

# **Peel Town Commissioners**

## **Statement of Accounts**

**For the year ended 31 March 2011**

# Peel Town Commissioners

<i>Contents</i>	<i>Page</i>
Explanatory Foreword	2 - 4
Statement of Accounting Policies	5 - 8
Statement of Responsibilities for the Statement of Accounts	9
Statement of Internal Control	10 - 11
Report of the Independent Auditor	12 - 13
Income and Expenditure Account	14
Statement of the Movement on the General Fund Balance	15
Housing Revenue Income and Expenditure Account	16
Statement of Movement on the Housing Revenue Account Balance	17
Statement of Total Recognised Gains and Losses	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Cash Flow Statement	21
General Rate Fund	22
Refuse Rate Fund	23
Notes to the Statement of Accounts	24 - 37

# Peel Town Commissioners

## Explanatory Foreword

### Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2011. It has been prepared in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006.

The individual accounts within the Statement are as follows:

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

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

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

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

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

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

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

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

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

# Peel Town Commissioners

## Explanatory Foreword (continued)

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

### **Income and Expenditure Account**

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

Net expenditure is met from the General Rate Fund and Refuse Rate Fund.

For the year ended 31 March 2011 the deficit during the year amounted to £122,432 (2010: deficit £61,459). This included a net debit of £20,000 (2010: credit £20,000) in relation to pension service costs and a credit of £293,000 in respect of past service pension gains. It also included a provision of £88,591 against rates debtors over which uncertainty exists 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 2011, the deficit amounted to £57,089 (2010 surplus: £48,406). Whilst there was an increased rate income due to the continued expansion of the Town, the provision against the rates debtor of £88,591 has resulted in a deficit for the year.

### **Housing Revenue Account**

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2010/11 resulted in a deficiency requirement of £370,311, (2010: £255,857).

### **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 in the year was £1,434,587 and is analysed as follows:

Housing schemes - £1,427,087

Land - £7,500

### **Capital Expenditure - continued**

Financing was provided and analysed as follows:

IOM Bank loans and overdrafts - £1,331,693

General Revenue - £7,500

Accruals at the year end in respect of capital expenditure totalled £95,394 (2010: £Nil).



# 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 235p (2010: 229p) in the £ on a rateable value of £349,192 (2010: £342,440) during the year. In addition a separate refuse charge of £126.50 (2010: £98) per residential household was levied.

Total rates arrears were £99,810 (2010: £93,468). Prior year rates were recovered totalling £8,297 (2010: £11,430). A provision of £88,591 has been made against rates debtors that are considered irrecoverable.

### **Investments and Borrowing**

During the year no external investments were made and the Authority borrowed £1,331,693 (2010: £1,708,958) during the year to finance capital schemes as highlighted above.

### **Reserves**

The Authority's general revenue account has reduced from £266,432 at 31 March 2010 to £223,607 at 31 March 2011. This is primarily as a result of the bad debt provision explained above and brings the authority's general reserves to a level just above 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 2011, and amounts to £664,000 a decrease of £407,000 on the previous year.

This decrease is primarily as a result of positive assets returns and falling long term inflation expectations and also the change in the use of the Consumer Price Index rather than the Retail Price Index in the basis of calculations.

# Peel Town Commissioners

## Statement of Accounting Policies

### **Basis of preparation**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings as at 31 March 2009.

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

Certain comparative figures have been restated. Principally this change is to amend the disclosure of amounts repayable in respect of bank loans, between amounts due within one year and amounts due after more than one year. There is no adjustment to the net assets of the authority. This is explained further in note 28 to the financial statements.

### **Tangible fixed assets**

#### **Recognition**

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

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

#### **Valuations**

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

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

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

#### **Depreciation**

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

# Peel Town Commissioners

## Statement of Accounting Policies (continued)

### **Impairment**

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year: where values have changed materially in the period, the valuations are adjusted to reflect the change. Where a major change in asset values is due to a consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Income and Expenditure Account. Other impairments are recognised in the Revaluation Reserve. Impairment reviews are carried out on all assets, other than non-depreciable land, where no depreciation charge is made or the estimated remaining useful life of the asset exceeds 50 years.

