

# **Peel Town Commissioners**

## **Statement of Accounts**

**For the year ended 31 March 2018**

# Peel Town Commissioners

## Year ended 31 March 2018

<i>Contents</i>	<i>Page</i>
Members, Officers and Advisors	3-4
Explanatory Foreword	5-9
Statement of Responsibilities for the Statement of Accounts	10
Report of the Independent Auditor	11-13
Statement on Internal Control	14-15
Comprehensive Income and Expenditure Statement	16
Statement of the Movement on Reserves	17-18
Balance Sheet	19
Cash Flow Statement	20
Statement of Accounting Policies	21 – 27
Significant Estimates and Judgements	28
Notes to the financial statements	29 – 40
The following pages do not form part of the audited financial statements	
Detailed Income and Expenditure Account	41 - 43

# Peel Town Commissioners

Year ended 31 March 2018

## Members, Officers and Advisers

Peel Town Commissioners' registered address is:

Peel Town Commissioners,  
Town Hall,  
Derby Road,  
Peel.  
IM5 1RG

The Commissioners are the local authority for the Town of Peel. The local authority's primary duties are social housing, waste collection, domestic refuse disposal, commercial refuse disposal, environmental health, routine cyclic highway maintenance operations, car parking management, street lighting, street sweeping, public parks, public amenity areas, public convenience, public library, museum, campsite, and byelaw enforcement.

The Commissioners work with the neighbouring authorities in the west of the Island to provide a Western civic amenity site, Western swimming pool and Western sheltered housing complex. These organisations individually prepare and publish their own statement of accounts which are separate to Peel Town Commissioners.

The Local Authority Board of Peel Town Commissioners is made up of seven elected representatives. Their term of appointment operates from May 2016 until April 2020. The Board members for the year ended 31 March 2018 were:

Mr I.G. Davison (Chairman)  
Mrs C.A. Moughtin (Deputy Chairman)  
Mr E.C. Convery  
Mr B.T. Heath  
Ms H. Hannan  
Mr A.G. Jones  
Mr D. J. Lace

The Commissioners operate four Lead Member Committees to oversee the local authority's functions. The elected representatives with delegated responsibility for prescribed function areas are detailed below:

Ms H. Hannan and Mr E.C. Convery are responsible for overseeing the Commissioners' finance, staffing resource and corporate governance matters delegated to the Finance and Staff Resource Lead Member Committee.

Mr A.G. Jones and Mrs C.A. Moughtin are responsible for overseeing the Commissioners' social housing, licencing and property assets delegated to the Property and Asset Management Lead Member Committee.

Mr I.G. Davison and Mr B.T. Heath are responsible for overseeing the Commissioners' campsite, library, campsite, parks, amenity areas and events delegated to the Events and Commercial Innovation Lead Member Committee.

Mr D.J. Lace and Mr A.G. Jones are responsible for overseeing the Commissioners' waste collection, domestic refuse disposal, commercial refuse disposal, environmental health, routine cyclic maintenance operations, car parking management, street lighting, street sweeping, public convenience, and byelaw enforcement delegated to the Works Lead Member Committee.

# Peel Town Commissioners

Year ended 31 March 2018

## Members, Officers and Advisers - continued

The Commissioners' Town Clerk and Responsible Finance Officer is Mr D.J. Sewell Bsc (Hons) MBA CILT.

The Commissioners internal auditor is Alexander Elliott and the external auditor is Grant Thornton Ltd. Their registered addresses are as follows:

Alexander Elliott  
Media House  
Cronkbourne  
Douglas  
IM4 4SB

Grant Thornton Limited  
PO Box 307  
Exchange House  
54/62 Athol Street  
Douglas  
IM99 2BE



# Peel Town Commissioners

Year ended 31 March 2018

## Explanatory Foreword

### Introduction

This Statement provides a summary of Peel Town Commissioners financial performance for the year ended 31 March 2018. This is the second year of the current Board's four year term of office and their main objectives are:

- Improve the management of the Commissioners' finances to reduce the impact of inflationary costs on the rate payers of Peel.
- Promote commercial innovation, events and regeneration to attract investment and visitors to Peel.
- Improve the town centre environment and facilities on offer to residents, businesses and visitors.
- Improve the corporate governance of the Commissioners' services through restructuring resources and the development of policies and procedures.
- Improve the management of projects from their inception to the delivery of their benefits.
- Reduce the operating costs and waiting time for the provision of social housing.

### Performance against Objectives

The authority sets the general and refuse rates in January each year and the rates are collected by the Isle of Man Treasury. The Isle of Man Treasury have provided the following information for the year ending 31 March 2018:

1. The total rates levied in Peel amount to £1,394,262 (£1,363,758 in 2017).
2. The total rate arrears are £76,810 (£74,744 in 2017). An amount of £25,190 (£20,233 in 2017) was also due from Treasury.
3. The bad debt provision has increased to £76,811 (£74,744 in 2017).

In the first financial year of the Board's term of office (year ending 31 March 2017) the authority put in place four lead member committees to oversee finance and staff resources; property and asset management; events and commercial innovation; and works local authority functions. The formation of the Finance and Staff Resource Lead Member Committee has improved the finance management of the Commissioners' affairs and increased transparency through reporting of the Commissioners' financial position monthly to the Board at their public meetings. This has allowed the timely interventions by the Board when required to address expenditure and income issues which are not in accordance with the Commissioners' budget expectations. This management has allowed:

1. The authority to incorporate inflationary cost increases within their current budget and **retained the existing 257 pence in the pound general rate and refuse rate of £170 per dwelling for the year ending 31 March 2018.**
2. The authority to operate their services within their allocated budget provision and to provide a **£168,839 surplus** during the year ending 31 March 2018 as detailed within the Statement of Movement on Reserves on page 17.
3. The authority to **increase its overall general revenue reserve to £843,246** as shown on page 17 for the year ending 31 March 2018.

This surplus and increase in reserve within the financial year ending 31 March 2018 is primarily attributed to:

- Increased rate income from the continued expansion of the Town £30,500;
- A reduction in operating costs including staff salary expenditure £28,500; and
- Not undertaking four projects budgeted at a total of £74,000.

# Peel Town Commissioners

## Year ended 31 March 2018

### Explanatory Foreword - continued

The authority are assessing two larger projects for the Town which, subject to receipt of the Board's approval for these schemes, can be funded from the authority's reserve. These two projects for the provision of four new business units and a new playpark are described below.

The completion of the Isle of Man Government's regeneration project in the Market Place in Peel was delayed in 2017. The Commissioners had budgeted funding for new pedestrian signage (£20,000), refurbishment of the Market Place toilet (£10,000) and Christmas lighting (£10,000) to supplement this regeneration scheme.

