

Peel Town Commissioners

Statement of Accounts

For the year ended 31 March 2014

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 2014. It has been prepared in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006.

The individual accounts within the Statement are as follows:

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

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

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

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

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

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

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

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

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

Peel Town Commissioners

Explanatory Foreword (continued)

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

Income and Expenditure Account

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

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

For the year ended 31 March 2014 the surplus for the year amounted to £777,824 (2013: deficit £4,349,246).

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 2014, the surplus amounted to £45,204 (2013 deficit: £3,236). There was an increased rate income due to the continued expansion of the Town and the increased refuse rate charged.

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2013/14 resulted in a deficiency requirement of £480,813 (2013: £392,517).

Statement on the Movement on the Housing Revenue Account Balance

This statement shows the surplus or 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.

Statement of Total Recognised Gains and Losses

This statement summarises all gains and losses incurred during the period and includes actuarial losses for the period of £380,000 (2013: £177,000).

Property adjustments in respect of upward revaluations, downward impairments and write back of previous impairments are noted above.

Peel Town Commissioners

Explanatory Foreword (continued)

Capital Expenditure

Total capital expenditure (on an accruals basis) in the year was £2,862,890 and is analysed as follows:

Housing schemes - £2,831,304

Plant and equipment - £31,586

Financing was provided and analysed as follows:

IOM Bank loans and overdrafts - £2,818,054

General Revenue - £29,786

Housing Maintenance - £15,050

Accruals at the year-end in respect of capital expenditure totalled £129,074 (2013: £203,826).

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 242p (2013: 242p) in the £ on a rateable value of £363,566 (2013: £362,644) during the year. In addition a separate refuse charge of £152 (2013: £128.50) per residential household was levied.

Total rates arrears were £59,954 (2013: £63,790). Prior year rates were recovered totalling £26,255 (2013: £28,765). The bad debt provision has increased from £56,751 at 31 March 2013 to £59,955 at 31 March 2014.

Investments and Borrowing

During the year no external investments were made and the Authority borrowed £3,131,402 (2013: £2,093,562) during the year to finance capital schemes as highlighted above. This note and capital additions are both included in the accounts on an accruals basis and differ to the cash flow statement which represents only cash paid in the year.

Reserves

The Authority's general revenue account has increased from £229,345 at 31 March 2013 to £274,549 at 31 March 2014. This leaves the authority's general reserves at a level between the recommended range of 20-25% of rate income.

Pensions Liability

The Statement of Recommended Practice requires the Authority to disclose certain information within its Statement of Accounts and this appears in note 27 to the core Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Superannuation Scheme that is attributable to Peel Town Commissioners.

This is the difference between future liabilities and assets, as valued at 31st March 2014, and amounts to £1,340,000, an increase of £422,000 on the previous year.

This increase is primarily as a result of a change on the discount factor and an increase in life expectancy.

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 and in accordance with United Kingdom Generally Accepted Accounting Principles.

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 2013 as representing proper accounting practices. Key principles are set out below.

Tangible fixed assets

Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Where such expenditure on plant 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.

Non-operational assets have been valued at the lower of net current replacement cost or net realisable value.

Depreciation

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

Peel Town Commissioners

Statement of Accounting Policies (continued)

Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year: where values have changed materially in the period, the valuations are adjusted to reflect the change. Where a major change in asset values is due to a consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Income and Expenditure Account. Other impairments are recognised in the Revaluation Reserve.

Disposals

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

Government grants

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

Housing Deficiency

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

Accruals of income and expenditure

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

- Fees, charges and rents are accounted for as income at the date the Authority provides the relevant goods or services.
- Employee costs are charged as expenditure when they are due rather than paid, including any arrears of pay or pay awards.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between when the date supplies are received and their consumption, they are carried as stock on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant account, unless they properly represent capital receipts or capital expenditure. These accruals are largely based on known commitments and can be assessed accurately. Where estimates are made, they are based on historical records, precedence and officers' knowledge and experience. In all cases the Authority adopts a prudent approach to avoid overstating its resources.

Peel Town Commissioners

Statement of Accounting Policies (continued)

Value added tax

Value Added Tax is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Overheads

The costs of service management and support services have been fully charged or allocated to service and trading accounts either in relation to the time spent on each revenue service or capital scheme or in proportion to transactions processed for those accounts.

Pension costs

Pension arrangements for Authority employees are handled by the Isle of Man Local Government Superannuation 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 2013/14 contributions being based on the results of the review as at 31 March 2013. These contributions are charged to the Accounts in accordance with statutory requirements. The financial statements have been prepared on the basis that the assets and liabilities arising from an employer's retirement benefit obligations and any related funding are reflected at fair value.

The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

Reserves

Reserves represent resources set aside for purposes such as general contingencies and cash flow management. The Authority maintains the following significant reserves:

General Reserve: set up to act as a buffer against the potential risks of increased expenditure to be charged to future years accounts and to assist in organisational development.

