

Peel Town Commissioners

Financial Statements

For the year ended 31 March 2009

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 2009. 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. This has been updated for 2008/09 in order to meet the new requirements of the Accounts and Audit Regulations 2007.

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.

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Explanatory Foreword (continued)

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

Income and Expenditure Account

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

Net expenditure is met from the following sources:

- Income from the General Rate Fund

For the year ended 31 March 2009 the over spend during the year amounted to £11,844 (2008 : £39,011) in accordance with budgeted figures with the Commissioners highlighting a number of wish list items to be expended from reserves. This included a net credit of £23,000 in relation to pension service costs, no comparative figures are available for 2008.

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 2009, the overspend amounted to £34,844 (2008 : £39,011).

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2008/09 resulted in a deficiency requirement of £145,598 (2008 : Net surplus £164,759).

The deficit relates largely to the increased level of borrowings in recent times to fund capital schemes in the Town including a £4.55million borrowing in the year to finance the new development at Ballawattleworth.

Capital Expenditure

Total capital expenditure in the year was £1,501,792 and is analysed as follows:

Study 5 – Redevelopment of 9-15 North View £101,653
North View transit costs £11,069
Refurbishment Strand Street Flats - £27,981
Elderly Persons Complex Ballawattleworth - £459,550
Study 6 and 7 – Refurbishment of 21 units at Strand Street, Beech Street, Queens Street and Shore Road £457,069
Reayrt Aalin – Painting Scheme - £14,668
Cavity Wall – Study 1 Refurbishment - £429,802

Financing was provided and analysed as follows:

Transfers from housing reserve £601,668
IOM Bank loans - £1,290,864

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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 224p in the £ on a rateable value of £326,471 during the year. In addition a separate refuse charge of £98 per residential household was levied.

Total rates arrears were £109,872 although £39,707 was received from Treasury on 28 April 2009. Prior year rates were recovered totalling £14,123.

Investments and Borrowing

During the year no external investments was made and the Authority borrowed £1,290,864 during the year to finance capital schemes as highlighted above.

Reserves

The Authority's general revenue reserves have decreased from £252,871 at 31 March 2008 to £218,027 at 31 March 2009. This is as a result of planned wish list spending 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 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 2009, and amounts to £374,000 an increase of £112,000 on the previous 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.

In addition, the election available within the Audit Directions 2008 to not include finance leases has been applied to these accounts. Such assets have been capitalised in previous years with a resulting credit to the capital discharged account.

Certain comparative figures have not been restated to include changes to accounting policies in the current year. In this respect, no comparative information is available in respect of property valuations, nor was any actuarial report available from which comparative pension contribution disclosures can be made.

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. This is a change in accounting policy applied at 31 March 2009, no amendments have been made to comparative figures.

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.

Peel Town Commissioners

Statement of Accounting Policies (continued)

Depreciation

No depreciation has been provided on land and buildings due to the upwards revaluation in the year. In accordance with the Audit Directions 2008, no depreciation has been charged on other assets in either 2008 or 2009.

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 receipts in the year in accordance with the housing deficiency scheme operated by the Department of Local Government and the Environment.

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 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.

Peel Town Commissioners

Statement of Accounting Policies (continued)

- 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.

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 has changed the accounting treatment of pension costs.

For 2008/2009 the Authority have 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 figures for 2007/2008 have been restated accordingly.

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.

Peel Town Commissioners

Statement of Accounting Policies (continued)

The pension cost has been assessed by the Fund's actuary based on triennial valuations, the 2008/09 contributions being based on the results of the review as at 31 March 2009. 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. During the current period, approval was received to spend £601,688 from this reserve towards the cost of capital schemes in the year.

The following 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.

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 35 of this Statement present fairly the financial position of the Authority at 31 March 2009 and its income and expenditure for the year ending on that date.

Peel Town Commissioners

Statement of Internal Control

Introduction

Regulation 7 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)

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.

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, except for the matters listed below, the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2009.

The following improvements have been identified to address internal control weaknesses:

- A fixed asset register is now maintained detailing assets acquired in each accounting year.

