

# **Peel Town Commissioners**

## **Statement of Accounts**

**For the year ended 31 March 2012**

# 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 2012. 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.

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

For the year ended 31 March 2012 the deficit for the year amounted to £174,463 (2011: surplus £122,432). This included a net cost of £3,000 (2011: £20,000) in relation to pension service costs and an impairment charge over assets of £108,600. The comparative figures include a credit of £293,000 in respect of past service pension gains and a provision of £88,591 against rates debtors over which uncertainty existed as to their recoverability.

### **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 2012, the surplus amounted to £23,238 (2011 deficit: £57,089). Costs were approximately on budget but there was 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 2011/12 resulted in a deficiency requirement of £376,804, (2011: £370,311).

### **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.

### **Capital Expenditure**

Total capital expenditure (on an accruals basis) in the year was £1,599,624 and is analysed as follows:

Housing schemes - £1,354,156  
Demolition of 3 Derby Road - £26,100  
Acquisition of land £200,000  
Plant and equipment - £19,368

Financing was provided and analysed as follows:

IOM Bank loans and overdrafts - £1,380,256  
General Revenue - £4,368  
Land swap - £215,000

Accruals at the year end in respect of capital expenditure totalled £101,221 (2011: £95,394).

# Peel Town Commissioners

## Explanatory Foreword (continued)

### **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 237p (2011: 235p) in the £ on a rateable value of £355,183 (2011: £349,192) during the year. In addition a separate refuse charge of £126.50 (2011: £126.50) per residential household was levied.

Total rates arrears were £70,643 (2011: £99,810). Prior year rates were recovered totalling £38,090 (2011: £8,297). 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 £88,591 at 31 March 2011 to £61,794 at 31 March 2012. During the year, arrears totalling £20,571 were written off as they were deemed to be irrecoverable.

### **Investments and Borrowing**

During the year no external investments were made and the Authority borrowed £1,380,256 (2011: £1,331,693) 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 increased from £209,343 at 31 March 2011 to £232,581 at 31 March 2012. This is primarily as a result of increased rate revenue and maintaining a control over costs and leaves the authority's general reserves to 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 Pension Scheme that is attributable to Peel Town Commissioners.

This is the difference between future liabilities and assets, as valued at 31st March 2012, and amounts to £725,000, an increase of £61,000 on the previous year.

This increase is primarily as a result of lower than expected assets returns and due to the use of less favourable financial assumptions than as at 31 March 2011.

# 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 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.

### **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.

# 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 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 2011/12 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 Authority Pension 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 2012 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.

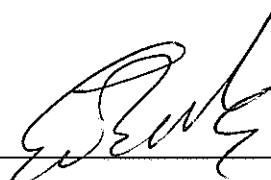
The internal auditor concluded that no high risk observations were identified but medium risk observations were identified in four operational areas.

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**

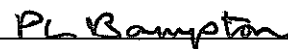
Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage rather than eliminate the risk of failure to achieve objectives. They can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that, the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the year ended 31 March 2012.

(Signed) \_\_\_\_\_



(Chairman)

(Signed) \_\_\_\_\_



(Responsible Finance Officer)

(Dated) 30TH OCTOBER 2012

# 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 2012 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 reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice as directed by the Isle of Man Treasury as relevant to local authorities ("SORP").

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 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 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 auditor**

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 2012 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

## 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.

PKF (Isle of Man) LLC

PKF (Isle of Man) LLC  
Douglas  
Isle of Man

Date: 30 October 2012

# Peel Town Commissioners

## Income and Expenditure Account for the year ended 31 March 2012

Statement of net expenditure	Gross expenditure £	Income £	2011/12 Net Expenditure £	2010/11 Net Expenditure £
Continuing operations:				
Employee costs	567,845	-	567,845	538,456
Premises related costs	305,593	116,303	189,290	147,497
Agency and contracted services	327,604	43,978	283,626	265,004
Recharges	103,879	171,966	(68,087)	(84,988)
Central and technical	145,470	175,721	(30,251)	28,401
Vehicle costs	15,978	-	15,978	15,480
Depreciation	57,141	-	57,141	43,857
Bad debt provision	1,985	5,598	(3,613)	88,591
Current service cost of Pension Scheme	(10,000)	-	(10,000)	(5,000)
Past service gains	-	-	-	(293,000)
Impairment/demolition of assets	108,600	-	108,600	-
Housing Revenue Income and Expenditure Account	911,895	1,362,788	(450,893)	(383,403)
<b>Net cost of services</b>	<b>2,535,990</b>	<b>1,876,354</b>	<b>659,636</b>	<b>360,895</b>
Interest payable and finance charges			588,056	556,788
Interest and investment income			(1,130)	(844)
Pensions interest cost and return on pension assets			13,000	25,000
<b>Net operating expenditure</b>			<b>1,259,562</b>	<b>941,839</b>
<b>Sources of finance</b>				
Income from the Rate Funds			1,085,099	1,064,271
<b>Net (deficit) / surplus for the year</b>			<b>(174,463)</b>	<b>122,432</b>