Housing Reserve: set up to hold surplus monies received from housing rents less expenditure incurred.

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

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

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

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

Peel Town Commissioners

Statement of Accounting Policies (continued)

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

The Responsible Financial Officer should sign and date the statement of accounts, stating that it presents fairly the financial position of the Authority as at 31 March 2014 and its income and expenditure for the year ending on that date.

Peel Town Commissioners

Statement of Internal Control

Introduction

Regulation 9 of the Accounts and Audit Regulations 2013 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, and
- the external auditors in their annual audit letter and other reports.

The internal auditor concluded that high risk observations were identified in the area of disaster recovery as no formal plan exists.

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 2014.

(Signed) 
(Chairman)

(Signed) 
(Responsible Finance Officer)

(Dated) 10th November 2014

Peel Town Commissioners

REPORT OF THE INDEPENDENT AUDITORS, GRANT THORNTON LIMITED, TO THE COMMISSIONERS OF PEEL TOWN COMMISSIONERS

We have audited the financial statements of Peel Town Commissioners for the year ended 31 March 2014 which comprise the statement of accounting policies, the income and expenditure account, the statement of the movement on the general fund balance, the housing revenue income and expenditure account, the statement of the movement on the housing revenue account balance, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the general rate fund, the refuse rate fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP").

This report is made solely to the authority's 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 authority's Commissioners, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's 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 auditors

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Responsible Financial Officer is responsible for the preparation of the Statement of Accounts, including the financial statements, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 2013 made under the Audit Act 2006.

Peel Town Commissioners

REPORT OF THE INDEPENDENT AUDITORS, GRANT THORNTON LIMITED, TO THE COMMISSIONERS OF PEEL TOWN COMMISSIONERS - CONTINUED

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.



Grant Thornton Limited

Chartered Accountants

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Exchange House

54-62 Athol Street

Douglas

Isle of Man

IM99 2BE

Date 17 November 2014

Peel Town Commissioners

Income and Expenditure Account for the year ended 31 March 2014

Statement of net expenditure	Gross expenditure	Income	2013/14 Net Expenditure	2012/13 Net Expenditure (Restated)
	£	£	£	£
Continuing operations:				
Employee costs	601,389	-	601,389	633,174
Premises related costs	220,486	196,210	24,276	33,131
Agency and contracted services	405,576	55,829	349,747	308,799
Recharges	21,088	77,506	(56,418)	(68,258)
Central and technical	179,549	96,512	83,037	66,908
Vehicle costs	16,468	-	16,468	21,676
Depreciation	61,701	-	61,701	26,990
Current service cost of Pension Scheme	12,000	-	12,000	(8,000)
Impairment/demolition of assets	-	-	-	795,800
Housing Revenue Income and Expenditure Account	410,147	1,746,341	(1,336,194)	3,024,605
Net cost of services	1,928,404	2,172,398	(243,994)	4,834,825
Interest payable and finance charges			638,004	617,260
Interest and investment income			(491)	(1,031)
Pensions interest cost and return on pension assets			30,000	24,000
Net operating expenditure			423,519	5,475,054
Sources of finance				
Income from the Rate Funds			1,201,343	1,125,808
Net surplus/(deficit) for the year			777,824	(4,349,246)

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 2014

	Notes	2013/14 £	2012/13 £
Surplus/(deficit) for the year on the Income and Expenditure Account		777,824	(4,349,246)
Amounts included in the Income and Expenditure account but required by statute to be excluded when determining the Movement on the General Fund Balance			
Depreciation		61,701	26,990
Impairments/demolition of fixed assets		-	795,800
Reversal of net charges made for retirement benefits	27	42,000	16,000
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance for the year			
Capital loan repayments received		-	16,138
Revenue contribution to capital assets		(29,786)	(36,564)
Capital loan repayments		(58,630)	(60,743)
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year			
Transfer (to)/from housing revenue account		(747,905)	3,588,389
Surplus/(deficit) for the year		<u>45,204</u>	<u>(3,236)</u>
General Fund Balance brought forward		<u>229,345</u>	<u>232,581</u>
General Fund Balance carried forward		<u><u>274,549</u></u>	<u><u>229,345</u></u>