**During the year £11,350 was spent on Christmas lighting to enhance the regeneration scheme.**

**The refurbishment of the Market Place toilets and the pedestrian way marking signage projects will now be undertaken in the forthcoming 2018/19 financial year using the Commissioners' reserves.**

The Commissioners received planning consent for the proposed construction of four new commercial units off Mill Road and funded six large events to encourage visitors to the Town in the year ending 31 March 2018.

**During the year £52,428 was spent to provide events in the Town.**

The construction of these industrial units represents a significant investment which will require funding from the authority's reserves when a suitable scheme to bring this employment space to the Town is developed and costed.

The authority continue to invest in their infrastructure and equipment. This included:

- £30,000 per annum for a three year period on the Town's street lighting;
- £25,000 per annum for a three year period for new vehicles/equipment; and
- £24,000 to refurbish the shelters, flags and street furniture on the Promenade.

**During the year the authority spent £64,531 on new infrastructure and equipment and developed a £13,100 street lighting scheme for Derby Road.**

The Derby Road street lighting scheme will now be undertaken in the forthcoming 2018/19 financial year using the Commissioners' reserves. This investment in new infrastructure will improve the facilities on offer to residents, businesses and visitors. The new equipment will assist in improving the town environment and will permit the implementation of higher quality of regimes of maintenance in the town centre.

In addition to the formation of the lead member committees during the year the authority has developed its corporate governance procedures and segregated officer duties to ensure it can deliver the legal obligations and requirements. The authority has implemented the necessary procedures for compliance with the Freedom of Information Act 2015, which came into operation for local authorities in January 2018; the Accounts and Audit Regulations 2018 and the General Data Protection Regulations which will come into operation in May 2018. Further work will be required during the remainder of 2018 to improve the authority's record management and public access to records.

# Peel Town Commissioners

## Year ended 31 March 2018

### Explanatory Foreword - continued

An area for improvement for the authority is the delivery of projects approved in the Commissioners' budget. Although the management of project costs is very good, four projects scheduled to commence for delivery before the year ending 31 March 2018 did not take place. Measures are in place to address this problem to ensure projects are initiated earlier in the year and external resources are used, when necessary, to deliver these larger projects. These measures will be used when undertaking the planned construction of a new play park adjacent to the swimming pool to serve the new housing on the outskirts of Peel during the forthcoming 2018/19 financial year. The initial part of this project valued at £30,000 did not take place in the year ended 31 March 2018 and a significant investment funded from the authority's reserves is planned when a suitable scheme is developed and costed.

#### Social Housing

During the year the authority purchased 23 new social houses at Beary Close in Slieau Whallian View.

**These properties were purchased for £3,337,000. Excluding £42,000 of project management costs this is an average cost of approximately £143,260 per property.**

**The annual rental from these eight flats, three bungalows and twelve two bedroom properties is £112,330.**

This purchase price is lower than the Isle of Man Government's 2017 average price for a new flat which is approximately £151,000. The authority, at the year ended 31 March 2018, owned 357 properties and has managed 20 Department of Infrastructure properties in Peel since February 2017.

The authorities separately records the expenditure associated with the routine maintenance and management of the authority's social housing properties. This expenditure is predominantly funded by the tenants' rent, and a deficiency payment subsidy from the Isle of Man Government.

In the year ended 31 March 2018 the authority:

- **Let 72 social housing properties to tenants**
- **The Isle of Man deficiency payment (subsidy) was £447,701** (£398,085 in 2017) as detailed within the Comprehensive Income and Expenditure Account on page 16.
- **The overall housing maintenance reserve decreased to £213,260** (£253,676 in 2017) as detailed within the Statement of Movement on Reserves Housing Maintenance Reserve Balance on page 17.

The managed reduction in reserve was primarily attributable to refurbishment of twenty three larger properties prior their re-letting when they were vacated by tenants who downsized to the new smaller dwellings in Beary Close.

#### Investments, Capital Expenditure, and Borrowing

**During the year no external investments were made.**

**The total capital expenditure in the year was £ 3,385,455.** This can be broken down as follows:

Beary Close Housing scheme £3,322,793 (including professional fees)  
Plant and Equipment £54,912  
New workshops professional fees £7,750

# Peel Town Commissioners

Year ended 31 March 2018

## Explanatory Foreword - continued

The financing for this expenditure was as follows:

HSBC Bank Loans and overdrafts £3,322,792  
General Revenue £62,663

The unused capital receipts is currently £153,855 (£153,855 in 2017) and the Accruals at the year end in respect of capital expenditure totalled £40,841 retention for the Beary Close housing scheme which is scheduled for payment in January 2019.

### Pension Liability

The net liability on the Isle of Man Local Government Superannuation Scheme attributable to Peel Town Commissioners is £1,533,000 (£1,561,000 in 2017).

**The pension liability has reduced by £28,000 on the previous year.**

### Future Strategic Intention

The ongoing delivery of the Board's objectives by:

- The development of robust business cases for the construction of new facilities including a Town playpark to increase visitors to Peel Swimming Pool and the Camping Park.
- The development of robust business case for the construction of business units adjacent to the Peel Food Park.
- The development of new events to encourage new visitors to Peel.
- The provision of attractive pedestrian links from the Promenade to Michael Street and improved maintenance regimes in the Town centre.
- The provision of attractive easy to clean public conveniences in the Town.
- The development of a tourism hub at the Town Hall.
- The development of a social housing committee with neighbouring western local authorities to reduce operating costs and waiting time for the provision of social housing in the West of the Island.

### Events Since Balance Sheet Date

**No events are reported which will impact on the accounts for the year ended on 31 March 2018.**

The Board have agreed to seek quotations for the replacement of the Headland's sandstone wall prior to the end of 2018. This project is valued at £75,000 and is not in the budget for the forthcoming 2018/19 financial year. This will require funding from the authority's reserve.

# Peel Town Commissioners

Year ended 31 March 2018

## Explanatory Foreword - continued

### Risks and Uncertainties

The internal audit has not recorded any risks which need urgently addressing by the authority. The internal audit identified the following:

1. New comprehensive and detailed forms of contract are required for the provision of services to the Peel and Western District Housing Committee and for the provision of services to the authority from cleaning and refuse collection contractors.
2. The new General Data Protection Regulations which are scheduled to come into operation on 24 May 2018 will require improved document management procedures. This must include:
  - (a) legal consent where required has been obtained to hold data,
  - (b) data is secure and readily retrievable when required; and
  - (c) data is destroyed with the consent of the Public Record Office when it is no longer required.

New social housing policies must be fully reviewed before their implementation to ensure they do not adversely impact on deficiency payment subsidy or increase the liability for rate payers to fund social housing improvements. For example, this year's (2018/19), one off, reduction in the Commissioners' housing surplus (reserve) to partially offset the deficiency payment must not be repeated.