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 2012

	<i>Notes</i>	<b>2011/12</b> £	2010/11 £
<b>(Deficit) / surplus for the year on the Income and Expenditure Account</b>		<b>(174,463)</b>	122,432
<b>Amounts included in the Income and Expenditure account but to be excluded when determining the Movement on the General Fund Balance</b>			
Depreciation		57,141	43,857
Impairments of fixed assets		108,600	-
Reversal of net charges made for retirement benefits	27	118,000	131,000
Pensions in the year	27	(115,000)	(111,000)
Past service gains		-	(293,000)
<b>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</b>			
Capital loan refunds		16,053	-
Revenue contribution to capital assets		(4,368)	(7,500)
Capital loan repayments		(67,019)	(64,051)
<b>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</b>			
Transfer from housing revenue account		84,294	121,173
Surplus /(deficit) for the year		<u>23,238</u>	<u>(57,089)</u>
General Fund Balance brought forward		<u>209,343</u>	<u>266,432</u>
<b>General Fund Balance carried forward</b>		<u><u>232,581</u></u>	<u><u>209,343</u></u>

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



# Peel Town Commissioners

## Housing Revenue Income and Expenditure Account for the year ended 31 March 2012

	£	2011/12 £	2010/11 £
<b>Income</b>			
Dwelling rents	985,984		943,967
Contributions towards expenditure including Housing Deficiency Payments	376,804		370,311
		<u>1,362,788</u>	<u>1,314,278</u>
<b>Total income</b>			
<b>Expenditure</b>			
Repairs and maintenance	313,702		268,395
Legal, professional and insurance	-		15,673
Administration allowance	76,903		73,276
Sundry expenses	-		50
Depreciation	516,542		573,481
Bad debt provision	4,748		
		<u>(911,895)</u>	<u>(930,875)</u>
<b>Surplus for the year on the HRA income and expenditure account before interest</b>		<u>450,893</u>	<u>383,403</u>
Interest received	941		607
Interest payable and similar charges	(536,128)	<u>(535,187)</u>	<u>(505,183)</u>
<b>Deficit for the year on the HRA income and expenditure account</b>		<u>(84,294)</u>	<u>(121,173)</u>

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 2012

	2011/12 £	2010/11 £
<b>Deficit for the year on the HRA income and expenditure account</b>	<b>(84,294)</b>	<b>(121,173)</b>
<b>Amounts included in the Housing Revenue Income and expenditure accounts but to be excluded when determining the Movement on the Housing Revenue Account balance</b>		
Depreciation charge for the year	516,542	573,481
<b>Amounts not included in the Housing Revenue Income and expenditure account but to be included when determining the Movement on the Housing Revenue Account Balance for the year</b>		
Capital repayments on loans	(438,335)	(395,064)
<b>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</b>		
Transfers from /(to) housing reserve	6,087	(57,244)
	-	-
Housing Revenue Account Balance brought forward	-	-
<b>Housing Revenue Account Balance carried forward</b>	<b>-</b>	<b>-</b>

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

# Peel Town Commissioners

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2012

	<i>Notes</i>	<b>2011/12</b> £	2010/11 £
<b>Surplus / (deficit) on the income and expenditure account for the year</b>		<b>(174,463)</b>	122,432
Actuarial (losses)/gains on Pension Fund Assets and Liabilities	27	<b>(58,000)</b>	134,000
Recognition of additional debtor		-	27,000
Removal of bank accounts		-	(6,906)
Recognition of car park liability		-	(87,170)
<b>Total gains and losses recognised since last annual report</b>		<b><u>(232,463)</u></b>	<b><u>189,356</u></b>