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

Peel Town Commissioners

Housing Revenue Income and Expenditure Account for the year ended 31 March 2014

		2013/14	2012/12
	£	£	£
Income			
Dwelling rents	1,265,528		1,101,652
Contributions towards expenditure including Housing Deficiency Payments	<u>480,813</u>		<u>392,517</u>
Total income		1,746,341	1,494,169
Expenditure			
Repairs and maintenance	321,138		309,104
Administration allowance	76,903		76,903
Depreciation	524,818		494,069
Bad debt provision	7		655
Impairment of assets	-		3,638,043
Reversal of impairment	<u>(512,719)</u>		<u>-</u>
		(410,147)	(4,518,774)
Surplus/(deficit) for the year on the HRA income and expenditure account before interest		1,336,194	(3,024,605)
Interest received	379		918
Interest payable and similar charges	<u>(588,668)</u>		<u>(564,702)</u>
		(588,289)	(563,784)
Net surplus/(deficit) for the year on the HRA income and expenditure account		<u>747,905</u>	<u>(3,588,389)</u>

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

Peel Town Commissioners

Statement of the Movement on the Housing Revenue Account Balance for the year ended 31 March 2014

	2013/14 £	2012/13 £
Surplus/(deficit) for the year on the HRA income and expenditure account	747,905	(3,588,389)
Amounts included in the Housing Revenue Income and expenditure accounts but required by statute to be excluded when determining the Movement on the Housing Revenue Account balance		
Depreciation charge for the year	524,818	494,069
Impairment of fixed assets	-	3,638,043
Reversal of impairment	(512,719)	-
Amounts not included in the Housing Revenue Income and expenditure account but required by statute to be included when determining the Movement on the Housing Revenue Account Balance for the year		
Housing contribution to capital assets	(15,050)	(4,685)
Capital repayments on loans	(749,515)	(527,063)
(Deficit)/surplus for the year before transfers to reserves	(4,561)	11,975
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		
Transfers from/(to) housing reserve account	4,561	(11,975)
	-	-
Housing Revenue Account Balance brought forward	-	-
Housing Revenue Account Balance carried forward	-	-

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 2014

	<i>Notes</i>	2013/14 £	2012/13 £
Deficit on the income and expenditure account for the year		777,824	(4,349,246)
Other recognised gains and losses		(6)	-
Revaluation of property		2,398,088	-
Impairment		(1,199,605)	-
Actuarial losses on Pension Fund Assets and Liabilities	27	(380,000)	(177,000)
Total gains and losses recognised since last annual report		<u>1,596,301</u>	<u>(4,526,246)</u>

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

Peel Town Commissioners

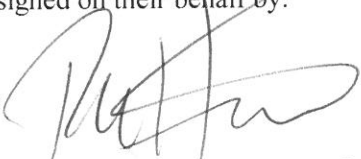
Balance Sheet

As at 31 March 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	1	40,592,741	36,605,168
Current assets			
Debtors	5	713,648	297,565
Prepayments		37,124	136,179
Cash at bank and short term investments	6	370,339	416,459
		<u>1,121,111</u>	<u>850,203</u>
Current liabilities			
Bank overdraft	11	(2,895,462)	(764,060)
Short term borrowing	11	(839,011)	(767,663)
Creditors	7	(543,666)	(626,744)
		<u>(4,278,139)</u>	<u>(2,158,467)</u>
Net current liabilities		<u>(3,157,028)</u>	<u>(1,308,264)</u>
Total assets less current liabilities		<u>37,435,713</u>	<u>35,296,904</u>
Long-term liabilities			
Liability relating to defined benefit pension scheme	27	(1,340,000)	(918,000)
Long term borrowing	11	(13,161,512)	(13,041,004)
Total assets less liabilities		<u><u>22,934,201</u></u>	<u><u>21,337,900</u></u>
Financed by:			
Revaluation reserve	9	19,205,007	17,070,259
Accumulated surpluses	9	499,425	458,782
Pensions reserve	9/27	(1,340,000)	(918,000)
Capital adjustment account	9	4,540,623	4,697,713
Usable capital receipts	9	29,146	29,146
		<u><u>22,934,201</u></u>	<u><u>21,337,900</u></u>

The financial statements were approved and authorised for issue by the Authority on 10/11/2014 and were signed on their behalf by:

Chairman



Town Clerk



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

Peel Town Commissioners

Cash Flow Statement

for the year ended 31 March 2014

Revenue activities	2014			2013 restated
	£	£	£	£
Cash outflows				
Cash paid to and on behalf of employees	(740,623)		(762,628)	
Other operating cash payments	<u>(882,149)</u>	<u>(1,622,772)</u>	<u>(1,093,380)</u>	<u>(1,856,008)</u>
Cash inflows				
Rents	1,268,378		1,092,256	
Deficiency grant received	89,901		231,480	
Rate receipts	1,119,220		1,092,256	
Other operating cash receipts	<u>348,814</u>	<u>2,826,313</u>	<u>497,550</u>	<u>2,913,542</u>
Net cash inflow from revenue activities		<u>1,203,541</u>		<u>1,057,534</u>
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid	<u>(635,767)</u>		(606,254)	
Cash inflows				
Interest received	<u>491</u>		<u>1,031</u>	
		<u>(635,276)</u>		<u>(605,223)</u>
Capital activities				
Cash outflows				
Purchase of fixed assets	<u>(2,937,642)</u>		<u>(1,973,753)</u>	
		<u>(2,937,642)</u>		<u>(1,973,753)</u>
Net cash outflow before financing		<u>(2,369,377)</u>		<u>(1,521,442)</u>
Management of liquid resources				
(Increase) /decrease in short term deposits		(475)		(1,030)
Financing				
Cash outflows				
Repayments of amounts borrowed	<u>(808,145)</u>		<u>(587,668)</u>	
Cash inflows				
Bank loans taken out in year	<u>1,000,000</u>	<u>191,855</u>	<u>3,353,976</u>	<u>2,766,308</u>
		<u>191,380</u>		<u>2,765,278</u>
Net (decrease)/increase in cash		<u>(2,177,997)</u>		<u>1,243,836</u>