  
Chairman / Deputy Chairman

  
Town Clerk

# Peel Town Commissioners

## Year ended 31 March 2018

### 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 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;

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.

# Peel Town Commissioners

Year ended 31 March 2018

## **Independent auditor's report to the Members of Peel Town Commissioners**

### ***Opinion***

We have audited the financial statements of Peel Town Commissioners for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure account, the Statement of the Movement on Reserves, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related Notes to the Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### **In our opinion, the financial statements:**

- give a true and fair view of the state of the authority's affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Accounts and Audit Regulations 2018 made under the Audit Act 2006.

### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Who we are reporting to***

This report is made solely to the authority's Members, 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 Members 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's Members, as a body, for our audit work, for this report, or for the opinions we have formed.



# Peel Town Commissioners

Year ended 31 March 2018

## **Independent auditor's report to the Members of Peel Town Commissioners – continued**

### ***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Responsible Financial Officers use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Responsible Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### ***Other information***

The Responsible Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages 3 to 39 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### ***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 or 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.



# Peel Town Commissioners

Year ended 31 March 2018

## Independent auditor's report to the Members of Peel Town Commissioners - continued

### *Responsibilities of Responsible Financial Officer*

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 10, the Responsible Financial Officer is responsible for the preparation of the Statement of Accounts and for being satisfied that they give a true and fair view, and for such internal control as the Responsible Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Responsible Financial Officer is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the authority intends to cease operations, or has no realistic alternative but to do so.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Grant Thornton Limited*

**Grant Thornton Limited**

Douglas

Isle of Man

**Date:** 25 October 2018

# Peel Town Commissioners

Year ended 31 March 2018

## Statement of Internal Control

### Introduction

Regulation 6 of the Accounts and Audit Regulations 2018 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 Authority and the Responsible Financial Officer

The Authority controls strategy, policy and key financial and operational matters within the organisation. In addition, it is the Authority's responsibility to ensure that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Authority.

The Authority 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 Authority.

In discharging this responsibility, the Authority 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 on-going 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.

- ***Authority meetings***

The Authority meets monthly and consists of a Chairman and 6 other Authority members. The Authority 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 Authority.

# Peel Town Commissioners

Year ended 31 March 2018

## Statement of Internal Control (continued)

### Review of internal control and corporate governance environment

The effectiveness of the Authority's internal control and corporate governance arrangements is continuously assessed by the work of management and the Authority. During the year ended 31 March 2018, the Authority has reviewed and restructured its staff resources to strengthen its internal finance control and corporate governance procedures to further enhance the oversight of the authority's financial affairs.

### 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 period ended 31 March 2018.

During the year ended 31 March 2018, all risks identified by the internal auditor were mitigated. One high risk observation was made in the report in relation to future GDPR for 2018/19.

The RFO has met with the Authority to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor. The internal audit has not recorded any risks which need urgently addressing by the authority. The audit identified the following as the main risks for the forthcoming financial year:

1. New comprehensive and detailed forms of contract are required for the provision of services to the Peel and Western District Housing Committee and for the provision of services to the authority from cleaning and refuse collection contractors.
2. The new General Data Protection Regulations which are scheduled to come into operation on 24 May 2018 will require improved document management procedures. This must include:
  - (a) legal consent where required has been obtained to hold data,
  - (b) data is secure and readily retrievable when required; and
  - (c) data is destroyed with the consent of the Public Record Office when it is no longer required.

(Signed)



(Chairman) (*Deputy Chairman*)

(Signed)



(Responsible Finance Officer)

(Dated)

18/10/18

# Peel Town Commissioners

## Comprehensive Income and Expenditure Statement

for the year ended 31 March 2018

Statement of net expenditure	Gross Expenditure	Income	2017/18 Net Expenditure	2016/17 Net Expenditure restated
	£	£	£	£
Continuing operations:				
Employee costs	564,239	-	564,239	571,621
Premises	197,870	231,103	(33,233)	(62,442)
Agency and contracted services	529,276	60,079	469,197	452,150
Recharges	28,494	44,184	(15,690)	(2,609)
Central and technical	166,571	108,977	57,594	51,870
Vehicle costs	17,402	-	17,402	18,712
Depreciation	77,853	-	77,853	76,022
Net current service cost of pensions	41,000	-	41,000	39,000
<b>Net cost of General Fund services</b>	<b>1,622,705</b>	<b>444,343</b>	<b>(1,178,362)</b>	<b>(1,144,324)</b>
Housing services	2,205,939	1,832,811	(373,128)	537,573
Deficiency receivable	-	447,701	447,701	398,085
<b>Net cost of services</b>	<b>3,828,644</b>	<b>2,724,855</b>	<b>(1,103,789)</b>	<b>(208,666)</b>
Rates income			1,394,262	1,363,758
Interest and investment income			570	657
Interest payable and finance charges			(557,961)	(572,634)
Net pension interest cost			(41,000)	(58,000)
<b>Deficit on provision of services</b>			<b>(307,918)</b>	<b>525,115</b>
<b>Other Comprehensive Income and Expenditure</b>				
Remeasurement of net pension liability			110,000	169,000
<b>Total comprehensive income and expenditure</b>			<b>(197,918)</b>	<b>694,115</b>

# Peel Town Commissioners

## Statement of Movement on Reserves for the year ended 31 March 2018

Notes

	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £	Housing maintenance reserve £	Capital receipts reserve £	Earmarked reserves £
<b>Total comprehensive income and expenditure</b>	(307,918)	-	-	110,000	-	-	-
Depreciation and impairment of fixed assets	77,853	(1,221,971)	(259,322)	-	1,403,440	-	-
Net charges made for retirement benefits	82,000	-	-	(82,000)	-	-	-
Loan fund principal repayments	(66,636)	1,060,529	-	-	(993,893)	-	-
Fixed assets financed from General Fund	(62,663)	66,423	-	-	(3,760)	-	-
Transfer to/from Housing Revenue Account	446,203	-	-	-	(446,203)	-	-
Transfer between reserves	-	(81,336)	81,336	-	-	-	-
Balance brought forward	168,839	(176,355)	(177,986)	28,000	(40,416)	-	-
Balance carried forward	674,407	6,760,685	18,176,882	(1,561,000)	253,676	153,855	18,741
	843,246	6,584,330	17,998,895	(1,533,000)	213,260	153,855	18,741