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

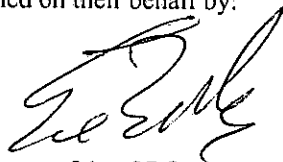
# Peel Town Commissioners

## Balance Sheet As at 31 March 2012


	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible fixed assets	1	39,483,712	38,781,370
<b>Long term debtor</b>			
	5	-	15,622
<b>Current assets</b>			
Debtors	5	154,177	200,759
Prepayments		128,880	120,137
Cash at bank	6	438,285	476,708
		<u>721,342</u>	<u>797,604</u>
<b>Current liabilities</b>			
Bank overdraft	11	(2,030,752)	(689,614)
Short term borrowing	11	(519,379)	(505,152)
Creditors	7	(542,797)	(596,733)
		<u>(3,092,928)</u>	<u>(1,791,499)</u>
<b>Net current liabilities</b>		<b>(2,371,586)</b>	<b>(993,895)</b>
<b>Total assets less current liabilities</b>			
		<u>37,112,126</u>	<u>37,803,097</u>
<b>Long-term liabilities</b>			
Liability relating to defined benefit pension scheme	27	(725,000)	(664,000)
Long term borrowing	11	(10,522,980)	(11,042,488)
<b>Total assets less liabilities</b>		<u><u>25,864,146</u></u>	<u><u>26,096,609</u></u>
<b>Financed by:</b>			
Revaluation reserve	9	22,128,293	22,662,826
Accumulated surpluses	9	450,043	432,892
Pensions reserve	9/27	(725,000)	(664,000)
Capital adjustment account	9	3,981,664	3,635,745
Usable capital receipts	9	29,146	29,146
		<u>25,864,146</u>	<u>26,096,609</u>

The financial statements were approved and authorised for issue by the Authority on 30 October 2012 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 2012

Revenue activities		2012		2011
	£	£	£	£
<b>Cash outflows</b>				
Cash paid to and on behalf of employees	(641,486)		(605,686)	
Other operating cash payments	<u>(1,281,016)</u>	<u>(1,922,502)</u>	<u>(1,168,236)</u>	<u>(1,773,922)</u>
<b>Cash inflows</b>				
Rents	1,005,896		927,384	
Deficiency grant received	437,451		589,157	
Rate receipts	1,018,262		1,076,641	
Other operating cash receipts	<u>546,413</u>	<u>3,008,022</u>	<u>490,930</u>	<u>3,084,112</u>
<b>Net cash inflow from revenue activities</b>		<u>1,085,520</u>		<u>1,310,190</u>
<b>Returns on Investments and servicing of finance</b>				
<b>Cash outflows</b>				
Interest paid	<u>(582,132)</u>		(548,974)	
<b>Cash inflows</b>				
Interest received	<u>1,130</u>		844	
		<u>(581,002)</u>		<u>(548,130)</u>
<b>Capital activities</b>				
<b>Cash outflows</b>				
Purchase of fixed assets	(1,393,798)		(1,339,193)	
<b>Cash inflows</b>				
Proceeds on land swap	<u>15,000</u>	<u>(1,378,798)</u>	<u>-</u>	<u>(1,339,193)</u>
<b>Net cash outflow before financing</b>		<u>(874,280)</u>		<u>(577,133)</u>
<b>Management of liquid resources</b>				
Increase /(decrease) in short term deposits		148,870		(185,235)
<b>Financing</b>				
<b>Cash outflows</b>				
Repayments of amounts borrowed	(505,281)		(459,114)	
Elimination of bank accounts	<u>-</u>	<u>(505,281)</u>	<u>(21,174)</u>	<u>(480,288)</u>
<b>Cash inflows</b>				
Bank loans taken out in year	<u>-</u>	<u>-</u>	<u>653,269</u>	<u>653,269</u>
		<u>(356,411)</u>		<u>(12,254)</u>
<b>Net decrease in cash</b>		<u>(1,230,691)</u>		<u>(589,387)</u>

# Peel Town Commissioners

## Notes to the Cash Flow Statement for the year ended 31 March 2012

### 1. Reconciliation of net surplus/(deficit) to cash inflow from revenue activities

	2011/12	2010/11
	£	£
Net deficit for the year on general fund income and expenditure account	(174,463)	122,432
Impairment of assets	108,600	
Depreciation	573,682	617,338
Interest paid	582,132	556,788
Interest received	(1,130)	(844)
Decrease in debtors	53,461	222,897
Increase in creditors	(59,762)	64,579
Pension movement	3,000	(273,000)
	<u>1,085,520</u>	<u>1,310,190</u>