### **Disposals**

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

### **Government grants**

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

### **Housing Deficiency**

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

### **Accruals of income and expenditure**

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

- Fees, charges and rents 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 2010/11 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. During 2011, approval was received to spend £Nil (2010: £33,610) from this reserve towards the cost of capital schemes in the year.

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

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

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

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

# 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 2011 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 2011.

There were no matters of high risk identified during the year ended 31 March 2011.

(Signed) 

(Chairman)

(Signed) 

(Responsible Finance Officer)

(Dated) 15-11-11



# Peel Town Commissioners

## Report of the Independent Auditors to the Town Commissioners of Peel

We have audited the financial statements of Peel Town Commissioners for the year ended 31 March 2011 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the Commissioners, as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of 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 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 2011 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: 21 November 2011

# Peel Town Commissioners

## Income and Expenditure Account for the year ended 31 March 2011

Statement of net expenditure	Gross expenditure	Income	2010/11 Net Expenditure	2009/10 Net Expenditure
	£	£	£	£
Continuing operations:				
Employee costs	538,456	-	538,456	515,413
Premises related costs	266,867	119,370	147,497	165,875
Agency and contracted services	305,665	40,661	265,004	210,138
Recharges	48,295	133,283	(84,988)	(100,211)
Central and technical	196,456	168,055	28,401	(26,842)
Vehicle costs	15,480	-	15,480	24,721
Depreciation	43,857	-	43,857	75,257
Bad debt provision	88,591	-	88,591	-
<b>Net cost of General Fund services</b>	<b>1,503,667</b>	<b>461,369</b>	<b>1,042,298</b>	<b>864,351</b>
Housing Revenue Income and Expenditure Account	930,875	1,314,278	(383,403)	(322,008)
Current service cost of Pension Scheme	106,000	111,000	(5,000)	(52,000)
Past service gains	-	293,000	(293,000)	-
<b>Net cost of services</b>	<b>2,540,542</b>	<b>2,179,647</b>	<b>360,895</b>	<b>490,343</b>
Interest payable and finance charges			556,788	503,112
Interest and investment income			(844)	(395)
Pensions interest cost and return on pension assets			25,000	32,000
<b>Net operating expenditure</b>			<b>941,839</b>	<b>1,025,060</b>
<b>Sources of finance</b>				
Income from the Rate Funds			1,064,271	963,601
<b>Net surplus /(deficit) for the year</b>			<b>122,432</b>	<b>(61,459)</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 2011

	Notes	2010/11 £	2009/10 £
<b>Surplus / (deficit) for the year on the Income and Expenditure Account</b>		<b>122,432</b>	<b>(61,459)</b>
<b>Amounts included in the Income and Expenditure account but to be excluded when determining the Movement on the General Fund Balance</b>			
Depreciation		43,857	463,900
Reversal of net charges made for retirement benefits	27	131,000	83,000
Pensions in the year	27	(111,000)	(103,000)
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>			
Revenue contribution to capital assets		(7,500)	(8,252)
Capital loan repayments		(64,051)	(328,992)
<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 reserve		121,173	3,209
<b>(Deficit) / surplus for the year</b>		<b>(57,089)</b>	<b>48,406</b>
<b>General Fund Balance brought forward</b>		<b>266,432</b>	<b>218,026</b>
<b>General Fund Balance carried forward</b>		<b>209,343</b>	<b>266,432</b>

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 2011

		2010/11	2009/10
	£	£	£
<b>Income</b>			
Dwelling rents (including rates)	943,967		835,282
Contributions towards expenditure including Housing Deficiency Payments	370,311		255,857
<b>Total income</b>		1,314,278	1,091,139
<b>Expenditure</b>			
Repairs and maintenance	268,395		303,662
Legal, professional and insurance	15,673		8,980
Administration allowance	73,276		67,609
Sundry expenses	50		237
Depreciation	573,481		388,643
		(930,875)	(769,131)
<b>Surplus for the year on the HRA income and expenditure account before interest</b>		383,403	322,008
Interest received	607		211
Interest payable and similar charges	(505,183)	(504,576)	(446,796)
<b>Deficit for the year on the HRA income and expenditure account</b>		(121,173)	(124,577)