(Signed) _____

(Chairman)

(Dated) _____

Peel Town Commissioners

Statement on the System of Internal Financial Control

This statement is given in respect of the statement of accounts for the Peel Town Commissioners. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by the RFO within the Authority. In particular, the system includes:

- 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
- clearly defined capital expenditure guidelines, and
- as appropriate, formal project management disciplines.

During the period, in accordance with Regulation 7 of the Accounts and Audit Regulations 2007, Alexander Elliott were appointed as Internal Auditors to the Authority for the year ended 31 March 2009.

The work carried out was limited to those areas, and the processes and procedures connected with those areas, identified in their "Initial Report on the Scope and Costing of 2008/09 Internal Audit Review" dated December 2008 and accepted by the Board as relevant.

The internal auditor provides an independent opinion on the adequacy and effectiveness of the system of internal financial control.

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.

Internal Audit Conclusion

The internal auditor concluded that "it was particularly pleasing to see there are comparatively few issues that require attention. Overall the standards of work practice and procedures are of a very high standard and certainly in line, if not superior, to what we would expect to find in a commercial organisation".

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

Signed _____

Chairman

Dated _____

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 2009 set out on pages 2 to 35. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 5 to 8.

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.

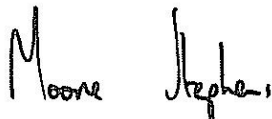
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Disagreement on Application of relevant legislation on comparatives – Qualified Opinion

The matter of non-compliance regarding the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP") is:

- Section 3.95 – the comparatives for assets have not been revalued in line with the accounting policy adopted and as required by sections 3.96 to 3.97 of the SORP.
- Section 3.112 – no depreciation charge being allocated in respect of the prior year.

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements present fairly, in all material aspects, the state of the Commissioners' affairs as at 31 March 2009 and for the year then ended.



MOORE STEPHENS
Chartered Accountants
Douglas
Isle of Man

21 October 2009

Peel Town Commissioners

Income and Expenditure Account for the year ended 31 March 2009

Statement of net expenditure	Notes	Gross expenditure £	Income £	2008/09 Net Expenditure £	2007/08 Net Expenditure £
Continuing operations:					
Employee costs		440,598	-	440,598	513,708
Premises related costs		273,937	82,890	191,047	206,887
Agency and contracted services		264,950	241,283	23,667	20,065
Recharges		196,988	300,350	(103,362)	(103,829)
Central and technical		195,530	185,756	9,774	(19,967)
Vehicle costs		44,415	-	44,415	20,935
Net cost of General Fund services		1,416,418	810,279	606,139	637,799
Housing Income and Expenditure Account		699,717	699,717	-	-
Current service cost of Pension Scheme		53,000	93,000	(40,000)	
Net cost of services		2,169,135	1,602,996	566,139	637,799
Interest payable and finance charges				117,738	65,768
Interest and investment income				(8,648)	(20,618)
Pensions interest cost and return on pension assets				17,000	-
Net operating expenditure				692,229	682,949
Sources of finance					
Income from the General Rate Fund				680,384	643,938
Net deficit for the year				(11,845)	(39,011)

The notes on pages 24 to 35 form part of these financial statements.

Peel Town Commissioners

Statement of the Movement on the General Fund Balance for the year ended 31 March 2009

	<i>Notes</i>	2008/09 £	2007/08 £
Deficit for the year on the income and expenditure account		(11,845)	(39,011)
Reversal of net charges made for retirement benefits in accordance with FRS 17	27	70,000	-
Pensions in the year	27	(93,000)	-
		<u>(34,845)</u>	<u>(39,011)</u>
General Fund Balance brought forward		<u>252,871</u>	<u>291,882</u>
General Fund Balance carried forward		<u>218,026</u>	<u>252,871</u>

The notes on pages 24 to 35 form part of these financial statements.