### 2. Reconciliation of the movement in net debt

	2011/12	2010/11
	£	£
Net debt at 1 April	(11,760,546)	(11,162,238)
Movement in net debt:		
Cash used to increase investments	(148,870)	185,235
Decrease in cash in the period	(1,230,691)	(589,387)
Net inflow from debt financing	505,281	(598,308)
	<u>(874,280)</u>	<u>(598,308)</u>
Net debt at 31 March	<u>(12,634,826)</u>	<u>(11,760,546)</u>

### 3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2011 (restated)	Cash movement	Balance at 31 March 2012
	£	£	£
Cash in hand	91,313	110,447	201,760
Overdrafts	(689,614)	(1,341,138)	(2,030,752)
	(598,301)	(1,230,691)	(1,828,992)
Short term investments	385,395	(148,870)	236,525
Net debt:			
Due within one year	(505,152)	(14,227)	(519,379)
Due after one year	(11,042,488)	519,508	(10,522,980)
	<u>(11,760,546)</u>	<u>(874,280)</u>	<u>(12,634,826)</u>

The authority's liquid resources comprise of deposit accounts that cannot be accessed within 24 hours. The opening figures have been restated to reflect this position, increasing short term investments from £185,235 to £385,395 and similarly reducing cash in hand from £291,473 to £91,313.

# Peel Town Commissioners

## General Rate Fund

As at 31 March 2012

	£	2012 £	£	2011 £
Total rates levied for the year		832,438		815,254
<i>Add:</i>				
Due (to)/from Treasury re prior year	(21,673)		8,721	
Arrears brought forward	76,070	54,397	62,376	71,097
<i>Less:</i>		886,835		886,351
Discounts	(28,126)		(26,834)	
Collection charge	(8,451)		(8,228)	
Exempt and unoccupied properties	(10,233)		(11,909)	
Refunds	(190)		(260)	
		(47,000)		(47,231)
Irrecoverable amounts and re-rating adjustments		(16,869)		-
<b>Total rates collectable</b>		<b>822,966</b>		<b>839,120</b>
Rates received in the year:				
Current year rates	745,150		770,053	
Arrears collected	28,810		5,949	
Balance (to)/from Treasury re previous year	(21,673)		8,721	
<b>Total rates received in the year</b>		<b>752,287</b>		<b>784,723</b>
<b>Balances outstanding carried forward:</b>				
Due from/(to) Treasury re current year	19,611		(21,673)	
Arrears - current year	20,677		19,643	
- previous years	30,391		56,427	
		70,679		54,397
		<b>822,966</b>		<b>839,120</b>

# Peel Town Commissioners

## Refuse Rate Fund Account

As at 31 March 2012

	£	2012 £	£	2011 £
Total refuse rates levied for the year		304,614		301,871
<i>Add:</i>				
Due (to)/from Treasury re prior year	(8,712)		3,967	
Arrears brought forward	23,739	15,027	18,404	22,371
		<hr/>	<hr/>	<hr/>
<i>Less:</i>		319,641		324,242
Discounts	(9,709)		(9,494)	
Collection charge	(3,088)		(3,436)	
Exempt and unoccupied properties	(3,606)		(3,664)	
Refunds	(89)		(702)	
		<hr/>	<hr/>	<hr/>
		(16,492)		(17,296)
Irrecoverable amounts and re-rating adjustments		(3,702)		-
		<hr/>		<hr/>
<b>Total refuse rates collectable</b>		<b>299,447</b>		<b>306,946</b>
		<hr/> <hr/>		<hr/> <hr/>
Refuse rates received in the year:				
Current year refuse rates	271,913		285,604	
Arrears collected	9,281		2,348	
Balance (to)/from Treasury re previous year	(8,712)		3,967	
		<hr/>	<hr/>	
<b>Total refuse rates received in the year</b>		<b>272,482</b>		<b>291,919</b>
<b>Balances outstanding carried forward:</b>				
Due from/(to) Treasury re current year	7,390		(8,712)	
Arrears - current year	8,818		7,684	
- previous years	10,757		16,055	
		<hr/>	<hr/>	
		26,965		15,027
		<hr/>		<hr/>
		<b>299,447</b>		<b>306,946</b>
		<hr/> <hr/>		<hr/> <hr/>



# Peel Town Commissioners

## Notes to the Statement of Accounts

(forming part of the financial statements for the year ended 31 March 2012)