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 2011

	Notes	2010/11	2009/10
		£	£
<b>Deficit for the year on the HRA income and expenditure account</b>		<b>(121,173)</b>	<b>(124,577)</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		573,481	388,643
<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		(395,064)	(267,275)
<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 (to) / from housing reserve		(57,244)	3,209
		-	-
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 2011

	Notes	2010/11 £	2009/10 restated £
<b>Surplus / (deficit) on the income and expenditure account for the year</b>		<b>122,432</b>	<b>(61,459)</b>
Actuarial gains/(losses) on Pension Fund Assets and Liabilities	27	<b>134,000</b>	(717,000)
Recognition of additional debtor	30	<b>27,000</b>	-
Removal of bank accounts	30	<b>(6,906)</b>	-
Recognition of car park liability	30	<b>(87,170)</b>	-
<b>Total recognised gains and losses for the year</b>		<b>189,356</b>	<b>(778,459)</b>
<b>Prior year adjustment (note 28)</b>		<b>1,095,000</b>	-
<b>Total gains and losses recognised since last annual report</b>		<b>1,284,356</b>	<b>(778,459)</b>

# Peel Town Commissioners

## Balance Sheet

As at 31 March 2011

	Notes	2011	2010
		£	£
<b>Fixed assets</b>			restated
Tangible fixed assets	1	38,781,370	37,964,121
<b>Long term debtor</b>	5	15,622	-
<b>Current assets</b>			
Debtors	5	200,759	419,196
Prepayments		120,137	110,699
Cash at bank	6	476,708	477,910
		<u>797,604</u>	<u>1,007,805</u>
<b>Current liabilities</b>			
Bank overdraft	11	(689,614)	(286,664)
Short term borrowing	11	(505,152)	(458,857)
Creditors	7	(596,733)	(353,525)
		<u>(1,791,499)</u>	<u>(1,099,046)</u>
<b>Net current liabilities</b>		<u>(993,895)</u>	<u>(91,241)</u>
<b>Total assets less current liabilities</b>		<u>37,803,097</u>	<u>37,872,880</u>
<b>Long-term liabilities</b>			
Liability relating to defined benefit pension scheme	27	(664,000)	(1,071,000)
Long term borrowing	11	(11,042,488)	(10,894,627)
<b>Total assets less liabilities</b>		<u>26,096,609</u>	<u>25,907,253</u>
<b>Financed by:</b>			
Revaluation reserve	9	22,662,826	22,945,251
Accumulated surpluses	9	432,892	432,737
Pensions reserve	9/27	(664,000)	(1,071,000)
Capital adjustment account	9	3,635,745	3,571,119
Usable capital receipts	9	29,146	29,146
		<u>26,096,609</u>	<u>25,907,253</u>

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

  
Chairman

  
Town Clerk



# Peel Town Commissioners

## Cash Flow Statement for the year ended 31 March 2011

Revenue activities	2011		2010
	£	£	£
<b>Cash outflows</b>			
Cash paid to and on behalf of employees	(605,686)	(590,687)	
Other operating cash payments	<u>(1,168,236)</u>	<u>(1,253,958)</u>	(1,844,645)
<b>Cash inflows</b>			
Rents	927,384	829,901	
Deficiency grant received	589,157	193,908	
Rate receipts	1,076,641	969,871	
Other operating cash receipts	<u>490,930</u>	<u>594,500</u>	2,558,180
<b>Net cash inflow from revenue activities</b>		<u>1,310,190</u>	<u>713,535</u>
<b>Returns on Investments and servicing of finance</b>			
<b>Cash outflows</b>			
Interest paid	(548,974)	<u>(493,550)</u>	<u>(493,550)</u>
<b>Cash inflows</b>			
Interest received	844	844	395
		<u>(548,130)</u>	<u>(493,155)</u>
<b>Capital activities</b>			
<b>Cash outflows</b>			
Purchase of fixed assets	<u>(1,339,193)</u>	<u>(1,774,055)</u>	(1,774,055)
<b>Net cash outflow before financing</b>		<u>(577,133)</u>	<u>(1,553,675)</u>
<b>Management of liquid resources</b>			
(Increase) in short term deposits		(185,235)	-
<b>Financing</b>			
<b>Cash outflows</b>			
Repayments of amounts borrowed	(459,114)	(328,993)	
Elimination of bank accounts	<u>(21,174)</u>	-	
		<u>(480,288)</u>	(889,976)
<b>Cash inflows</b>			
Bank loans taken out in year	<u>653,269</u>	<u>2,269,942</u>	<u>2,269,942</u>
		<u>(12,254)</u>	<u>1,379,966</u>
<b>Net decrease in cash</b>		<u>(589,387)</u>	<u>(173,709)</u>