The comparative figures have been amended to include pension payments within the amounts paid to and on behalf of employees. Other operating cash payments have similarly been amended.

Peel Town Commissioners

Notes to the Cash Flow Statement

for the year ended 31 March 2014

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

	2013/14 £	2012/13 £
Net surplus/(deficit) for the year on general fund income and expenditure account	777,824	(4,349,246)
Other recognised gains and losses	(6)	-
Impairment of assets	-	4,433,844
Reversal of impairment provisions	(512,719)	-
Depreciation	586,519	521,058
Interest paid	635,767	606,254
Interest received	(491)	(1,031)
(Increase)/decrease in debtors	(317,028)	(150,686)
(Decrease) in creditors	(8,325)	(18,659)
Pension movement	42,000	16,000
Net cash inflow from revenue activities	<u>1,203,541</u>	<u>1,057,534</u>

2. Reconciliation of the movement in net debt

	£	2013/14 £	£	2012/13 £
Net debt at 1 April		(14,156,268)		(12,634,826)
Movement in net debt:				
Cash used to increase investments	475		1,030	
Increase/(decrease) in cash in the period	(2,177,997)		1,243,836	
Net (outflow)/inflow from debt financing	<u>(191,856)</u>	<u>(2,369,378)</u>	<u>(2,766,308)</u>	<u>(1,521,442)</u>
Net debt at 31 March		<u>(16,525,646)</u>		<u>(14,156,268)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2013 £	Cash Movement £	Non Cash movement £	Balance at 31 March 2014 £
Cash in hand	178,904	(46,595)	-	132,309
Overdrafts	(764,060)	(2,131,402)	-	(2,895,462)
	<u>(585,156)</u>	<u>(2,177,997)</u>	<u>-</u>	<u>(2,763,153)</u>
Short term investments	237,555	475	-	238,030
Net debt:				
Due within one year	(767,663)	760,612	(831,960)	(839,011)
Due after one year	(13,041,004)	(952,468)	831,960	(13,161,512)
Total net debt	<u>(14,156,268)</u>	<u>(2,369,378)</u>	<u>-</u>	<u>(16,525,646)</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 2014

	£	2014 £	£	2013 £
Total rates levied for the year		877,650		862,302
<i>Add:</i>				
Due from Treasury re prior year	38,215		19,611	
Arrears brought forward	44,962	83,177	51,068	70,679
<i>Less:</i>		960,827		932,981
Discounts	(29,443)		(28,988)	
Collection charge	(8,860)		(8,529)	
Exempt and unoccupied properties	(7,388)		(8,186)	
Refunds	-		(322)	
		(45,691)		(46,025)
Irrecoverable amounts and re-rating adjustments		393		(1,540)
Total rates collectable		915,529		885,416
Rates received in the year:				
Current year rates	729,691		762,080	
Arrears collected	18,318		20,548	
Balance from Treasury re previous year	38,215		19,611	
Total rates received in the year		786,224		802,239
Balances outstanding carried forward:				
Due from Treasury re current year	87,465		38,215	
Arrears - current year	14,804		15,982	
- previous years	27,036		28,980	
		129,305		83,177
		915,529		885,416

Peel Town Commissioners

Refuse Rate Fund

As at 31 March 2014

	£	2014 £	£	2013 £
Total refuse rates levied for the year		375,136		313,455
<i>Add:</i>				
Due from Treasury re prior year	15,927		7,390	
Arrears brought forward	18,828	34,755	19,575	26,965
<i>Less:</i>		409,891		340,420
Discounts	(12,161)		(10,088)	
Collection charge	(3,798)		(3,182)	
Exempt and unoccupied properties	(1,779)		(2,239)	
Refunds	(673)		(126)	
		(18,411)		(15,635)
Irrecoverable amounts and re-rating adjustments		(417)		(13)
Total refuse rates collectable		391,063		324,772
Refuse rates received in the year:				
Current year refuse rates	309,132		274,410	
Arrears collected	7,937		8,217	
Balance due from Treasury re previous year	15,927		7,390	
Total refuse rates received in the year		332,996		290,017
Balances outstanding carried forward:				
Due from Treasury re current year	39,953		15,927	
Arrears - current year	7,640		7,482	
- previous years	10,474		11,346	
		58,067		34,755
		391,063		324,772