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Housing Revenue Income and Expenditure Account for the year ended 31 March 2009

	Notes	£	2008/09 £	2007/08 £
Income				
Dwelling rents		739,790		699,717
Contributions towards expenditure including Housing Deficiency Payments	23	145,598		-
Total income			885,388	699,717
Expenditure				
Repairs and maintenance		252,908		232,916
Legal, professional and insurance		8,765		12,982
Administration allowance		56,910		52,411
Sundry expenses		130		-
			(318,713)	(298,309)
Surplus for the year on the HRA income and expenditure account			566,675	401,408
Interest payable and similar charges			(566,675)	(236,829)
Surplus for the year on the HRA income and expenditure account			-	164,579

The notes on pages 24 to 35 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 2009

	Notes	2008/09 £	2007/08 £
Surplus for the year on the HRA income and expenditure account		-	164,579
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			
Transfers to housing reserve		-	(164,579)
		-	-
Housing Revenue Account Balance brought forward		-	-
Housing Revenue Account Balance carried forward		-	-

The notes on pages 24 to 35 form part of these financial statements.

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Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

	<i>Notes</i>	2008/09 £	2007/08 £
Deficit on the income and expenditure account for the year		(34,845)	(39,011)
Surplus arising on revaluation of fixed assets	<i>10</i>	6,588,671	-
Actuarial losses on Pension Fund Assets and Liabilities		(135,000)	-
Total recognised gains and losses for the year		<u>6,418,826</u>	<u>(39,011)</u>

Peel Town Commissioners

Balance Sheet

As at 31 March 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible fixed assets	1	35,694,605	27,586,187
Current assets			
Debtors	6	356,030	325,773
Cash at bank	7	651,619	797,750
		<u>1,007,649</u>	<u>1,123,523</u>
Current liabilities			
Short-term borrowing	12	(1,588,494)	(4,401,185)
Creditors	8	(341,727)	(256,632)
		<u>(1,930,221)</u>	<u>(4,657,817)</u>
Net current liabilities		<u>(922,572)</u>	<u>(3,534,294)</u>
Total assets less current liabilities		<u>34,772,033</u>	<u>24,051,893</u>
Long-term liabilities			
Liability relating to defined benefit pension scheme	26	(374,000)	(262,000)
Long-term borrowing	12	(8,671,688)	(4,631,477)
Total assets less liabilities		<u><u>25,726,345</u></u>	<u><u>19,158,416</u></u>
Financed by:			
Revaluation reserve	10	22,135,779	15,547,108
Accumulated surpluses	10	421,137	1,160,991
Pensions reserve	26	(374,000)	(262,000)
Capital discharged	10	3,491,048	3,050,676
Capital account	10	52,381	(338,359)
		<u><u>25,726,345</u></u>	<u><u>19,158,416</u></u>

The financial statements were approved by the Authority on 20 Oct 2009 and were signed on their behalf by:

Chairman *N. Girdler*

Clerk *[Signature]*

Peel Town Commissioners

Cash Flow Statement

for the year ended 31 March 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		724,469		388,748
Returns on investments and servicing of finance				
Interest received	8,648		20,618	
Interest paid	(571,243)		(302,596)	
Net cash outflow for returns on investments and servicing of finance		(562,595)		(281,978)
Capital expenditure				
Payments to acquire tangible assets	(1,545,526)		(4,794,623)	
Receipts from sales of tangible assets	10,000		-	
Net cash outflow for capital expenditure		(1,535,526)		(4,794,623)
Net cash outflow before management of liquid resources and financing		(1,373,652)		(4,687,853)
Financing				
Other new short term loans	1,439,000		4,563,165	
Repayment of other short term loans	(211,479)		(177,554)	
Net cash inflow from financing		1,227,521		4,385,611
Decrease in cash in the year		(146,131)		(302,242)

Peel Town Commissioners

Notes to the Cash Flow Statement for the year ended 31 March 2009

1. Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating surplus	572,838	164,214
Increase in debtors	(30,257)	(168,761)
Increase in creditors within one year	181,888	393,295
Net cash inflow from operating activities	724,469	388,748

2. Analysis of net debt

	1 April 2008 £	Cash flow £	Other non- cash changes £	31 March 2009 £
Net cash:				
Cash at bank in hand	797,750	(146,131)	-	651,619
Debt:				
Debts falling due within one year	(9,032,662)	(1,227,520)	-	(10,260,182)
Net Debt	(8,234,912)	(1,373,651)	-	(9,608,563)

