

PEEL TOWN COMMISSIONERS

Financial Statements

for the year ending 31 March 2008

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1 Accounting policies

Dispensation has been received from the Department of Local Government and Environment that the new format of accounts as defined by the Isle of Man Statement of Recommended Practice 2007 - Accounting for entities subject to the Audit Act 2006 and the requirement for internal audit contained within the legislation, will not need to be applied until the year ended 31 March 2009.

As a result of the above, the following items as set out in section 4.2 of the SORP, and associated disclosures, have been omitted from these financial statements:

- * Explanatory foreword

The following items as set out in section 4.4 of the SORP, and associated disclosures, have been omitted from these financial statements:

- * Statement of the Movement on the General Fund Balance;
- * Statement of Total Recognised Gains and Losses;
- * Cash Flow Statement and related notes.

The following items have been omitted from the financial statements as set out in section 8(3e) of the Accounts and Audit Regulations 2007:

- * Statement of Internal Control

The information to be disclosed in the notes to the financial statements as set out in section 4.31 and 4.32 of the SORP have been omitted from these financial statements.

2 Revenue accounts

The accounts are prepared on an accruals basis modified to the extent that certain payments, such as electricity, whose accounting period straddles the year end, are not apportioned but accounted for when payment is made. With this exception, which is not expected to have a material effect on the accounts, all amounts payable and receivable as at 31 March 2008 have been accrued in the accounts.

3 Capital account

When capital payments are made out of borrowings, provision for the repayment of such borrowings was made by the transfer of amounts to a sinking fund, or by the repayment of principal on government loans from the General revenue account. The period of repayment varies in accordance with the nature of the expenditure and is specified in the borrowing authority.

In recent years the authority has replaced sinking fund finance with IOM Bank Loan finance to fund long term capital projects. Each of these loans is repayable between 15 and 30 years and are fixed rate loans. The interest charged on these loans varies between 4.65% and 5.54%.

4 Housing reserve

An allowance for repairs of 33.33% of the net rents receivable is made in determining the annual deficiency grant from the government. When actual repairs are less than the allowance the underspending, together with any surplus on the Housing revenue account, is transferred to the Housing reserve account.

This reserve can be used for exceptional repairs with the approval of the Department of Local Government and the Environment.

5 Statement of assets and liabilities

a. Debtors and creditors

Provision has been made for all material amounts receivable or payable in the revenue accounts including all special accounts.

b. Accounting convention

The balance sheet is prepared under the historical cost convention, subject to the revaluation of land and property.

c. Fixed assets and deferred charges

Fixed assets are included at cost, except for land and properties which were revalued in December 1999 in accordance with RICS guidelines on valuation. All additions since that date have been included at cost.

The figure for fixed assets includes an amount for property no longer owned by the Commissioners but for which the debt remains outstanding.

PEEL TOWN COMMISSIONERS
General revenue account
For the year ended 31 March 2008

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	2008 £	2007 £
Income		
Rates receivable	643,938	607,843
Recharges	231,847	334,398
Refuse collection charge	192,119	179,992
Sales	118,829	75,521
Rents - commercial	82,786	71,376
Fees and charges	48,108	53,834
Statutory administration allowances	52,411	32,678
Interest received	20,618	18,153
	<u>1,390,656</u>	<u>1,373,795</u>
Expenditure		
Employee costs	513,708	469,286
Premises related expenses	289,674	257,156
Agency and contracted services	246,842	241,219
Recharge costs	128,018	236,628
Central and technical support services	164,722	148,770
Capital financing costs	65,768	32,404
Transport expenses	20,935	20,765
Write off capital utilities	-	11,771
	<u>1,429,667</u>	<u>1,417,999</u>
Deficit in year	(39,011)	(44,204)
Balance brought forward	291,882	336,086
Balance carried forward	<u>252,871</u>	<u>291,882</u>