Peel Town Commissioners

Notes to the Statement of Accounts

(forming part of the financial statements for the year ended 31 March 2014)

1. Tangible fixed assets

	Land and Property £	Vehicles Plant and equipment £	Investment Property £	Total £
Cost/valuation				
At 31 March 2013	35,679,412	150,799	1,665,500	37,495,711
Additions in the year	2,831,304	31,586	-	2,862,890
Transfers	240,000	-	(240,000)	-
Revaluations	1,495,468	-	390,500	1,885,968
Impairment	(1,527,568)	-	-	(1,527,568)
At 31 March 2014	38,718,616	182,385	1,816,000	40,717,001
Depreciation				
At 31 March 2013	786,014	104,529	-	890,543
Charge for year	566,788	19,731	-	586,519
Impairment provision	(1,352,802)	-	-	(1,352,802)
At 31 March 2014	-	124,260	-	124,260
Net Book Value				
At 31 March 2014	38,718,616	58,125	1,816,000	40,592,741
At 31 March 2013	34,893,398	46,270	1,665,500	36,605,168

Valuation of fixed assets

The Authority plans to fully revalue its fixed assets every five years. Valuations have been carried out by Chrystals Commercial, Chartered Surveyors who are the Authority's external valuer as at 31 March 2014. The basis for valuation is set out in the statement of accounting policies.

	Operational Social housing dwellings £	Operational Specialised property £	Operational Non Specialised property £	Non Operational property £	Infra- structure & Community assets £	Total £
Included at valuation	34,253,208	4,245,408	220,000	1,816,000	Nominal	40,534,616

The valuation has resulted in an upward revaluation of £2,398,088 and an impairment of £1,199,605. In addition, previous impairments of £512,719 have been reversed due to increased valuations as at 31 March 2014.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

1. Tangible fixed assets - continued

Depreciation methodologies

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

Vehicles, plant and equipment – 20% per annum on a straight line basis

As assets were revalued, depreciation has been written back on all property in the year.

2. Assets held

Operational assets	Number at 31 March 2013	Changes 2013/14	Number at 31 March 2014
Social Housing Dwellings (note 25)	321	13	334
Other Land and Buildings			
Car parks	9	-	9
Depots	1	-	1
Public Conveniences	4	-	4
Public Offices	1	-	1
Recreational properties	5	-	5
Miscellaneous properties	5	-	5
Vehicles, Plant and Equipment			
Vehicles	13	-	13
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 2014)

3. Capital expenditure and financing

	2013/14 £	2012/13 £
Capital investment		
Operational assets	<u>2,862,890</u>	<u>2,076,358</u>
Sources of finance		
Isle of Man Bank Financing	2,818,054	2,035,109
Revenue contribution	29,786	36,564
Housing maintenance	<u>15,050</u>	<u>4,685</u>
	<u>2,862,890</u>	<u>2,076,358</u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2014 are listed below:

	31 March 2014 £	31 March 2013 £
Housing	<u>872,171</u>	<u>1,043,605</u>

Commitments represent expenditure in relation to major housing schemes due under capital contracts.

5. Debtors

Debtors due within one year

	2014 £	2013 £
Amounts falling due in one year (net of bad debt provisions):		
Government departments	526,070	100,465
Rates	127,418	61,181
Housing rents	31,878	14,101
Sundry debtors	<u>28,282</u>	<u>121,818</u>
	<u>713,648</u>	<u>297,565</u>

Debtor balances are shown net of provisions for bad or doubtful debts. Details of these provisions are given at note 8.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

6. Cash

The cash at bank figure at 31 March 2014 was £370,339 (2013: £416,459). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 20 to 21 and details of the authority's overdraft position is provided in note 11.

7. Creditors

	2014	2013
	£	£
Trade creditors	181,228	207,383
Housing rents	19,783	21,379
Sundry creditors and accruals	255,485	310,812
Government departments	87,170	87,170
	<u>543,666</u>	<u>626,744</u>

8. Provisions

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

	2014	2013
	£	£
Sundry debtors	21,929	18,108
Rate debtors	59,955	56,751
Rent debtors	7,628	7,383
	<u>89,512</u>	<u>82,242</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

9. Reserves

	Usable Capital receipts	Revaluation reserve	Capital adjustment Account	Pension Reserve
	£	£	£	£
Balance at 1 April 2013	29,146	17,070,259	4,697,713	(918,000)
Revaluation in year	-	1,909,327	-	-
Movement in year	-	225,421	(157,090)	(422,000)
Balance at 31 March 2014	29,146	19,205,007	4,540,623	(1,340,000)