# Peel Town Commissioners

## Statement of Movement on Reserves for the year ended 31 March 2017

	Notes	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £	Housing maintenance reserve £	Capital receipts reserve £	Earmarked reserves £
<b>Total comprehensive income and expenditure</b>		525,115	-	-	169,000	-	-	-
Depreciation and impairment of fixed assets		76,022	(263,800)	(340,658)	-	528,436	-	-
Net charges made for retirement benefits		97,000	-	-	(97,000)	-	-	-
Loan fund principal repayments		(63,071)	964,002	-	-	(900,931)	-	-
Fixed assets financed from General Fund		(21,711)	33,379	-	-	(11,668)	-	-
Transfer to/from Housing Revenue Account		(403,295)	-	-	-	403,295	-	-
Write off of bonds		-	6,300	-	-	-	-	-
		210,060	739,881	(340,658)	72,000	19,132	-	-
Balance brought forward		464,347	6,020,804	18,517,540	(1,633,000)	234,544	153,855	18,741
<b>Balance carried forward</b>		<b>674,407</b>	<b>6,760,685</b>	<b>18,176,882</b>	<b>(1,561,000)</b>	<b>253,676</b>	<b>153,855</b>	<b>18,741</b>

# Peel Town Commissioners

## Balance Sheet

as at 31 March 2018

	Notes	2018 £	2017 £ restated
<b>Fixed assets</b>			
Tangible fixed assets	1	42,073,723	40,169,561
<b>Current assets</b>			
Debtors	3	160,128	1,002,776
Cash at bank and short term investments		1,329,606	1,916,605
		<u>1,489,734</u>	<u>2,919,381</u>
<b>Current liabilities</b>			
Bank overdraft	5	(3,135,818)	(588,750)
Short term borrowing	5	(1,062,537)	(1,060,529)
Creditors	4	(494,714)	(1,280,819)
		<u>(4,693,069)</u>	<u>(2,930,098)</u>
<b>Net current liabilities</b>		<u>(3,203,335)</u>	<u>(10,717)</u>
<b>Total assets less current liabilities</b>		<u>38,870,388</u>	<u>40,158,844</u>
<b>Long-term liabilities</b>			
Liability relating to defined benefit pension scheme	17	(1,533,000)	(1,561,000)
Long term borrowing	5	(13,058,060)	(14,120,598)
<b>Total assets less liabilities</b>		<u>24,279,328</u>	<u>24,477,246</u>
Revaluation reserve		17,998,895	18,176,882
Accumulated surpluses		1,075,247	946,824
Pensions reserve		(1,533,000)	(1,561,000)
Capital adjustment account		6,584,331	6,760,685
Usable capital receipts		153,855	153,855
		<u>24,279,328</u>	<u>24,477,246</u>

The financial statements were approved by the Authority on 18/10/18 and were signed on their behalf by:

  
Chairman  
Deputy Chairman

RFO 

# Peel Town Commissioners

## Cash Flow Statement

for the year ended 31 March 2018

	Notes	£	2018 £	2017 £
Net (deficit)/surplus on provision of services		(307,918)		525,115
Adjustments to net (deficit)/surplus on provision of services for non-cash movements	11	1,583,302		836,573
Adjustments for items included in net surplus / (deficit) on provision of services that are investing and financing activities		522,059		570,010
Net cash flows from Operating Activities			1,797,443	1,931,698
Net cash flows from Investing Activities	12	(3,348,921)		(381,732)
Net cash flows from Financing Activities	13	(1,583,148)		(464,398)
			(4,932,069)	(846,130)
Net (decrease)/increase in cash and cash equivalents			(3,134,626)	1,085,568
Cash & cash equivalents at the beginning of the reporting period			787,620	(297,948)
Cash & cash equivalents at the end of the reporting period			(2,347,006)	787,620



# Peel Town Commissioners

## Statement of Accounting Policies

### 1. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' Section 1A ('FRS 102'), and with the Audit Act 2006 and the Accounts and Audit Regulations 2018. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain land and buildings as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102 and Accounts and Audit Regulations 2018. Refer to note 18 for an explanation of the transition.

The financial statements are presented in Sterling (£) to the nearest £.

### 2. Going concern

After reviewing the budget of the Authority, the board have a reasonable expectation that the Authority has adequate resources including the continuation of support from Central Government, to continue in operational existence for the foreseeable future.

### 3. Income

#### (a) Rates receivable

Rates income for the year credited to the Comprehensive Statement of Income and Expenditure is the accrued income for the year, adjusted for discounts, exempt and uninhabitable properties.

#### (b) Rentals

Rent revenue, including campsite income, is measured at fair value of the consideration received or receivable and represents the amount receivable for the services rendered.

#### (c) Housing deficiency

Housing deficiency is accounted for on an accruals basis and represents amounts due for the period in respect of the shortfall in housing income over housing receipts in the year.

### 4. Accruals of income and expenditure

The 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.

### 5. 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.

# Peel Town Commissioners

## Statement of Accounting Policies (Continued)

### **6. Tangible fixed assets**

Tangible fixed assets have physical substance and are held by the Authority for the provision of services or for administrative purposes on a continuing basis.

#### **(a) Recognition**

Expenditure on the acquisition or creation of tangible fixed assets and subsequent expenditure that adds to, replaces part of, or services tangible fixed assets, is capitalised on an accruals basis where:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the Authority, and
- The cost can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense to the relevant service when it is incurred.

#### **(b) Measurement (Valuation Bases)**

All assets are initially measured at cost. The initial cost includes all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Borrowing costs are not capitalised.

Subsequent to initial recognition, assets are then carried on the Balance Sheet using the following measurement bases:

- Assets under construction – historic cost
- Social Housing and all other tangible fixed assets are measured at current value which is determined as the amount that would be paid for the asset in its existing use ("existing use value" – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate.

For non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for current value.

#### **(c) Revaluation**

A class of assets included in the Balance Sheet at current value (fair value for Surplus assets) may be revalued on a rolling basis provided revaluation of the class of assets is completed within five years.

The valuations are undertaken with sufficient regularity to ensure that their carrying amount is not materially different from current value (fair value for Surplus assets). All valuations are undertaken by a qualified valuer, using a professional valuer contracted to the Authority.

# Peel Town Commissioners

## Statement of Accounting Policies (Continued)

### 6. Tangible fixed assets - continued

#### (c) Revaluation - continued

Short-life assets, such as vehicles and computer equipment are not revalued but are measured at depreciated historic cost as a proxy for fair value.

Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. When assets are subject to revaluation losses they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

#### (d) Impairment

Assets are subject to an annual impairment review at the end of each financial year for evidence of reductions in value. Where indications exist and the reduction is material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

# Peel Town Commissioners

## Statement of Accounting Policies (Continued)

### 6. Tangible fixed assets - continued

#### (e) Depreciation

Depreciation is provided for on all Tangible Fixed Assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight-line basis by allocating the cost (or re-valued amount) of the asset over the number of years that the asset is expected to be of useful benefit as follows:

Property and Dwellings (including associated Housing Revenue Account assets) – 50 years  
Component parts of Social Housing Improvements – Between 5 and 30 years  
Vehicles, plant and equipment - 5 years

The useful life of an asset is estimated on a realistic basis and is regularly reviewed as part of the revaluation process. Where the useful life of a fixed asset is revised, depreciation is charged over the revised life of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

#### (f) Disposals

Income from the disposal of fixed assets is accounted for on an accruals basis. Capital receipts are held in the Usable Capital Receipts Reserve until such time as they are used to finance other capital expenditure, when they are credited to the Capital Adjustment Account.