### 1. Tangible fixed assets

	Land and Property £	Plant and equipment £	Investment Property £	Total £
<b>Cost/valuation</b>				
At 31 March 2011	37,929,090	90,183	1,875,000	39,894,273
Additions in the year	1,580,256	19,368	-	1,599,624
Disposals in the year	-	-	(215,000)	(215,000)
Transfers in the year	150,000	-	(150,000)	-
Impairment	(108,600)	-	-	(108,600)
<b>At 31 March 2012</b>	<b>39,550,746</b>	<b>109,551</b>	<b>1,510,000</b>	<b>41,170,297</b>
<b>Depreciation</b>				
At 31 March 2011	1,045,164	67,739	-	1,112,903
Charge for year	559,411	14,271	-	573,682
Disposals	-	-	-	-
<b>At 31 March 2012</b>	<b>1,604,575</b>	<b>82,010</b>	<b>-</b>	<b>1,686,585</b>
<b>Net Book Value</b>				
At 31 March 2012	37,946,171	27,541	1,510,000	39,483,712
At 31 March 2011	36,883,926	22,444	1,875,000	38,781,370

### 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 who are the Authority's external 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 restated	<u>30,717,087</u>	<u>3,969,500</u>	<u>325,000</u>	<u>1,510,000</u>	<u>Nominal</u>	<u>36,521,587</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2012)

### 1. Tangible fixed assets - continued

Included within the above valuation is land valued at £15,159,680 which has not been depreciated.

The Authority has reviewed the values of assets in all categories of assets including those professionally valued at 31 March 2009 and does not consider there to be any material change as at 31 March 2012. There have been supplementary valuations performed in the year for assets which have changed significantly. As a result, an impairment adjustment of £108,600 has been made against certain of the authorities land and properties. Following the demolition of property in Derby Road and enlarging of car parking facilities, revised valuations have been obtained and an appropriate adjustment against value made. Expenditure in relation to street lighting and wheelie bins is expensed in the year incurred and not capitalised.

### Depreciation methodologies

Depreciation is provided on all assets with a finite useful life, other than freehold land. 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

Plant and equipment – 20% per annum on a straight line basis

### 2. Assets held

Operational assets	Number at 31 March 2011 Restated	Changes 2011/12	Number at 31 March 2012
<b>Social Housing Dwellings (note 25)</b>	321	-	321
<b>Other Land and Buildings</b>			
Car parks	8	1	9
Depots	1	-	1
Public Conveniences	4	-	4
Public Halls	1	-	1
Public Offices	1	-	1
Recreational properties	5	-	5
Miscellaneous properties	5	-	5
<b>Vehicles, Plant and Equipment</b>			
Vehicles	12	-	12
<b>Infrastructure Assets</b>			
Parks and open spaces	7	-	7
<b>Non-Operational assets</b>			
Commercial properties	6	(1)	5
Retail properties	3	-	3

These figures have been fully reconciled at the year end and this has resulted in an increase to the opening figures in respect of motor vehicles from 10 to 12.

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2012)

### 3. Capital expenditure and financing

	2011/12 £	2010/11 £
<b>Capital investment</b>		
Operational assets	1,599,624	1,434,587
Non-operational assets	-	-
	<u>1,599,624</u>	<u>1,434,587</u>
<b>Sources of finance</b>		
Isle of Man Bank Financing	1,380,256	1,331,693
Revenue contribution	19,368	7,500
Accrued expenditure (to be financed by Bank Loan)	-	95,394
Land sale in year	200,000	-
Usable capital receipts	-	-
	<u>1,599,624</u>	<u>1,434,587</u>

### 4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2012 are listed below:

	31 March 2012 £	31 March 2011 £
Housing	3,046,609	2,781,710
	<u>3,046,609</u>	<u>2,781,710</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2012)

### 5. Debtors

#### Long Term Debtor

An amount of £16,068 (2011: £32,122) is due from Isle of Man Water Authority, of which £Nil (2011:£15,622) is due after more than one year. £16,068 (2011: £16,500) is shown as due within one year below within sundry debtors.