Notes on pages 9 and 10 form part of these accounts

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PEEL TOWN COMMISSIONERS
Housing revenue account
for the year ended 31 March 2008

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	2008	2007
	£	£
Income		
Rents received	699,717	683,426
Expenditure		
Maintenance allowance	232,916	217,637
Administration allowance	52,411	32,678
Legal and professional	12,982	39,127
Financing costs	236,829	204,237
	<u>535,138</u>	<u>493,679</u>
Surplus in year	<u>164,579</u>	<u>189,747</u>
Transfer to Housing Reserve	(164,579)	(189,747)
Balance carried forward	<u><u>-</u></u>	<u><u>-</u></u>
Housing Maintenance Reserve for the year ended 31 March 2008		
Income		
Housing Maintenance allowance	232,916	217,637
Interest received	11,464	-
	<u>244,380</u>	<u>217,637</u>
Expenditure		
Employee costs	97,142	78,345
Premises related expenses	153,056	91,127
	<u>250,198</u>	<u>169,472</u>
(Deficit)/surplus in year	(5,818)	48,165
Transferred to /(from) housing reserve account	5,818	(48,165)
Balance carried forward	<u><u>-</u></u>	<u><u>-</u></u>

PEEL TOWN COMMISSIONERS
Housing reserve account
for the year ended 31 March 2008

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	2008	2007
	£	£
Income		
Transfer to/(from) Housing Maintenance	(5,818)	48,165
Transfer from Housing Revenue Account in respect of surplus	<u>164,579</u>	<u>189,747</u>
	158,761	237,912
Expenditure		
MEA bungalows	4,924	-
Reayrt Aalin painting scheme	79,908	-
Kerroo Coar surfitts and facias	20,509	-
	<u>105,341</u>	<u>-</u>
Surplus in year	53,420	237,912
Balance brought forward	<u>837,763</u>	<u>599,851</u>
Balance carried forward	<u><u>891,183</u></u>	<u><u>837,763</u></u>

PEEL TOWN COMMISSIONERS
Capital account
for the year ended 31 March 2008

	Notes	2008 £	2007 £
Income			
IOM Bank Loans		4,563,165	961,963
Expenditure			
Mortgage bonds repaid	1	<u>-</u>	<u>(498,428)</u>
		4,563,165	463,535
Borrowings for capital schemes			
Central heating various properties		(987)	317,670
Reayrt Aalin painting scheme		-	700
Central heating Roxwell Terrace		-	26,565
North View doors		-	604
Windows and doors Market Street		-	4,333
Boilley Spittal Phase 2		1,169	26,862
Public housing central heating		-	12,950
Elderly Persons Housing Ballawattleworth		3,963,165	13,000
Kerroo Coar		-	-
Study 5 - Redevelopment of 9-15 North View		5,823	-
Refurbishment Strand Street Flats		8,578	-
Study 6 and 7		35,945	-
Parkers Land		600,000	-
Study 1 - Cavity Wall Refurbishment		74,602	-
		<u>4,688,295</u>	<u>402,684</u>
(Deficit)/surplus in year		<u>(125,130)</u>	<u>60,851</u>
Balance brought forward		<u>(213,229)</u>	<u>(274,080)</u>
Balance carried forward		<u><u>(338,359)</u></u>	<u><u>(213,229)</u></u>

Notes on pages 9 and 10 form part of these accounts

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PEEL TOWN COMMISSIONERS

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**Links development account
for the year ended 31 March 2008**

	2008	2007
	£	£
Balance brought forward and carried forward	<u>2,075</u>	<u>2,075</u>

**Walter Eric Brown Memorial Fund
for the year ended 31 March 2008**

	2008	2007
	£	£
Income		
Bank interest	-	<u>4</u>
Surplus in year	-	<u>4</u>
Balance brought forward	<u>534</u>	<u>530</u>
Balance carried forward	<u>534</u>	<u>534</u>