### 7. Investment Property

Investment Properties are those that are used solely to earn rentals or for capital appreciation purposes. Properties that are used to facilitate the delivery of services are not Investment Properties.

Investment properties are measured initially at cost and subsequently at fair value. The assets are not depreciated but are subject to five yearly revaluation reviews according to market conditions at the year-end. All valuations are undertaken by a qualified valuer. Gains and losses on revaluation and disposal are posted to the Comprehensive Income and Expenditure Statement. These unrealised gains and losses are reversed out in the Statement of Movement on Reserves to the Revaluation reserve. Proceeds on the sale of such assets would be reversed out to the Capital Adjustment account.

# Peel Town Commissioners

## Statement of Accounting Policies (Continued)

### 8. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

### 9. Government Grants and Contributions

Government grants and other third party contributions / donations are accounted for on an accruals basis and recognised when the conditions attached to the payments have been met and there is reasonable assurance that they will be received.

#### (a) Revenue Grants

Amounts due to the Authority are credited to the Comprehensive Income and Expenditure Statement when the conditions attached to the grants or contributions are satisfied. Amounts advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or non-specific Grant Income.

#### (b) Housing Deficiency

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

### 10. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 11. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Peel Town Commissioners

## Statement of Accounting Policies (Continued)

### 12. Employee benefits

The Authority provides a range of benefits to employees, including paid holiday arrangements and a defined benefit pension plan.

#### (a) Short term benefits

Short term benefits, including holiday pay, are recognised as an expense in the period in which the service is received.

#### (b) Defined benefit pension plan

The Authority participates in the Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The Authority and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the pensions liabilities with investment assets. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the Authority's defined benefit obligation at the end of the reporting date less the fair value of the plan assets attributable to the Authority's members at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the administering Authority engages independent actuaries to calculate the obligation of the Authority. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Comprehensive Income and Expenditure Statement. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net pension liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

# Peel Town Commissioners

## Statement of Accounting Policies (Continued)

### 13. Provisions

Provisions are made for any liability of uncertain timing where there is a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year that the obligation arises and are based on the best estimate of the amount that is likely to settle the obligation.

### 14. Reserves

Reserves include earmarked reserves set aside for specific policy purposes and balances which 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 Maintenance Reserve:** set up to hold surplus monies received from housing rents less expenditure incurred.

**Capital Receipts Reserve:** these are amounts of capital monies received to be used to finance future capital expenditure

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

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

**Capital Adjustment Account:** 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.

**Pensions reserve:** The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits.



# Peel Town Commissioners

## Statement of Accounting Policies (Continued)

### Significant Judgements and Estimates

#### (a) Judgements

In applying the accounting policies set out above the Authority has had to make assumptions and form judgments about transactions which are complex in nature and where there is uncertainty about future events. The critical judgments made in the Statement of Accounts are as follows:

- The Authority operates a rolling 5 year revaluation programme for assets held on the Balance Sheet at revalued amount. This means that not all assets are revalued formally every year. However a desktop review is undertaken of the assets that were not formally revalued during the year, taking into account factors such as changes to building cost indices since the asset's last revaluation and the impact of revaluations in year for similar assets. As a result it is judged that the potential difference in value that would result from formal revaluation is not material in the context of the overall carrying value of the assets, and therefore the risk of material misstatement to the Balance Sheet is low.
- Property, Plant and Equipment assets are judged to be held for their service potential rather than future resale value and therefore the Authority does not allocate residual values to assets when calculating depreciation. This could lead to the potential overstatement of depreciation and the understatement of asset carrying values in the Balance Sheet. The calculation of depreciation, however, does not affect the amount to be collected from Government in terms of deficiency.
- The Authority has judged that amounts held on deposit or invested for periods of less than three months are sufficiently liquid as to be classed as cash equivalents. Judgement is also required as to whether the primary purpose of holding such investments is for meeting short term cash commitments (in which case the investment is classified as a cash equivalent) or for investment return (in which case the investment remains classified as a short term investment).

#### (b) Estimates

The Authority is required to disclose those estimates and assumptions which it has made in the preparation of its accounts for which there is the potential for a material adjustment within the next financial year.

- Pension Liability - The estimation of the net pension liability depends on a number of complex and inter-related actuarial assumptions and judgements, i.e. the rate of inflation, rate of increase in salaries, age of retirement, rate of increase in pensions, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide expert advice about the assumptions to be applied. As a result there is inevitably some uncertainty concerning the value of the net pension liability in the financial statements. Changes in the assumptions can give rise to major changes in the liability within the year and across years, i.e. actuarial gains and losses.



# Peel Town Commissioners

## Notes to the financial statements

### 1. Tangible fixed assets

	Land and Property £	Vehicles Plant and equipment £	Investment Property £	Total £
<b>Cost/valuation</b>				
At 31 March 2017	40,527,707	220,441	1,309,094	42,057,242
Additions in the year	3,330,543	54,912	-	3,385,455
Impairment in the year	(851,682)	-	-	(851,682)
<b>At 31 March 2018</b>	<b>43,006,568</b>	<b>275,353</b>	<b>1,309,094</b>	<b>44,591,015</b>
<b>Depreciation</b>				
At 31 March 2017 - restated	1,699,059	188,622	-	1,887,681
Charge for year	600,426	29,185	-	629,611
Disposals	-	-	-	-
<b>At 31 March 2018</b>	<b>2,299,485</b>	<b>217,807</b>	<b>-</b>	<b>2,517,292</b>
<b>Net Book Value</b>				
At 31 March 2018	40,707,083	57,546	1,309,094	42,073,723
At 31 March 2017 - restated	38,828,648	31,819	1,309,094	40,169,561

### 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.

A supplementary valuation for the Brickworks site included within operational non specialised property, was performed as at 31 March 2015. The supplemental valuation in 2015 resulted in an upward revaluation of £57,435.

In addition, a supplementary valuation for Beary Close, included within social housing, was performed as at 31 March 2018. The supplemental valuation resulted in an impairment of £815,682.

The basis for valuation is set out in the statement of accounting policies.

### Historical cost of revalued fixed assets

Included within the above are assets with a historical cost as follows:

Land and Property - £17,759,219  
 Vehicles, Plant & Equipment - £275,353  
 Non Operational Property - £1,500

Within Land and Property are Social Housing Land and Property with a historical cost of £16,945,292.