# Peel Town Commissioners

## Notes to the Cash Flow Statement

for the year ended 31 March 2011

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

	2010/11	2009/10
	£	£
Net deficit for the year on general fund income and expenditure account	122,432	(61,459)
Depreciation	617,338	463,900
Interest paid	556,788	493,550
Interest received	(844)	(395)
Decrease/(increase) in debtors	222,897	(173,864)
Increase in creditors	64,579	11,803
Pension movement	(273,000)	(20,000)
Net cash inflow from revenue activities	<u>1,310,190</u>	<u>713,535</u>

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

	2010/11	2009/10
	£	£
Net debt at 1 April	(11,162,238)	(9,608,563)
Movement in net debt:		
Cash used to increase investments	185,235	-
Decrease in cash in the period	(589,387)	(173,709)
Net inflow from debt financing	<u>(194,156)</u>	<u>(1,553,675)</u>
Net debt at 31 March	<u>(11,760,546)</u>	<u>(11,162,238)</u>

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

	Balance at 31 March 2010 restated	Cash movement	Balance at 31 March 2011
	£	£	£
Cash in hand	477,910	(186,437)	291,473
Overdrafts	<u>(286,664)</u>	<u>(402,950)</u>	<u>(689,614)</u>
	191,246	(589,387)	(398,141)
Short term investments	-	185,235	185,235
Net debt:			
Due within one year	(458,857)	(46,295)	(505,152)
Due after one year	<u>(10,894,627)</u>	<u>(147,861)</u>	<u>(11,042,488)</u>
Total net debt	<u>(11,162,238)</u>	<u>(598,308)</u>	<u>(11,760,546)</u>

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

# Peel Town Commissioners

## General Rate Fund

As at 31 March 2011

	£	2011 £	£	2010 £ restated
Total rates levied for the year		815,254		780,245
<i>Add:</i>				
Due from Treasury re prior year	8,721		30,968	
Arrears brought forward	62,376	71,097	57,685	88,653
		<u>886,351</u>		<u>868,898</u>
<i>Less:</i>				
Discounts	(26,834)		(26,500)	
Collection charge	(8,228)		(7,804)	
Exempt and unoccupied properties	(11,909)		(10,354)	
Previous years write offs	-		(4,469)	
Refunds	(260)		(368)	
		<u>(47,231)</u>		<u>(49,495)</u>
<b>Total rates collectable</b>		<u><u>839,120</u></u>		<u><u>819,403</u></u>
 Rates received in the year:				
Current year rates	770,053		709,180	
Arrears collected	5,949		8,158	
Balance from Treasury re previous year	8,721		30,968	
			<u></u>	
<b>Total rates received in the year</b>		784,723		748,306
 <b>Balances outstanding carried forward:</b>				
Due (to)/from Treasury re current year	(21,673)		8,721	
Arrears - current year	19,643		17,319	
- previous years	56,427		45,057	
		<u>54,397</u>		<u>71,097</u>
		<u><u>839,120</u></u>		<u><u>819,403</u></u>

# Peel Town Commissioners

## Refuse Rate Fund Account

As at 31 March 2011

	£	2011 £	£	2010 £
Total refuse rates levied for the year		301,871		231,901
<i>Add:</i>				
Due from Treasury re prior year	3,967		8,739	
Arrears brought forward	18,404	22,371	12,480	21,219
<i>Less:</i>		324,242		253,120
Discounts	(9,494)		(7,507)	
Collection charge	(3,436)		-	
Exempt and unoccupied properties	(3,664)		(2,343)	
Refunds	(702)		(68)	
		(17,296)		(9,918)
<b>Total refuse rates collectable</b>		<b>306,946</b>		<b>243,202</b>
Refuse rates received in the year:				
Current year refuse rates	285,604		208,820	
Arrears collected	2,348		3,272	
Balance from Treasury re previous year	3,967		8,739	
<b>Total refuse rates received in the year</b>		<b>291,919</b>		<b>220,831</b>
<b>Balances outstanding carried forward:</b>				
Due (to)/from Treasury re current year	(8,712)		3,967	
Arrears - current year	7,684		6,133	
- previous years	16,055		12,271	
		15,027		22,371
		<b>306,946</b>		<b>243,202</b>