#### Debtors due within one year

	2012	2011
	£	£
Amounts falling due in one year (net of bad debt provisions):		
Government departments	9,605	16,500
Ratepayers	35,850	11,218
Housing rents	13,724	41,275
Sundry debtors	94,998	131,766
	<u>154,177</u>	<u>200,759</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 2012 was £438,285 (2011: £476,708). 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

	2012	2011
	£	£
Trade creditors	167,668	262,852
Housing rents	19,804	18,744
Sundry creditors and accruals	196,158	217,478
Government departments	159,167	97,659
	<u>542,797</u>	<u>596,733</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued) (forming part of the financial statements for the year ended 31 March 2012)

### 8. Provisions

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

	2012	2011
	£	£
Sundry debtors	9,026	8,377
Rate debtors	61,794	88,591
Rent debtors	6,733	-
	<u>77,553</u>	<u>96,968</u>

During the year, £20,571 has been removed from Treasury's rate system and is no longer being chased for repayment.

### 9. Reserves

	Usable Capital receipts	Revaluation reserve	Capital adjustment Account	Pension Reserve
	£	£	£	£
Balance at 1 April 2011	29,146	22,662,826	3,635,745	(664,000)
Movement for the year	-	(229,633)	41,019	(61,000)
Transfer in the year	-	(304,900)	304,900	-
Balance at 31 March 2012	<u>29,146</u>	<u>22,128,293</u>	<u>3,981,664</u>	<u>(725,000)</u>

### Accumulated surpluses

	Leece Museum	Links Development	W.E Brown Memorial	Town Hall (Corrin Legacy)
	£	£	£	£
Balance at 1 April 2011	15,789	2,075	539	339
Movement for the year	-	-	-	-
Balance at 31 March 2012	<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 2011	209,343	204,807	432,892
Movement for the year	23,238	(6,087)	17,151
Balance at 31 March 2012	<u>232,581</u>	<u>198,720</u>	<u>450,043</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2012)

### 10. Analysis of net assets employed

	2012	2011
	£	£
General Fund	4,098,570	4,259,763
Housing revenue account	21,765,576	21,836,846
	<u>25,864,146</u>	<u>26,096,609</u>

### 11. Bank Loans

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

	2012	2011
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	11,042,359	11,547,640
Isle of Man Bank Overdraft	2,030,752	689,614
	<u>13,073,111</u>	<u>12,237,254</u>
Analysis of loans by maturity:		
Less than 1 year	2,550,131	1,194,766
Between 1 and 2 years	535,845	519,508
Between 2 and 5 years	1,553,795	1,584,939
Between 5 and 10 years	2,528,539	2,615,178
More than 10 years	5,904,801	6,322,863
Total outstanding	<u>13,073,111</u>	<u>12,237,254</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 4.33% and 5.79%. 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 2012)

### 13. Post balance sheet events

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.

### 14. Members' allowances

During 2011/12 the Authority paid £4,350 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2010/11: £4,712).

### 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	2011/12	Total	2010/11
		Number of Employees		Number of Employees
		Leavers in year		Leavers in year
£50,000 - £74,999	1	0	1	-

### 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 £376,804 in the form of housing deficiency grants (2011: £370,311). At the year end the Commissioners owed £75,884 in respect of amounts received in excess of this requirement (2011: £10,489 repayable). The Commissioners also received £16,665 from IOM Water Authority in respect of loan financing that is repayable by them to the Commissioners (2011: £16,665). At the year end, an amount of £16,068 was owed to the Commissioners in this respect (2011: £32,122).

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 £29,377 (2011: £24,046) 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 £1,470 (2011: £1,558) 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 2012)

### 17. Audit fees

During 2011/12 the Authority incurred the following fees relating to external audit and inspection:

	2011/12 £	2010/11 £
Fees payable with regard to external audit services carried out by the appointed auditor	8,400	7,950

### 18. Total rateable value

The total rateable value of the Town at 31 March 2012 is £355,183 (2011: £349,192) at the year end with a 237p rate being charged (2011:235p). In addition a refuse charge of £126.50 (2011: £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 2012)

### 20. Housing fixed assets

	Social Housing Dwellings £
<b>Cost/valuation</b>	
At 31 March 2011	33,902,090
Additions in the year	1,354,156
Disposals in the year	-
<b>At 31 March 2012</b>	<u>35,256,246</u>
<b>Depreciation</b>	
At 31 March 2011	962,124
Charge for year	516,542
Disposals	-
<b>At 31 March 2012</b>	<u>1,478,666</u>
<b>Net Book Value</b>	
At 31 March 2012	<u>33,777,580</u>
At 31 March 2011	<u>32,939,959</u>

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 £51,217,000 compared to the balance sheet value of £30,730,194.