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 2. Assets held

Operational assets	Number at 31 March 2017 restated	Changes 2017/18	Number at 31 March 2018
<b>Social Housing Dwellings</b>	334	23	357
<b>Other Land and Buildings</b>			
Car parks	9	-	9
Depots	1	-	1
Public Conveniences	4	-	4
Public Offices	1	-	1
Recreational properties	5	-	5
Miscellaneous properties	6	-	6
<b>Vehicles, Plant and Equipment</b>			
Vehicles	11	(1)	10
<b>Infrastructure Assets</b>			
Parks and open spaces	7	-	7
<b>Non-Operational assets</b>			
Commercial properties	4	-	4
Retail properties	3	-	3
Garages	62	-	62

### 3. Debtors and prepayments

	2018 £	2017 £
Amounts falling due in one year (net of bad debt provisions):		
Trade and sundry debtors	55,985	41,917
Housing rents	15,306	13,418
VAT	29,535	28,648
Prepayments	34,112	70,483
Amounts due from Central Government	25,190	20,233
Payments on account	-	828,077
	<b>160,128</b>	<b>1,002,776</b>

Debtor balances are shown net of provisions for bad or doubtful debts as follows:

	2018 £	2017 £
Trade debtors	23,774	23,219
Ratepayers	76,811	74,744
Housing rents	7,026	6,165

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 4. Creditors

	2018 £	2017 £
Central government	171,445	140,864
Trade creditors	83,097	732,758
Housing rents	31,457	29,612
Sundry creditors and accruals	208,715	377,585
	<u>494,714</u>	<u>1,280,819</u>

Within the amount due to Central Government is a liability of £87,170 (2017: £87,170) in respect of amounts repayable in respect of tarmacing work undertaken a number of years ago.

### 5. Long term borrowing

Loans outstanding may be analysed as follows:

	2018 £	2017 £
<i>Falling due within one year:</i>		
Commercial loans and overdrafts	<u>4,198,355</u>	<u>1,649,279</u>
<i>Falling due after more than one year:</i>		
Commercial loans	<u>13,058,060</u>	<u>14,120,598</u>

In past 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%.

During the year and prior year, new borrowings have been taken out with HSBC Bank. Such loans are unsecured, repayable between 10 and 30 years and are variable rate loans.

Any monies borrowed on temporary overdraft facilities with HSBC Bank incur interest at 0.9% 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.

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 6. General Rate Account

	2018	2017
	£	£
Total rates levied for the year	1,012,947	989,304
<i>Add:</i>		
Due from Treasury re prior year	13,382	20,756
Arrears brought forward	49,594	42,750
	<u>62,976</u>	<u>63,506</u>
<i>Less:</i>	1,075,923	1,052,810
Discounts	(33,548)	(32,330)
Collection charge	(10,042)	(9,553)
Exempt and unoccupied properties	(15,050)	(14,806)
Refunds	-	(287)
	<u>(58,640)</u>	<u>(56,976)</u>
Irrecoverable amounts and re-rating adjustments	393	1,752
<b>Total rates collectable</b>	<b>1,017,676</b>	<b>997,586</b>
Rates received in the year:		
Current year rates	923,393	903,766
Arrears collected	13,339	10,087
Balance from Treasury re previous year	13,382	20,757
<b>Total rates received in the year</b>	<b>950,114</b>	<b>934,610</b>
<b>Balances outstanding carried forward:</b>		
Due from Treasury re current year	15,968	13,382
Arrears - current year	14,947	15,178
- previous years	36,647	34,416
	<u>67,562</u>	<u>62,976</u>
	<b>1,017,676</b>	<b>997,586</b>
	2018	2017
	£	£
General rates levied for the year	1,012,947	989,304
Less: Discounts, exempt/uninhabitable properties & refunds	(48,598)	(47,424)
Per Comprehensive Income and Expenditure Statement	<u>964,349</u>	<u>941,880</u>

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 7. Refuse Rate Account

	2018	2017
	£	£
Total refuse rates levied for the year	444,947	441,603
<i>Add:</i>		
Due from Treasury re prior year	6,851	9,466
Arrears brought forward	25,150	20,895
	<u>32,001</u>	<u>30,361</u>
<i>Less:</i>		
Discounts	476,948	471,964
Collection charge	(14,410)	(13,993)
Exempt and unoccupied properties	(4,485)	(4,256)
Refunds	(625)	(5,733)
	<u>(19,520)</u>	<u>(23,982)</u>
Irrecoverable amounts and re-rating adjustments	150	596
<b>Total refuse rates collectable</b>	<u><u>457,578</u></u>	<u><u>448,578</u></u>
Refuse rates received in the year:		
Current year refuse rates	409,219	402,308
Arrears collected	7,069	4,804
Balance due from Treasury re previous year	6,851	9,466
<b>Total refuse rates received in the year</b>	<u>423,139</u>	<u>416,578</u>
<b>Balances outstanding carried forward:</b>		
Due from Treasury re current year	9,222	6,851
Arrears - current year	6,985	8,463
- previous years	18,232	16,686
	<u>34,439</u>	<u>32,000</u>
	<u><u>457,578</u></u>	<u><u>448,578</u></u>
	2018	2017
	£	£
Refuse rates levied for the year	444,947	441,603
Less: Discounts, exempt/uninhabitable properties & refunds	(15,035)	(19,725)
Per Comprehensive Income and Expenditure Statement	<u><u>429,912</u></u>	<u><u>421,878</u></u>

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 8. Housing Revenue Income and Expenditure

	2018 £	2017 £
<b>Income</b>		
Dwelling rents (including rates)	1,832,812	1,773,135
Housing Deficiency Receivable	447,701	398,085
	<u>2,280,513</u>	<u>2,171,220</u>
Total income		
<b>Expenditure</b>		
Repairs and maintenance	420,928	339,595
Supervision and management	85,222	82,396
Rents, rates, taxes and other charges	296,349	285,135
Depreciation & impairment charges	1,403,440	528,436
	<u>2,205,939</u>	<u>1,235,562</u>
Net cost of Housing Services before interest and loan repayments	<u>74,574</u>	<u>935,658</u>

Included within rents, rates, taxes and other charges above is £296,349 of rates charged in respect of the Commissioners social housing properties. This amount is also included within dwelling rents (including rates) within the Housing Revenue Income and Expenditure Account, in addition to rates income within the Comprehensive Income and Expenditure Account.

#### Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 1.2% of the rental debit for the year (2017: 0.6%).

	2018 £	2017 £
<b>Rent arrears</b>		
Rent arrears	15,306	13,418
Rent arrears as a percentage of gross rent income	<u>0.84%</u>	<u>0.76%</u>

Arrears written off during the year amounted to £Nil (2017: £Nil) and an increase of £861(2017: £592) was made in the provision for bad and doubtful rental debts. As at 31 March 2018 the provision stood at £7,026 (2017: £6,165).

