assets/liabilities
Value of assets at end of year	1,480,000	-	1,022,000
Total present value of liabilities	(2,551,000)	-	(1,396,000)
Difference between the actual and expected return on assets	299,000	20.2%	(123,000)
Experience losses on liabilities	-	-	-
Changes in the assumptions underlying the present value of Scheme Liabilities	-	-	-
Actuarial losses recognised in the statement	(717,000)	28.1%	(135,000)
			9.7%

The above figures have been provided by the actuaries to the Isle of Man Government Pension 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 2010 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.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2010)

29. Prior year adjustment

The prior year financial statements did not account for depreciation in respect of plant and equipment assets. An asset register has been constructed and adjustments made to remove obsolete assets and also to include accumulated depreciation to date.

This has resulted in the cost of assets being reduced by £82,980 and accumulated depreciation brought forward being increased by £31,665. Overall fixed assets have been reduced by £114,645.

In addition, capital loan repayments made in the year, depreciation charges and transfers from other reserves are now disclosed in the Statement of the Movement on the General Fund Balance rather than in the Income and Expenditure Account for the year and Housing Revenue Account. There is no overall effect on the General Fund Balance or the Housing Revenue Account.

30. Other revenue reserves

As disclosed in note 10 to the financial statements, certain other revenue funds have historically been included in Peel Town Commissioners accounts. These represent monies left to Charities (where the Commissioners are Trustees) to utilise on certain assets of the Town. These amounts are left in the form of Registered Charities and separate accounts are produced and are available for inspection at the Charities Registry.