**Town Hall (Corrin Legacy) account
for the year ended 31 March 2008**

	2008	2007
	£	£
Balance brought forward	457	457
Balance carried forward	<u>457</u>	<u>457</u>

Notes on pages 9 and 10 form part of these accounts

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PEEL TOWN COMMISSIONERS
Statement of assets and liabilities
as at 31 March 2008

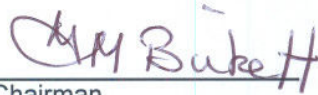
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	Note	2008 £	2007 £
Fixed assets	2	27,586,187	22,791,564
VAT account		23,743	10,130
Debtors	3	287,735	137,074
Bank balances		797,750	1,099,992
Housing rent arrears		14,295	9,808
		<u>1,123,523</u>	<u>1,257,004</u>
Current liabilities			
Creditors		192,255	75,817
Housing rents pre-paid		20,480	14,761
Bank loans	6	8,955,687	4,557,196
Drainage loan stage 3		76,975	89,855
Accruals		43,897	34,759
		<u>9,289,294</u>	<u>4,772,388</u>
Net current liabilities		(8,165,771)	(3,515,384)
Net assets		<u>19,420,416</u>	<u>19,276,180</u>
Financed by			
Accumulated surpluses	4	822,632	933,353
Capital discharged	5	3,050,676	2,795,719
Revaluation of property reserve		15,547,108	15,547,108
		<u>19,420,416</u>	<u>19,276,180</u>

Notes on pages 9 and 10 form part of these accounts

Auditors' report pages 12 to 13


 Town Clerk


 Chairman

22 October 2008
 Date

PEEL TOWN COMMISSIONERS
Notes to the accounts
for the year ended 31 March 2008

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Note	2008 £	2007 £
1		
Mortgage bonds		
Balance brought forward	-	498,428
Bonds repaid during the year	-	(498,428)
Balance carried forward	<u>-</u>	<u>-</u>
All mortgage bonds were repaid in the year ended 31 March 2007.		
2		
Fixed assets		
Property	27,439,231	22,644,608
Plant and stock	131,177	131,177
Deferred charges	15,779	15,779
	<u>27,586,187</u>	<u>22,791,564</u>

The property was revalued by Chrystals Commercial Chartered Surveyors in December 1999 in accordance with RICS guidelines on valuation of local authority assets. Any additions since that date have been included at historical cost.

PEEL TOWN COMMISSIONERS
Notes to the accounts
for the year ended 31 March 2008

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Note	2008 £	2007 £
3 Debtors		
Rates arrears	124,879	82,002
Trade debtors	33,000	39,325
Prepayments	119,701	7,700
Sundry debtors	10,155	8,047
	<u>287,735</u>	<u>137,074</u>
4 Accumulated surpluses		
Accumulated general revenue surplus (page 3)	252,871	291,882
Capital reserve (page 6)	(338,359)	(213,229)
Housing reserve (page 5)	891,183	837,763
Leece Museum account	13,871	13,871
Links development (page 7)	2,075	2,075
W E Brown Memorial Fund (page 7)	534	534
Town Hall (Corrin Legacy) Fund (page 7)	457	457
	<u>822,632</u>	<u>933,353</u>
5 Capital discharged		
Revenue contribution to capital	116,390	92,891
Government grants applied	60,448	60,448
Housing reserve applied	1,048,334	942,993
Balance of capital	1,825,504	1,699,387
	<u>3,050,676</u>	<u>2,795,719</u>

6 Bank loans

In recent years the authority has replaced sinking fund finance with IOM Bank Loan finance to fund long term capital projects. Each of these loans is unsecured, repayable between 15 and 30 years and are fixed rate loans. The interest charged on these loans varies between 4.65% and 5.54%.