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 8. Housing Revenue Income and Expenditure - continued

#### 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 is calculated as follows:

	2018 £	2017 £
Opening balance payable	(52,915)	27,027
Deficiency grant required	447,701	398,085
Payments received from Department of Infrastructure	(479,010)	(478,027)
Closing balance payable	(84,224)	(52,915)

### 9. 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	2017/18 Number of Employees	Total	2016/17 Number of Employees
		Leavers in year		Leavers in year
£50,000 - £74,999	1	0	1	0

#### Key management compensation

Key management personnel are those persons having Authority and responsibility for planning, directing and controlling the activities of the Authority. Compensation paid in the year totalled £68,523 (2017: £64,962).

#### Members' allowances

During the year the Authority paid £1,550 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2017: £1,625).

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 10. 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 – it is responsible for providing the statutory framework within which the Authority operates. The Authority required deficiency funding of £447,701 (2017: £398,085) from Central Government. At the year end the Commissioners owed £84,224 (2017: owed £52,915) in respect of this requirement.

During the year an amount of £26,809 (2017: £23,043) was invoiced from Peel Town Commissioners to Peel & Western District Housing Authority in respect of the recharge of expenditure incurred and staff costs incurred by Peel Town Commissioners. At the year end, an amount of £15,300 (2017: £2,013) was due from Peel & Western District Housing Authority in this respect.

All Members 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. With the exception of the above disclosures:

Officers of the Authority – no related party transactions arose in relation to officers of the Authority

Members of the Authority – During the year, the Commissioners invoiced £1,215 (2017: £1,368) to Harbour Lights and £2,510 (2017: £1,604) to Castle Bay Seafoods Limited in respect of refuse collection services provided. At the year end £312 was owed by Harbour Lights to the Commissioners. In addition, rent of £7,181 (£7,181) was invoiced to Castle Bay Seafoods Limited in respect of the rental of a property from the Commissioners.

One separate individual member of the Authority acts as a director of each of the above entities.

### 11. Cash flow statement – Operating activities

The following table provides a breakdown of the main elements within the adjustment for the non-cash movements figure shown in the cash flow statement:

	2018	2017
	£	£
Depreciation, impairment & revaluation losses for non-current assets	1,481,293	604,457
Increase in creditors	5,438	106,271
Decrease / (Increase) in debtors	14,571	22,545
Decrease / (Increase) in provisions	-	6,300
Difference between FRS102 pension cost and contributions paid (note 16)	82,000	97,000
	<u>1,583,302</u>	<u>836,573</u>



# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 12. Cash flow statement – Investing activities

	2018	2017
	£	£
Purchase of assets (Fixed assets, investment property, intangible assets)	3,348,921	381,732
	<u>3,348,921</u>	<u>381,732</u>

### 13. Cash flow statement – Financing activities

	2018	2017
	£	£
Cash receipts from short-term and long-term borrowing	-	1,069,496
Repayments of short-term and long-term borrowing	(1,060,529)	(964,002)
(Increase)/decrease in short term deposits	(560)	118
Bank interest received	570	657
Loan interest paid	(522,629)	(570,667)
	<u>(1,583,148)</u>	<u>(464,398)</u>

### 14. Cash flow statement – cash & cash equivalents

	2018	2017
	£	£
Cash at Bank and in hand	788,812	1,376,370
Short term deposits	540,794	540,235
	<u>1,329,606</u>	<u>1,916,605</u>
Cash at bank per Balance Sheet		
Bank overdraft	(3,135,818)	(588,750)
Short term deposits	(540,794)	(540,235)
	<u>(2,347,006)</u>	<u>787,620</u>
Cash & cash equivalents per Cash Flow Statement		

### 15. Audit fees

During the year the Authority incurred external audit fees of £8,500 (2017: £8,435).

### 16. Total rateable value

The total rateable value of the Town at 31 March 2018 is £398,906 (2017: £386,939) with a 257p rate being charged (2017: 257p). In addition a refuse charge of £170 (2017: £170) per household was levied for the year.

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 17. Post employment benefits

The Authority operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by Douglas Borough Council as the Administering Authority. The Authority has committed to a funding plan with the Administering Authority, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the Administering Authority to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the Local Government Superannuation Scheme, using the projected unit credit method, was carried out at 31 March 2018 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	31 March 2018	31 March 2017
Rate of increase in salaries	3.2%	3.2%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	2.6%	2.5%

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 mortality assumptions used were as follows:

	31 March 2018 Years
Longevity at the age of 65 for current pensioners	
• Men	21.7
• Women	24.3
Longevity at the age of 65 for future pensioners	
• Men	24.1
• Women	27.1

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Net liability £
At 1 April 2017	3,340,000	4,901,000	(1,561,000)
Benefits paid	(100,000)	(100,000)	-
Plan participants contributions	26,000	26,000	-
Employer contributions	106,000	-	106,000
Current service cost	-	147,000	(147,000)
Past service cost	-	-	-
Interest income/(expense)	87,000	128,000	(41,000)
Remeasurement gains/(losses)			
• Actuarial losses	-	(117,000)	117,000
• Return on plan assets excluding interest income	(7,000)	-	(7,000)
At 31 March 2018	3,452,000	4,985,000	(1,533,000)

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 17. Post-employment benefits (continued)

Total cost recognised as an expense (No amounts were included in the cost of assets in either year):

	2018	2017
	£	£
Current service cost	41,000	39,000
Interest cost	41,000	58,000
	<u>82,000</u>	<u>97,000</u>

The local Authority's share of the fair value of plan assets was split:

	2018	2017
	%	%
Equity instruments	60	57
Bonds	28	26
Property	12	13
Cash	-	4
<b>Total</b>	<u>100</u>	<u>100</u>

The local Authority's share of the return on plan assets was:

	2018	2017
	£	£
Interest income	87,000	105,000
Return on plan assets less interest income	(7,000)	232,000
<b>Total return on plan assets</b>	<u>80,000</u>	<u>337,000</u>

### 18. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into are:

	31 March	31 March
	2018	2017
	£	£
Vehicles	Nil	28,792
Rebuild schemes	Nil	2,671,663
	<u>Nil</u>	<u>2,671,663</u>

# Peel Town Commissioners

## Notes to the financial statements (Continued)

### 19. FRS 102 Transition

This is the first year that the Authority has presented its results under FRS 102. The last financial statements under the SORP were for the year ended 31 March 2017. The date of transition to FRS 102 was 1 April 2016. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2017 and the total equity as at 1 April 2016 and 31 March 2017 between the SORP as previously reported and FRS 102.

#### Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the Comprehensive Income and Expenditure Statement as the employee service is received. This has resulted in the Authority recognising a liability for holiday pay of £8,776 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged as they were paid. In the year to 31 March 2017 no additional charge of was recognised as the accrual was immaterial.