Accumulated surpluses

	Leece Museum	Links Development	W.E Brown Memorial	Town Hall (Corrin Legacy)
	£	£	£	£
Balance at 1 April 2013	15,789	2,075	539	339
Movement for the year	-	-	-	-
Balance at 31 March 2014	15,789	2,075	539	339

Accumulated surpluses continued

	General revenue account	Housing reserve Account	Total
	£	£	£
Balance at 1 April 2013	229,345	210,695	458,782
Net surplus/(deficit) for the year	45,204	(4,561)	40,643
Balance at 31 March 2014	274,549	206,134	499,425

10. Analysis of net assets employed

	2014 £	2013 £
General Fund	4,578,718	3,166,025
Housing revenue account	18,355,483	18,171,875
	22,934,201	21,337,900

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

11. Bank Loans and overdraft

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

	2014	2013
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	14,000,523	13,808,667
Isle of Man Bank Overdraft	2,895,462	764,060
	<u>16,895,985</u>	<u>14,572,727</u>
Analysis of loans by maturity:	£	£
Less than 1 year	3,734,473	1,531,723
Between 1 and 2 years	803,832	780,392
Between 2 and 5 years	2,523,163	2,249,718
Between 5 and 10 years	3,905,358	3,628,884
More than 10 years	5,929,159	6,382,010
	<u>16,895,985</u>	<u>14,572,727</u>
Total outstanding		

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 previously were fixed term loans. The interest charged on these loans varies between 4.33% and 5.79%. In the year, the authority converted £1,000,000 of the overdraft into a variable rate loan, on which interest of 1.25% above LIBOR is charged.

Any monies borrowed on temporary overdraft facilities incur interest at 1.25% above base rate. Such loans have been sanctioned on a loan by loan basis by both Treasury and the Department of Infrastructure and/or the Department of Social Care and are secured by way of a Letter of Comfort issued by Treasury.

12. Contingent liabilities

There are no known contingent liabilities at the Balance Sheet date.

13. Post balance sheet events

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

14. Members' allowances

During 2013/14 the Authority paid £3,400 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2012/13: £4,413).

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

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	2013/14	Total	2012/13
		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.

Central Government has a direct influence over the general operations of the Authority as it is responsible for providing the statutory framework within which the Authority operates. It also provides funding in the form of grants and prescribes the terms of many transactions that the Commissioners have with other parties ie housing rents. During the year the Commissioners required funding of £480,813 in the form of housing deficiency grants (2013: £392,517). At the year end the Commissioners were owed £480,813 (2013: £89,901) in respect of this requirement.

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 £20,164 (2013: £22,258) was invoiced from Peel Town Commissioners to Peel & Western District Housing Committee in respect of the recharge of expenditure incurred and staff costs incurred by Peel Town Commissioners. At the year end, an amount of £3,256 (2013: £1,604) was due from Peel & Western District Housing Committee in this respect.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

17. Audit fees

During 2013/14 the Authority incurred the following fees relating to external audit and inspection:

	2013/14 £	2012/13 £
Fees payable with regard to external audit services carried out by the appointed auditor – current year	8,400	8,400
Fees payable with regard to external audit services carried out by the appointed auditor – re prior year	3,429	-

18. Total rateable value

The total rateable value of the Town at 31 March 2014 is £363,566 (2013: £362,644) with a 242p rate being charged (2013: 242p). In addition a refuse charge of £152 (2013: £128.50) per household was levied for the year.

19. Statement of Movement on the General Fund Balance

The Income and Expenditure account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority raises rates on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed
- Retirement benefits are charged as the amounts become payable to pension funds and pensioners, rather than as future benefits earned.

The General Fund Balance compares the Authority's spending against the rateable income that it raised for the year, taking into account the use of reserves built up in the past and contributions to funds and reserves. This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

20. Housing fixed assets

	Social Housing Dwellings Restated £
Cost/valuation	
At 31 March 2013	32,391,287
Additions in the year	2,831,304
Revaluation	353,185
Impairment	(1,322,568)
At 31 March 2014	34,253,208
Depreciation	
At 31 March 2013	708,134
Charge for year	524,818
Impairment	(1,232,952)
At 31 March 2014	-
Net Book Value	
At 31 March 2014	34,253,208
At 31 March 2013	31,683,153

The authority's social housing dwellings were revalued as at 31 March 2014 on a basis that reflects their use for social housing.

The vacant possession value of dwellings at 31 March 2014 was £51,384,950.

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

	2013/14 £	2012/13 £
Borrowing	2,831,304	2,034,985

22. Housing reserve account

	2013/14 £	2012/13 £
Balance at 1 April 2013	210,695	198,720
Transfers (from)/to housing reserve	(4,562)	11,975
Balance at 31 March 2014	206,133	210,695

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

23. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 1.19% of the rentals for the year, compared to 2.80% in 2012/13.