3. Reconciliation of net cash flow to movement in net debt

	2009 £	2008 £
Decrease in cash in the year	(146,131)	(302,242)
Cash inflow from increase in debt	(1,227,520)	(4,385,611)
Movement in net debt in the year	(1,373,651)	(4,687,853)
Opening net debt	(8,234,912)	(3,547,059)
Closing net debt	(9,608,563)	(8,234,912)

Peel Town Commissioners

General Rate Fund

as at 31 March 2009

	Notes	2009	2008
		£	£
Total rates levied for the year		720,705	675,176
<i>Add:</i>			
Due from Treasury re prior year	52,516	26,149	
Arrears brought forward	61,174	113,690	82,002
		<u>834,395</u>	<u>757,178</u>
<i>Less:</i>			
Discounts	(25,369)	(23,715)	
Exempt and unoccupied properties	(7,933)	(8,359)	
Refunds	(778)	(376)	
		<u>(34,080)</u>	<u>(32,450)</u>
Total rates collectable		800,315	724,728
Rates received in the year:			
Current year rates	632,180	583,836	
Arrears collected	10,916	9,431	
Balance from Treasury re previous year	52,516	11,592	
		<u>695,612</u>	<u>604,859</u>
Total rates received in the year		695,612	604,859
Balances outstanding carried forward:			
Due from Treasury re current year	39,707	52,516	
Arrears - current year	14,739	15,058	
- previous years	50,257	52,295	
		<u>104,703</u>	<u>119,869</u>
		800,315	724,728

Peel Town Commissioners

Refuse Rate Fund Accounts

as at 31 March 2009

	Notes	£	2009 £	£	2008 £
Total refuse rates levied for the year			217,103		206,055
<i>Add:</i>					
Due from Treasury re prior year		-	-	-	-
Arrears brought forward		3,207	3,207	2,751	2,751
			<u>220,310</u>		<u>208,806</u>
<i>Less:</i>					
Discounts		(7,327)		(6,885)	
Exempt and unoccupied properties		(1,768)		(2,138)	
Refunds		(92)		(106)	
		<u></u>	<u>(9,187)</u>	<u></u>	<u>(9,129)</u>
Total refuse rates collectable			<u>211,123</u>		<u>199,677</u>
Refuse rates received in the year:					
Current year refuse rates		200,944		191,916	
Arrears collected		3,207		2,751	
Balance from Treasury re previous year		-		-	194,667
			<u>204,151</u>		<u>194,677</u>
Total refuse rates received in the year			204,151		194,677
Balances outstanding carried forward:					
Due from Treasury re current year		-		-	
Arrears - current year		5,169		3,720	
- previous years		1,803		1,290	
		<u></u>	<u>6,972</u>	<u></u>	<u>5,010</u>
			<u>211,123</u>		<u>199,677</u>

Peel Town Commissioners

Notes to the Statement of Accounts

(forming part of the financial statements for the year ended 31 March 2009)

1. Tangible fixed assets

Operational assets

	Property £	Plant and stock £	Deferred Charges £	Total £
Cost/valuation				
At 31 March 2008	27,439,231	131,177	15,779	27,586,187
Additions in the year	1,501,792	43,734	-	1,545,526
Disposals in the year	-	(10,000)	(15,779)	(25,779)
Revaluations	6,588,671	-	-	6,588,671
At 31 March 2009	35,529,694	164,911	-	35,694,605

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	<u>29,635,194</u>	<u>3,694,500</u>	<u>325,000</u>	<u>1,875,000</u>	<u>Nominal</u>	<u>35,529,694</u>

The Authority has reviewed the values of assets in these categories of assets in the year and all properties were revalued as at 31 March 2009.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

2. Assets held

Operational assets	Number at 31 March 2008	Changes 2008/09	Number at 31 March 2009
Social Housing Dwellings	288	33	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 2009)

3. Capital expenditure and financing

	2008/09 £	2007/08 £
Capital investment		
Operational assets	1,501,792	4,793,636
Non-operational assets	-	-
	<u>1,501,792</u>	<u>4,739,636</u>
Sources of finance		
Isle of Man Bank Loans	1,290,864	4,563,165
Transfer from housing reserve	601,668	105,341
	<u>1,892,532</u>	<u>4,668,506</u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2009 are listed below:

	31 March 2009 £	31 March 2008 £
Housing	2,161,551	3,620,693
	<u>2,161,551</u>	<u>3,620,693</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.