# Peel Town Commissioners

## Notes to the Statement of Accounts

(forming part of the financial statements for the year ended 31 March 2011)

### 1. Tangible fixed assets

	Land and Property £	Plant and equipment £	Investment Property £	Total £
<b>Cost/valuation</b>				
At 31 March 2010 (as previously stated)	35,399,503	90,183	1,875,000	37,364,686
Prior year adjustment	1,095,000	-	-	1,095,000
	<u>36,494,503</u>	<u>90,183</u>	<u>1,875,000</u>	<u>38,459,686</u>
Additions in the year	1,434,587	-	-	1,434,587
Disposals in the year	-	-	-	-
	<u>37,929,090</u>	<u>90,183</u>	<u>1,875,000</u>	<u>39,894,273</u>
<b>At 31 March 2011</b>				
<b>Depreciation</b>				
At 31 March 2010	445,863	49,702	-	495,565
Charge for year	599,301	18,037	-	617,338
Disposals	-	-	-	-
	<u>1,045,164</u>	<u>67,739</u>	<u>-</u>	<u>1,112,903</u>
<b>At 31 March 2011</b>				
<b>Net Book Value</b>				
At 31 March 2011	36,883,926	22,444	1,875,000	38,781,370
At 31 March 2010 (restated)	36,048,640	40,481	1,875,000	37,964,121

### 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>30,709,200</u>	<u>3,694,500</u>	<u>325,000</u>	<u>1,875,000</u>	<u>Nominal</u>	<u>36,603,700</u>

During the period, it was noted that a number of social housing dwellings were omitted from the valuation report in 2009. As a result the comparative figures have been restated to include these assets as explained in note 28 to the financial statements.

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 1. Tangible fixed assets - continued

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

The Authority has reviewed the values of assets in these categories of assets at 31 March 2009 and does not consider there to be any material change as at 31 March 2011. A prior year adjustment has been made to adjust the value of social housing land and buildings as a number of dwellings were omitted from the original report.

### 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

The use of these depreciation methodologies means that the Authority is not required to carry out a detailed impairment review.

### 2. Assets held

Operational assets	Number at 31 March 2010 (restated)	Changes 2010/11	Number at 31 March 2011
<b>Social Housing Dwellings (note 25)</b>	321	-	321
<b>Other Land and Buildings</b>			
Car parks	8	-	8
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	10	-	10
<b>Infrastructure Assets</b>			
Parks and open spaces	7	-	7
<b>Non-Operational assets</b>			
Commercial properties	6	-	6
Retail properties	3	-	3

The number of car parks has been restated due to an error in previous years.

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 3. Capital expenditure and financing

	2010/11 £	2009/10 £
<b>Capital investment</b>		
Operational assets	1,434,587	1,774,055
Non-operational assets	-	-
	<u>1,434,587</u>	<u>1,774,055</u>
<b>Sources of finance</b>		
Isle of Man Bank Loans	1,331,693	1,708,958
Spend from housing reserve	-	33,610
Revenue contribution	7,500	8,252
Accrued expenditure (to be financed by Bank Loan)	95,394	-
Usable capital receipts brought forward	-	23,235
	<u>1,434,587</u>	<u>1,774,055</u>

### 4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2011 are listed below:

	31 March 2011 £	31 March 2010 £
Housing	2,781,710	729,909
	<u>2,781,710</u>	<u>729,909</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 5. Debtors

#### Long Term Debtor

An amount of £32,122 is due from Isle of Man Water Authority, of which £15,622 is due after more than one year. The remaining amount of £16,500 is shown as due within one year below.