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 due at the year end is shown as follows:

	2013/14	2012/13
	£	£
Deficiency receivable at year end	480,813	89,901

25. Housing stock

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

	2013/14	2012/13
	No's	No's
Houses and bungalows	279	279
Flats and maisonettes	50	37
Other	5	5
	334	321

Changes in the housing stock are detailed below:

	2013/14	2012/13
	No's	No's
Stock at 1 April 2013	321	321
Additions	13	-
Disposals	-	-
Stock at 31 March 2014	334	321

26. Rent arrears

	2013/14	2012/13
	£	£
Rent arrears	39,506	21,484
Rent arrears as a percentage of gross rent income	2.93%	1.90%

No amounts were written off in either 2013 or 2014 and as at 31 March 2014 the provision stood at £7,628 (£7,383 at 31 March 2013).

Rent arrears are higher as a large amount of rents were collected on Tuesday 1 April 2014.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

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 Isle of Man Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2012. 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 £111,775 (2013: £115,531) 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 2014 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 2014 % per annum	31 March 2013 % per annum
Rate of increase in salaries	4.1%	5.1%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%
Rate for expected return on assets	5.8%	5.0%

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 2013.

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

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

	31 March 2014 £	31 March 2013 £
Fair value of employer assets	2,552,000	2,325,000
Present value of funded scheme liabilities	(3,892,000)	(3,243,000)
Net pensions liability	<u>(1,340,000)</u>	<u>(918,000)</u>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

27. Pensions (continued)

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

	31 March 2014	31 March 2013
	£	£
Equities	1,710,000	1,651,000
Bonds	459,000	465,000
Property	306,000	186,000
Cash	77,000	23,000
	<hr/>	<hr/>
Estimated employer assets	2,552,000	2,325,000
	<hr/>	<hr/>

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

	2013/14	2012/13
	£	£
Net cost of service		
Current service cost	124,000	108,000
Net operating expenditure		
Interest cost	147,000	131,000
Expected return on employer assets	(117,000)	(107,000)
Actual amount charged against rate income for LGPS contributions in the year		
Employer contribution payable to the Scheme	(112,000)	(116,000)

The net deficit on the scheme has increased from £918,000 to £1,340,000. An analysis of the movement during the year is shown below:

	2013/14	2012/13
	£	£
Net pension liability at the beginning of the year	(918,000)	(725,000)
Current service cost	(124,000)	(108,000)
Employer contributions	112,000	116,000
Expected net return on employer assets	(30,000)	(24,000)
Actuarial gains/(losses)	(380,000)	(177,000)
	<hr/>	<hr/>
Net pension liability at the end of the year	(1,340,000)	(918,000)
	<hr/>	<hr/>

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

27. Pensions (continued)

The actuarial losses 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:

	2013/14		2012/13	
	£	Actuarial result as % of assets/ liabilities	£	Actuarial result as % of assets/ liabilities
Value of assets at end of year	2,552,000		2,325,000	
Total present value of liabilities	(3,892,000)		(3,243,000)	
Difference between the actual and expected return on assets	43,000	1.68%	150,000	6.45%
Actuarial losses recognised in the statement	(380,000)	9.76%	(177,000)	5.46%

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

	31 March 2014	31 March 2013
Equities	6.6%	5.7%
Bonds	3.5%	2.9%
Property	4.8%	3.9%
Cash	3.7%	3.0%

The above figures have been provided by the actuaries to the Isle of Man Local Government Superannuation 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 2014 would also have an impact on the capital value of the pension fund assets.

In addition, full details of the pension fund accounts can be obtained from Douglas Borough Council, Douglas, Isle of Man.

Peel Town Commissioners

Notes to the Statement of Accounts (continued)

(forming part of the financial statements for the year ended 31 March 2014)

28. Investments

The Authority has representation on the board of the Western Civic Amenity Site ('the Committee'). The Committee comprises representative members from various western local authorities, whereby each representative member has access to the rewards, and exposure to the associated risks, arising from the operation of the Committee. The Committee is managed jointly by its representative members, with no single member having control or the right to exercise dominant or significant influence. Accordingly the Authority's interest in the Committee is considered to be an 'Investment' as defined by the SORP.

The Authority, together with the other representative members, fund the Committee to the extent necessary to maintain its operations, but have made no capital contribution to the Board and therefore the investment is recorded at nil value.

On 1 July 2013, the Western Civic Amenity Site ("The Committee") transferred its operations, assets and liabilities to a new entity, the Western Civic Amenity Site Board and the Committee ceased to exist. The Authority, from 1 July 2013, has representation on the Board of the Western Civic Amenity Site Board under the same terms as set out above.