	2008/09 £	2007/08 £
Balance at 1 April	15,779	15,779
Amounts written off:	(15,779)	-
Balance at 31 March	<u>-</u>	<u>15,779</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

6. Debtors

	2009 £	2008 £
Amounts falling due in one year (net of bad debt provisions):		
Government departments	145,598	-
Ratepayers	109,872	124,879
Housing rents	18,645	14,295
Sundry debtors	81,915	66,898
Prepayments	-	119,701
	<u>356,030</u>	<u>325,773</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 2009 was £651,619 (2008: £797,750). 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 23.

8. Creditors

	2009 £	2008 £
Trade creditors	248,189	192,255
Housing rents	20,273	20,480
Sundry creditors and accruals	73,265	43,897
	<u>341,727</u>	<u>256,632</u>

9. Provisions

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

	2009 £	2008 £
Sundry debtors	<u>8,686</u>	<u>5,817</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

10. Reserves

	Usable Capital receipts £	Revaluation reserve £	Capital adjustment Account £
Balance at 1 April 2008	(338,359)	15,547,108	3,050,676
Net surplus/(deficit) for year	(210,928)	-	440,372
Transfers to/from other reserves	601,668	-	-
HRA capital expenditure from repairs reserve	-	-	-
Unrealised gains/losses from revaluation of fixed assets	-	6,588,671	-
Balance at 31 March 2009	<u>52,381</u>	<u>22,135,779</u>	<u>3,491,048</u>

Revenue reserves

	Leece Museum £	Links development £	W.E Brown Memorial £	Town Hall (Corrin Legacy) £
Balance at 1 April 2008	13,871	2,075	534	457
Net surplus/(deficit) for year	1,910	-	5	(122)
Appropriations to/from revenue	-	-	-	-
Actuarial gains/ losses from pensions	-	-	-	-
Transfers to/from other reserves	-	-	-	-
HRA capital expenditure from repairs reserve	-	-	-	-
Balance at 31 March 2009	<u>15,781</u>	<u>2,075</u>	<u>539</u>	<u>335</u>

Revenue reserves continued

	Housing reserve account £	General revenue account £	Housing revenue account £	Total £
Balance at 1 April 2008	891,183	252,871	-	1,160,991
Net surplus/(deficit) for year	(105,135)	(34,844)	-	(138,186)
Appropriations to/from revenue	-	-	-	-
Actuarial gains/ losses from pensions	-	-	-	-
Transfers to/from other reserves	-	-	-	-
HRA capital expenditure from repairs reserve	(601,668)	-	-	(601,668)
Balance at 31 March 2009	<u>184,380</u>	<u>218,027</u>	<u>-</u>	<u>421,137</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

11. Bank Loans

Loans outstanding, and not due to mature for more than one year, are the amounts borrowed from external lenders at the balance sheet date. They may be analysed as follows:

	2009 £	2008 £
Analysis of loans by type:		
Isle of Man Bank Loans	10,260,182	9,032,662
Analysis of loans by maturity:		
Less than 1 year	1,588,494	4,401,185
Between 1 and 2 years	740,847	442,537
Between 2 and 5 years	2,193,462	1,298,533
Between 5 and 10 years	5,648,626	2,838,410
More than 10 years	88,753	51,997
Total outstanding	10,260,182	9,032,662

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 15 and 30 years and are fixed term 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.

12. 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 Transport to discuss this matter in more detail.

13. 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.

14. Members' allowances

During 2008/09 the Authority paid £4,480 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2007/08 £6,675).

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

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	2008/09	Total	2007/08
		Number of Employees		Number of Employees
		Leavers in year		Leavers in year
£50,000 - £74,999	1	0	1	0

16. Related party transactions

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

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.