#### Debtors due within one year

	2011 £	2010 £
Amounts falling due in one year (net of bad debt provisions):		
Government departments	16,500	208,357
Ratepayers	11,218	93,468
Housing rents	41,275	22,597
Sundry debtors	131,766	94,774
	<u>200,759</u>	<u>419,196</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 2011 was £476,708 (2010: £477,910). 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 authorities overdraft position is provided in note 11.

During the year, two bank accounts operated in respect of the Harry Hill Memorial Fund and the Corrin Town Park totalling £21,174 were removed from the financial statements with an appropriate adjustment to the capital adjustment account. Monies were introduced into the Peel Town Commissioners financial statements in 1938 and 1984 respectively. Whilst the Commissioners, as trustees, maintain the bank accounts and have authority to direct the spending of funds, they are now deemed not to be the property of the Commissioners.

### 7. Creditors

	2011 £	2010 £
Trade creditors	262,852	242,394
Housing rents	18,744	18,742
Sundry creditors and accruals	315,137	92,389
	<u>596,733</u>	<u>353,525</u>



# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 8. Provisions

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

	2011 £	2010 £
Sundry debtors	8,377	7,529
Rate debtors	88,591	-
	<u>96,968</u>	<u>7,529</u>

### 9. Reserves

	Usable Capital receipts £	Revaluation reserve £	Capital adjustment Account Restated £	Pension Reserve £
Balance at 1 April 2010 (as previously stated)	29,146	21,850,251	3,571,119	(1,071,000)
Prior year adjustment (note 28)	-	1,095,000	-	-
	<u>29,146</u>	<u>22,945,251</u>	<u>3,571,119</u>	<u>(1,071,000)</u>
Movement for the year	-	(282,425)	64,626	407,000
	<u>29,146</u>	<u>22,662,826</u>	<u>3,635,745</u>	<u>(664,000)</u>

### Accumulated surpluses

	Leece Museum £	Links Development £	W.E Brown Memorial £	Town Hall (Corrin Legacy) £
Balance at 1 April 2010	15,789	2,075	539	339
Movement for the year	-	-	-	-
	<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 2010	266,432	147,563	432,737
Movement for the year	(57,089)	57,244	155
	<u>209,343</u>	<u>204,807</u>	<u>432,892</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 10. Analysis of net assets employed.

	2011	2010
	£	£
General Fund	4,259,763	4,338,135
Housing revenue account	21,836,846	20,474,118
	<u>26,096,609</u>	<u>24,812,253</u>

### 11. Bank Loans

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

	2011	2010
	£	£
Analysis of loans by type:		restated
Isle of Man Bank Loans	11,547,640	11,353,484
Isle of Man Bank Overdraft	689,614	286,664
	<u>12,237,254</u>	<u>11,640,148</u>
Analysis of loans by maturity:	£	£
Less than 1 year	1,194,766	745,521
Between 1 and 2 years	519,508	480,442
Between 2 and 5 years	1,584,939	1,518,897
Between 5 and 10 years	2,615,178	2,548,280
More than 10 years	6,322,863	6,347,008
Total outstanding	<u>12,237,254</u>	<u>11,640,148</u>

In recent years the authority has taken out IOM Bank Loan finance to fund long term capital projects. Each of these loans are unsecured, repayable between 10 and 30 years and are fixed term loans. The interest charged on these loans varies between 4.08% and 5.54%. Any monies borrowed on temporary overdraft facilities incur interest at 1% above base rate. Such loans have been sanctioned on a loan by loan basis by both Treasury and the Department of Infrastructure and/or the Department of Social Care and are secured by way of a Letter of Comfort issued by Treasury.

The disclosure of the comparative figures has been amended to reflect only the estimated capital repayments that fall due within one year. The effect of this is to reduce short term borrowings and increase long term borrowings by £543,998. This has not resulted in any change in the net assets of the Authority.

### 12. Contingent 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. In addition, we understand that the grant is repayable from future cash takings if the parking is introduced. As such the liability is now included within the financial statements. There are no further contingent liabilities to disclose.

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

*(forming part of the financial statements for the year ended 31 March 2011)*

### 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 2010/11 the Authority paid £4,712 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2009/10: £4,962).