The difference in value at each date represents the economic cost to the Government of providing social housing at less than open market rents. No charges for impairment were necessary in either 2010/11 or 2011/12. Depreciation is charged on these assets in accordance with the methodologies in note 1.

### 21. HRA capital expenditure

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

	2011/12 £	2010/11 £
Borrowing	<u>1,354,156</u>	<u>1,427,087</u>
	<u>1,354,156</u>	<u>1,427,087</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued) (forming part of the financial statements for the year ended 31 March 2012)

### 22. Housing reserve account

	2011/12	2010/11
	£	£
Balance at 1 April 2011	204,807	147,562
Transfers (from)/to housing reserve	(6,087)	57,244
Capital expenditure financed by reserve	-	-
	<u>198,720</u>	<u>204,806</u>

### 23. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 3.26% of the rentals for the year, compared to 3.35% in 2010/11.

### 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 received is shown as follows:

	2011/12	2010/11
	£	£
Deficiency repayable at year end	<u>71,136</u>	<u>10,489</u>

### 25. Housing stock

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

	2011/12	2010/11
	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:

	2011/12	2010/11
	No's	No's
Stock at 1 April 2011	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 2012)

### 26. Rent arrears

	2011/12 £	2010/11 £
Rent arrears	20,457	41,275
Rent arrears as a percentage of gross rent income	2.00%	4.37%

No amounts were written off in either 2011 or 2012 and as at 31 March 2012 the provision stood at £Nil (£Nil at 31 March 2011).

### 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 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 £115,769 (2011: £111,296) 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 2012 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 2012 % per annum	31 March 2011 % per annum
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions	2.5%	2.8%
Rate for discounting scheme liabilities	4.8%	5.5%
Rate for expected return on assets	5.3%	6.7%

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 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.

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2012)

### 27. Pensions (continued)

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

	<b>31 March 2012</b>	31 March 2011
	£	£
Fair value of employer assets	<b>1,968,000</b>	1,869,000
Present value of funded scheme liabilities	<b>(2,693,000)</b>	(2,533,000)
Present value of unfunded liabilities	-	-
Net pensions liability	<b><u>(725,000)</u></b>	<b><u>(664,000)</u></b>

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

	<b>31 March 2012</b>	31 March 2011
	£	£
Equities	<b>1,260,000</b>	1,252,000
Bonds	<b>492,000</b>	411,000
Property	<b>177,000</b>	150,000
Cash	<b>39,000</b>	56,000
Estimated employer assets	<b><u>1,968,000</u></b>	<b><u>1,869,000</u></b>

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

	<b>2011/12</b>	2010/11
	£	£
<b>Net cost of service</b>		
Past service gain	-	293,000
Current service cost	<b>105,000</b>	106,000
<b>Net operating expenditure</b>		
Interest cost	<b>141,000</b>	130,000
Expected return on employer assets	<b>128,000</b>	105,000
<b>Actual amount charged against rate income for LGPS contributions in the year</b>		
Employer contribution payable to the Scheme	<b>115,000</b>	111,000

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2012)

### 27. Pensions (continued)

The net deficit on the scheme has increased from £664,000 to £725,000. An analysis of the movement during the year is shown below:

	2011/12 £	2010/11 £
<b>Net pension liability at the beginning of the year</b>	<b>(664,000)</b>	<b>(1,071,000)</b>
Current service cost	(105,000)	(106,000)
Past service gains	-	293,000
Employer contributions	115,000	111,000
Expected net return on employer assets	(13,000)	(25,000)
Actuarial gains/(losses)	(58,000)	134,000
<b>Net pension liability at the end of the year</b>	<b>(725,000)</b>	<b>(664,000)</b>

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:

	2011/12		2010/11	
	£	Actuarial gain/loss as % of assets/ liabilities	£	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	1,968,000		1,869,000	
Total present value of liabilities	(2,693,000)		(2,533,000)	
Difference between the actual and expected return on assets	(103,000)	5.23%	184,000	9.84%
Actuarial gains/ (losses) recognised in the statement	(58,000)	2.15%	134,000	5.29%

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

	31 March 2012	31 March 2011
Equities	6.2%	7.5%
Bonds	3.3%	4.9%
Property	4.4%	5.5%
Cash	3.5%	4.6%

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

*(forming part of the financial statements for the year ended 31 March 2012)*

### **27. Pensions (continued)**

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 2012 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.