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

7 Employees' Remuneration

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

	2007/08 Number of employees	2006/07 Number of employees
£50,000 - £74,999	1	1

Peel Town Commissioners

Year ended 31 March 2008

The statement of responsibilities for the statement of accounts

The Body's Responsibilities

The body 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. In this body, that officer is the 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 body'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 is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- comply 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.

The Responsible Financial Officer should sign and date the statement of accounts, stating that it presents fairly the financial position of the body at the accounting date and its income and expenditure for the year ended 31 March 2008.

However, dispensation has been received from the Department of Local Government and Environment that the new format of accounts and the requirement for internal audit contained within the legislation, will not need to be applied until the year ended 31 March 2009.

Independent Auditors' Report to the Peel Town Commissioners ("the Commissioners")

We have audited the financial statements of the Peel Town Commissioners for the year ended 31 March 2008 set out on pages 3 to 10. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 2.

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 commissioners, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of commissioners and auditors

The Commissioners are responsible for preparing the financial statements in accordance with applicable Isle of Man law as set out in the Statement of responsibilities for the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom & Ireland).

We report to you our opinion as to whether the financial statements are prepared in accordance with the Accounts and Audit Regulations 2007, made under the Audit Act 2006. In addition we report to you if, in our opinion, the commissioners have not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom & 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 in the preparation of the financial statements, and of whether the accounting policies are appropriate to the commissioner's circumstances, consistently applied and adequately disclosed.

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

Disagreement on Accounting Policies – Application of relevant legislation – Qualified Opinion

As disclosed in note 1 of the accounting policies, under the approval of the Department of Local Government and the Environment, the financial statements have not been fully prepared in accordance with the Accounts and Audit Regulations 2007 as made under the Audit Act 2006. The matters of non-compliance cover both the core statements and the supporting notes, as required by the Accounts and Audit Regulations 2007 and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP").

The matters of non-compliance in respect of the Accounts and Audit Regulations 2007 are:

- Section 8 paragraph 3(a) – omission of Explanatory Forward and associated disclosure;
- Section 8 paragraph 3(d) – omission of Statement of Total Movements in Reserves and associated disclosure;
- Section 8 paragraph 3(e) – omission of Statement of Internal Control and associated disclosure; and

The matters of non-compliance in respect of the SORP are:

- Section 3.42 – omission of relevant finance leases disclosure;
- Section 3.55 – omission of relevant pension disclosure notes;
- Section 3.80 – expenditure charged directly to reserve accounts;
- Section 3.95 – assets have not been categorised and included in the balance sheet in accordance with sections 3.96 to 3.97 of the SORP;
- Section 3.99 – no revaluation has been performed on assets within the last five year;
- Section 3.107 – no impairment review has been performed;
- Section 3.112 – no depreciation has been provided for;
- Section 3.124 – omission of the Net Operating Costs section of the Income and Expenditure Account;

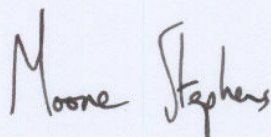
Independent Auditors' Report to the Peel Town Commissioners ("the Commissioners") (continued)

- Section 4.2 – omission of the Explanatory Foreword and Statement of Internal Control;
- Section 4.4 – omission of Statement of Total Recognised Gains and Losses and associated disclosure;
- Section 4.4 – omission of Cash Flow Statement and associated disclosure;
- Section 4.24 – non-trading costs have been inappropriately disclosed;
- Section 4.31 – omission of certain disclosures from the notes to the financial statements;
- Section 4.32 – Housing Revenue Account and relevant disclosures inappropriately disclosed; and
- Section 4.33 – Rate Fund and relevant disclosures inappropriately disclosed.

Accounting policies

- The accounting policies do not adequately disclose the matters of non-compliance in respect of the SORP or the Accounts and Audit regulations 2007.

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements present fairly, in all material aspects, the state of the Commissioners' affairs as at 31 March 2008 and for the year then ended.



MOORE STEPHENS
Chartered Accountants
Douglas
Isle of Man

28 October 2008