### 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	2010/11	Total	2009/10
		Number of Employees		Number of Employees
		Leavers in year		Leavers in year
£50,000 - £74,999	1	-	1	0

### 16. Related party transactions

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

Central Government has a direct influence over the general operations of the Authority as it is responsible for providing the statutory framework within which the Authority operates. It also provides funding in the form of grants and prescribes the terms of many transactions that the Commissioners has with other parties ie housing rents. During the year the Commissioners required funding of £370,311 in the form of housing deficiency grants (2010: £255,857). At the year end the Commissioners owed £10,489 in respect of amounts received in excess of this requirement (2010: £208,357 receivable). The Commissioners also received £16,665 from IOM Water Authority in respect of loan financing that is repayable by them to the Commissioners. At the year end, an amount of £32,122 was owed to the Commissioners in this respect (2010: £2,602).

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 £24,046 (2010: £37,731) 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.

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

*(forming part of the financial statements for the year ended 31 March 2011)*

### 17. Audit fees

During 2010/11 the Authority incurred the following fees relating to external audit and inspection:

	2010/11 £	2009/10 £
Fees payable with regard to external audit services carried out by the appointed auditor	7,950	7,500

### 18. Total rateable value

The total rateable value of the Town at 31 March 2011 is £349,192 (2010: £342,440) at the year end with a 235p rate being charged (2010:229p). In addition a refuse charge of £126.50 (2010: £98) 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 2011)

### 20. Housing fixed assets

	Social Housing Dwellings £
<b>Cost/valuation</b>	
At 31 March 2010 (as previously stated)	31,379,999
Prior year adjustment (note 28)	1,095,000
	<u>32,474,999</u>
Additions in the year	1,427,084
Disposals in the year	-
	<u>33,902,083</u>
<b>At 31 March 2011</b>	
<b>Depreciation</b>	
At 31 March 2010	388,643
Charge for year	573,481
Disposals	-
	<u>962,124</u>
<b>At 31 March 2011</b>	
<b>Net Book Value</b>	
At 31 March 2011	32,939,959
	<u>30,991,356</u>
At 31 March 2010	

The authority's social housing dwellings were revalued as at 31 March 2009 on a basis that reflects their use for social housing. As explained in note 28, certain assets were omitted from the original valuation and therefore the comparative figures have been restated to now include these amounts, resulting in an increase in housing fixed assets of £1,095,000.

The vacant possession value of dwellings at 31 March 2009 (restated) 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 2009/10 or 2010/11. 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:

	2010/11 £	2009/10 £
Major repairs reserve	-	33,610
Borrowing	1,427,087	1,732,195
	<u>1,427,087</u>	<u>1,765,805</u>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 22. Housing reserve account

	2010/11	2009/10
	£	£
Balance at 1 April 2010	147,562	184,380
Transfers to / (from) housing reserve	57,244	(3,208)
Capital expenditure financed by reserve	-	(33,610)
	<u>204,806</u>	<u>147,562</u>
Balance at 31 March 2011		

### 23. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 3.35% of the rentals for the year, compared to 5.99% in 2009/10. More voids were incurred in 2009/10 due to improvement works carried out.

### 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:

	2010/11	2009/10
	£	£
Deficiency repayable at year end re 2010/11	(10,489)	-
Deficiency receivable at year end re 2009/10	-	208,357
	<u>-</u>	<u>208,357</u>

### 25. Housing stock

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

	2010/11	2009/10
	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:

	2010/11	2009/10
	No's	No's
Stock at 1 April 2010	321	321
Additions	-	-
Disposals	-	-
	<u>321</u>	<u>321</u>
Stock at 31 March 2011		

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 26. Rent arrears

	2010/11 £	2009/10 £
Rent arrears	41,275	22,597
Rent arrears as a percentage of gross rent income	4.37%	2.50%

No amounts were written off in either 2010 or 2011 and as at 31 March 2011 the provision stood at £Nil (£Nil at 31 March 2010).