Peel Town Commissioners

Detailed Income and Expenditure Account for the year ended 31 March 2014

	2014 £	2014 £	2013 £	2013 £
Employee costs				
Office salaries	189,212		187,193	
Housing officer	28,352		28,040	
Technical officer	50,709		42,676	
Attendants	67,475		70,982	
Grass cutting	30,511		36,617	
Gardening	31,744		27,224	
Cleaning	36,965		32,725	
Admin – Foreman	4,707		10,769	
Commercial properties	10,532		18,211	
General properties	53,565		65,028	
Works	16,463		26,099	
Public functions	11,768		8,204	
Refuse	4,754		1,750	
Drainage	112		15,165	
Ward library	33,432		32,491	
Leece museum	31,088		30,000	
		601,389		633,174
Premises related costs				
Playground costs	902		5,292	
Amenity areas	25,227		22,725	
Skateboard/BMX costs	161		3,230	
Beach costs	3,321		1,401	
Campsite costs	24,454		22,072	
Phillip Christian Centre costs	5,676		4,311	
Ward library costs	16,086		11,354	
Leece Museum costs	6,123		5,905	
Bowls and tennis costs	8,352		2,381	
Swimming pool contributions	9,035		8,880	
Commercial property costs	7,040		20,098	
Landslip costs	-		23,973	
Dangerous building costs	670		33,330	
Street lighting costs	69,076		49,840	
Repairs to commissioners land	61		579	
Seats, bins, flags, signs, clocks etc	12,882		2,289	
Mill Road yard costs	7,244		6,517	
Clothing	2,259		2,716	
Replacement equipment	734		2,052	
Repairs to toilets	18,370		13,679	
Shelters, CCTV, road repairs	2,813		888	
		220,486		243,512

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Peel Town Commissioners

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2014

	2014 £	2014 £	2013 £	2013 £
Premises related income				
Commercial rents	47,692		74,744	
Campsite fees	82,570		75,827	
Library fees	1,573		2,727	
Shell tipping fees	1,200		1,200	
Garage rents	50,368		45,788	
Peel Hill rents	4,690		4,690	
Car park fees	4,395		4,707	
Other income	3,722		698	
		(196,210)		(210,381)
		<u>24,276</u>		<u>33,131</u>
Agency and contracted services costs				
Refuse disposal	143,439		98,393	
Refuse contract	159,564		153,900	
Wheelie bin purchase	9,816		2,079	
Amenity site charges	92,757		97,125	
		405,576		351,497
Agency and contracted services income				
Commercial refuse income		(55,829)		(42,698)
		<u>349,747</u>		<u>308,799</u>
Recharge costs				
Drainage connection fees	(2,500)		-	
Drainage recharge costs	499		6,194	
Street cleaning	4,318		5,769	
Westlands	18,291		20,279	
Grasscutting	480		-	
		21,088		32,242
Recharge income				
Drainage recharge costs	-		20,815	
Street cleaning	45,565		45,565	
Westlands	20,164		22,258	
Grass cutting	11,777		11,862	
		(77,506)		(100,500)
		<u>(56,418)</u>		<u>(68,258)</u>

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Peel Town Commissioners

Detailed Income and Expenditure Account (continued) for the year ended 31 March 2014

	2014 £	2014 £	2013 £	2013 £
Central and technical				
Public function fireworks	4,868		4,711	
Civic Sunday	2,134		2,094	
Peel Day	11,517		13,133	
Carnival Day	5,228		5,054	
Christmas costs	7,859		5,786	
Other public function costs	4,899		3,183	
Rates payable	(1,554)		5,484	
Audit fees	11,829		8,622	
Accountancy fees	19,749		16,451	
Legal and professional fees	21,312		4,974	
Website costs	6,771		7,371	
Printing, stationery, photocopier etc	7,533		6,120	
Postage	2,064		2,381	
Insurance	18,049		17,588	
Election expenses	1,037		1,044	
Attendance allowances	3,400		4,413	
Honorarium	1,583		1,500	
Town Hall maintenance	1,161		1,123	
Computer costs	13,761		18,403	
Telephone	5,743		4,922	
Staff training	50		1,685	
Miscellaneous	10,611		9,416	
Rate collection costs	12,658		11,711	
Rates provision - write back of provision	3,204		(3,576)	
Other bad debt provisions	4,083		8,078	
		179,549		161,671
Central and technical income				
Admin allowance	76,903		76,903	
Rates commission	3,364		3,454	
Search fees	8,900		9,475	
Hire of Boardroom	250		450	
Other income	7,095		4,481	
		(96,512)		(94,763)
		83,037		66,908
Motor vehicle expenses				
Tax and licences	1,921		1,566	
Petrol and diesel	7,376		7,233	
Repairs	6,759		12,440	
Lease costs	412		437	
		16,468		21,676

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