#### Defined benefit scheme

Under previous UK GAAP the Authority recognised an expected return on defined benefit plan assets in the Comprehensive Income and Expenditure Statement. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the Comprehensive Income and Expenditure Statement. There has been no change in the defined benefit liability at either 1 April 2016 or 31 March 2017. The effect of the change has been to increase the cost to Net cost of Services in the year to 31 March 2017 by £35,000 and increase the credit in Other Comprehensive Income to £169,000. Previously an amount of £134,000 was shown in the Statement of Total Recognised Gains and Losses for the year ended 31 March 2017.

### 20. Prior year adjustment

Social Housing land values used to calculate depreciation in the years ended 31 March 2015, 2016 and 2017 had not previously been discounted by 33.33% to reflect their social housing nature, whereas overall social housing land and property values had been discounted.

An additional £85,431 depreciation has been applied each year to reduce the value of assets and to debit capital adjustment account by the same amount. Depreciation charged against social housing has been increased each year and the transfer to housing maintenance reserve has been reduced by the same amount.

The overall effect is to reduce the carrying value of assets as at 1 April 2016 by £170,862 and to reduce the capital adjustment account by £170,862. With the adjustment of £85,431 in respect of the year ended 31 March 2017, the overall effect is to reduce the carrying value of assets by £256,293 and to reduce capital adjustment account by £256,293 as at 31 March 2017.

Together with the adjustments mentioned in note 17 in respect of defined benefit scheme disclosures, the overall effect on the Comprehensive Income and Expenditure Statement is to increase the surplus by £48,659 but as the adjustments have been added back in the Statement of Movement on Reserves, there is no overall change to the balance carried forward on General Revenue reserve.

# Peel Town Commissioners

## Detailed Income and Expenditure Account for the year ended 31 March 2018

	2018 £	2018 £	2017 £	2017 £
<b>Employee costs</b>				
Office salaries	201,890		191,179	
Housing officer	31,485		30,628	
Technical officer	57,053		54,927	
Attendants	35,441		40,686	
Grass cutting	32,757		34,285	
Gardening	36,700		41,988	
Cleaning	21,588		21,579	
Admin – Foreman	1,277		1,212	
Commercial properties	9,125		9,672	
General properties	19,053		23,190	
Works	43,719		45,593	
Public functions	20,902		19,994	
Refuse	1,871		4,714	
Drainage	3,634		1,790	
Ward library	13,500		17,354	
Leece museum	34,244		32,830	
		<b>564,239</b>		<b>571,621</b>
<b>Premises related costs</b>				
Playground costs	4,228		1,253	
Amenity areas	19,557		30,638	
Skateboard/BMX costs	65		60	
Beach costs	4,912		5,602	
Campsite costs	21,357		21,150	
Phillip Christian Centre costs	1,724		2,795	
Ward library costs	13,879		8,479	
Leece Museum costs	5,951		7,450	
Bowls and tennis costs	5,361		2,509	
Swimming pool contributions	9,748		9,567	
Commercial property costs	5,001		2,755	
Dangerous building costs			2,720	
Street lighting costs	56,981		47,310	
Repairs to commissioners land	4,356		81	
Seats, bins, flags, signs, clocks etc	11,854		4,719	
Mill Road yard costs	8,436		4,030	
Clothing	1,607		2,002	
Replacement equipment	826		2,878	
Repairs to toilets	20,949		19,206	
Shelters, CCTV, road repairs	1,078		3,119	
		<b>197,870</b>		<b>178,323</b>

This page does not form part of the audited financial statements

# Peel Town Commissioners

## Detailed Income and Expenditure Account (continued) for the year ended 31 March 2018

	2018 £	2018 £	2017 £	2017 £
<b>Premises related income</b>				
Commercial rents	47,091		44,811	
Campsite fees	110,510		119,502	
Leece museum	4,392		5,122	
Shell tipping fees	3,000		3,000	
Garage rents	54,387		55,076	
Peel Hill rents	5,920		5,920	
Car park fees	5,803		7,334	
		(231,103)		(240,765)
		(33,233)		(62,442)
<b>Agency and contracted services costs</b>				
Refuse disposal	212,871		208,408	
Refuse contract	168,493		166,825	
Wheelie bin purchase	5,125		6,276	
Amenity site charges	101,301		91,196	
Street cleaning	41,486		43,039	
		529,276		515,744
<b>Agency and contracted services income</b>				
Commercial refuse income	60,079		63,392	
Street cleaning income	-		202	
		(60,079)		(63,594)
		469,197		452,150
<b>Recharge costs</b>				
Drainage recharge costs	505		757	
Westlands	19,227		22,030	
Housing pilot scheme costs	8,762		237	
		28,494		23,024
<b>Recharge income</b>				
Westlands	24,684		23,044	
Grass cutting	2,000		-	
Housing pilot scheme income	17,500		2,589	
		(44,184)		(25,633)
		(15,690)		(2,609)

This page does not form part of the audited financial statements

# Peel Town Commissioners

## Detailed Income and Expenditure Account (continued) for the year ended 31 March 2018

	2018	2018	2017	2017
	£	£	£	£
<b>Central and technical</b>				
Public function fireworks				
Civic Sunday	5,450		5,505	
Peel Day	500		2,431	
Carnival Day	12,854		16,296	
Christmas costs	5,746		5,000	
Other public function costs	18,694		8,559	
Rates payable	9,184		14,617	
Audit fees	(1,088)		(8,554)	
Accountancy fees	9,123		11,529	
Legal and professional fees	12,069		10,903	
Website costs	12,898		5,399	
Printing, stationery, photocopier etc	7,232		8,218	
Postage	2,891		2,583	
Insurance	2,453		2,375	
Election costs	21,691		20,599	
Attendance allowances	-		5,392	
Honorarium	1,550		1,625	
Town Hall maintenance	1,500		1,500	
Computer costs	2,178		867	
Telephone	14,215		15,803	
Staff training	6,496		5,522	
Miscellaneous	-		408	
Registrars costs	4,242		6,812	
Rate collection costs	89		104	
Rates provision for bad debts	14,527		13,810	
Other bad debt provisions	1,522		9,855	
	555		365	
<b>Central and technical income</b>		166,571		167,523
Admin allowance				
Rates commission	85,222		82,396	
Search fees	3,047		7,051	
Hire of Boardroom	10,800		13,200	
Registrars fees	392		225	
Public function income	3,616		4,034	
Flat regulations income	2,367		7,209	
Other income	2,400		-	
	1,133		1,538	
		(108,977)		(115,653)
<b>Motor vehicle expenses</b>		57,594		51,870
Tax and licences				
Petrol and diesel	1,134		1,890	
Repairs	7,088		6,445	
Lease/hire costs	4,268		6,625	
	4,912		3,752	
		17,402		18,712

This page does not form part of the audited financial statements  
Page 43