### 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 £111,296 (2010: £105,888) 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 2011 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 2011 % per annum	31 March 2010 % per annum
Rate of increase in salaries	5.1%	5.3%
Rate of increase in pensions	2.8%	3.8%
Rate for discounting scheme liabilities	5.5%	5.5%
Rate for expected return on assets	6.7%	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 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 2011)

### 27. Pensions (continued)

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

	31 March 2011 £	31 March 2010 £
Fair value of employer assets	1,869,000	1,480,000
Present value of funded scheme liabilities	(2,533,000)	(2,551,000)
Present value of unfunded liabilities	-	-
Net pensions liability	<u>(664,000)</u>	<u>(1,071,000)</u>

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

	31 March 2011 £	31 March 2010 £
Equities	1,252,000	962,000
Bonds	411,000	385,000
Property	150,000	118,000
Cash	56,000	15,000
Estimated employer assets	<u>1,869,000</u>	<u>1,480,000</u>

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

	2010/11 £	2009/10 £
<b>Net cost of service</b>		
Past service gain	293,000	-
Current service cost	106,000	51,000
<b>Net operating expenditure</b>		
Interest cost	130,000	98,000
Expected return on employer assets	105,000	66,000
<b>Actual amount charged against rate income for LGPS contributions in the year</b>		
Employer contribution payable to the Scheme	111,000	103,000



# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 27. Pensions (continued)

The net deficit on the scheme has reduced from £1,071,000 to £664,000. An analysis of the movement during the year is shown below:

	2010/11 £	2009/10 £
<b>Net pension liability at the beginning of the year</b>	<b>(1,071,000)</b>	<b>(374,000)</b>
Current service cost	(106,000)	(51,000)
Past service gains	293,000	-
Employer contributions	111,000	103,000
Expected net return on employer assets	(25,000)	(32,000)
Actuarial gains/(losses)	134,000	(717,000)
<b>Net pension liability at the end of the year</b>	<b>(664,000)</b>	<b>(1,071,000)</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:

	2010/11		2009/10	
	£	Actuarial gain/loss as % of assets/ liabilities	£	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	1,869,000		1,480,000	-
Total present value of liabilities	(2,533,000)		(2,551,000)	-
Difference between the actual and expected return on assets	184,000	9.84%	299,000	20.2%
Actuarial gains/ (losses) recognised in the statement	134,000	5.29%	(717,000)	28.1%

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

	31 March 2011 £	31 March 2010 £
Equities	1,252,000	962,000
Bonds	411,000	385,000
Property	150,000	118,000
Cash	56,000	15,000
<b>Estimated employer assets</b>	<b>1,869,000</b>	<b>1,480,000</b>

# Peel Town Commissioners

## Notes to the Statement of Accounts (continued)

*(forming part of the financial statements for the year ended 31 March 2011)*

### **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 2011 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. Prior year adjustments**

As disclosed in note 11 to the financial statements, gross loan repayments, including both capital and interest payments, were incorrectly shown as bank loan financing falling due within one year in the prior year financial statements. Both the current year and comparative figures now reflect just the estimated capital repayments only and long-term borrowing has also been amended accordingly.

This adjustment is a disclosure only and there has been no overall effect on the general fund balance or the net assets of the Committee. The effect of this is to reduce short term borrowings and increase long term borrowings by £543,998. This has not resulted in any change in the net assets of the Committee (see note 9). Similarly disclosure of the reconciliation of the rates statement on page 22 has been amended but there is no effect on the financial statements.

Finally, it was noted that the valuation performed in 2009, originally omitted 12 properties. A prior year adjustment has been made to include these properties. The effect of this is to increase fixed assets and net assets by £1,095,000.

### **29. Other revenue reserves**

As disclosed in note 9 to the financial statements, certain other revenue funds have historically been included in Peel Town Commissioners accounts. These represent monies left to Charities (where the Commissioners are Trustees) to utilise on certain assets of the Town. These amounts are left in the form of Registered Charities and separate accounts are produced and are available for inspection at the Charities Registry.

### **30. Post Balance Sheet Events**

Post year end, certain employees of the Authority were awarded a 1.5% increase in wages, backdated to 1 April 2010. This has not been included in the accounts because it was not indicative of a condition that existed at the balance sheet date, at which point the level of the pay award was unknown. The amount of the backdated pay is £4,264 and will be accounted for in the year ended 31 March 2012. In addition, Whitley Council backdated pay of £3,137 is payable to manual staff in relation to a further one off pay award, that will again be accounted for in the year ended 31 March 2012.