One Commissioner is an employee of Douglas Borough Council, the administrators of the Local Government Pension Scheme. However the Commissioner does not have influence over the operation or administration of the Scheme.

One employee of Peel is also an employee of Peel & Western District Housing Committee. During the year an amount of £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.

17. Audit fees

During 2008/09 the Authority incurred the following fees relating to external audit and inspection:

	2008/09	2007/08
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	6,000	4,500

18. Total rateable value

The total rateable value of the Town at 31 March 2009 is £326,471 (2008: £317,029) at the year end with a 224p rate being charged (2008:216p).

In addition a refuse charge of £98 (2008: £95) per household was levied for the year.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

19. Housing fixed assets

Operational assets

**Social
Housing
Dwellings
£**

**Gross valuation
At 31 March 2009**

29,635,194

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 (comparative figures for 31 March 2008 were not available).

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 2007/08 or 2008/09.

20. HRA capital expenditure

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

	2008/09 £	2007/08 £
Major repairs reserve	601,668	105,341
Borrowing	900,124	4,689,282
	<u>1,501,792</u>	<u>4,794,623</u>

21. Housing reserve account

	2008/09 £	2007/08 £
Balance at 1 April 2008	891,183	837,763
Transfers	(105,135)	158,761
Capital expenditure financed by reserve	(601,668)	(105,341)
Balance at 31 March 2009	<u>184,380</u>	<u>891,183</u>

22. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 2.51% of the rental debit for the year, compared to 0% in 2007/08.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

23. 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:

	2008/09	2007/08
	£	£
Deficiency receivable at year end re 2008/09	<u>145,598</u>	<u>-</u>

24. Housing stock

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

	2008/09	2007/08
	No's	No's
Houses and bungalows	279	262
Flats and maisonettes	37	21
Other	5	5
	<u>321</u>	<u>288</u>

Changes in the housing stock are detailed below:

	2008/09	2007/08
	No's	No's
Stock at 1 April 2008	288	276
Additions	33	12
Disposals	-	-
Stock at 31 March 2009	<u>321</u>	<u>288</u>

25. Rent arrears

Rent arrears amounted to % of gross income:

	2008/09	2007/08
	£	£
Rent arrears	18,645	14,295
Rent arrears as a percentage of gross rent income	<u>2.46%</u>	<u>2.04%</u>

Arrears written off during the year amounted to £Nil (£Nil in 2007/08) and an increase/decrease of £Nil (£Nil in 2007/08) was made in the provision for bad and doubtful debts. As at 31 March 2009 the provision stood at £Nil (£Nil at 31 March 2008).

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2009)

26. 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 pensions liabilities with investment assets. As disclosed in the statement of accounting policies, as no valuation was carried out at 31 March 2008, comparative figures are not available.

During the financial year the cost of pensions contributions £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.

As no valuation was carried out at 31 March 2008, no comparative figures have been disclosed in the Income and Expenditure account, although the balance sheet has been restated to include the pensions liabilities.

The assets and liabilities of the Scheme as at 31 March 2009 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 2009 % per annum	31 March 2008 % per annum
Rate of inflation	3.1%	3.6%
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	3.1%	3.6%
Rate for discounting scheme liabilities	6.9%	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 2009 £	31 March 2008 £
Estimated employer assets	1,022,000	1,154,000
Present value of scheme liabilities	(1,396,000)	(1,416,000)
Present value of unfunded liabilities	-	-
Net pensions liability	<u>(374,000)</u>	<u>(262,000)</u>

Peel Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

26. Pensions (continued)

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

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

The net deficit on the scheme has increased from £262,000 to £374,000. An analysis of the movement during the year is shown below:

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

Peel Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

26. Pensions (continued)

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:

	£	2008/09 Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	1,022,000	-
Total present value of liabilities	(1,396,000)	-
Difference between the actual and expected return on assets	(123,000)	12.0%
Experience losses on liabilities	-	-
Changes in the assumptions underlying the present value of Scheme Liabilities	-	-
Actuarial losses recognised in the statement	(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 1 April 2009 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.