

Peel Town Commissioners

Statement of Accounts

For the year ended 31 March 2019

Peel Town Commissioners

Year ended 31 March 2019

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Peel Town Commissioners

Year ended 31 March 2019

Members, Officers and Advisors

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 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 operate from May 2016 until April 2020. The Board members for the year ended 31 March 2019 were:

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

During the year ending 31 March 2019 the Commissioners decided to reduce the number of Lead Member Committees through merging the Works Committee with the Events and Commercial Innovation Committee. The Commissioners now operate three 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 Mr D.J. Lace are reasonable 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, events, 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 Events, Commercial Innovation and Works Lead Member Committee.

Peel Town Commissioners

Year ended 31 March 2019

Members, Officers and Advisors (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 Limited. Their Registered Addresses are as follows:

Alexander Elliott
Sovereign House
4 Christian Road
Douglas
IM1 2SD

Grant Thornton Limited
Exchange House
54/62 Athol Street
Douglas
IM1 1JD

Peel Town Commissioners

Year ended 31 March 2019

Explanatory Foreword

Introduction

This Statement provides a summary of Peel Town Commissioners' financial performance for the year ended 31 March 2019. This is the third 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 rate 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 2019:

1. **The total rates in Peel is £1,431,883 (£1,394,262 in 2018).**
2. **The total rate arrears is £88,647 (£76,811 in 2018). An amount of £26,317 (£25,190 in 2018) was due from Treasury.**
3. **The bad debt provision has increased to £88,647 (£76,811 in 2018).**

One of the main purposes of the Finance and Staff Resource Lead Member Committee is to improve finance management of the Commissioners' affairs and increased transparency through reporting the Commissioners' financial position monthly to the Board at their public meetings. This allows 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 to restrict increases to the refuse rate to those levied on the Commissioners by the Energy from Waste Facility and the Western Civic Amenity site. This resulted in a £4 per household increase to £174 per dwelling for the year ending 31 March 2019.**
2. The Headland's sandstone boundary wall partially collapsed in November 2018 and the reinstatement of this structure was not agreed by the Board until May 2019 after the 2018/19 budget was set. The active management of the accounts has permitted the £60,000 replacement costs for this wall to be budgeted for through delaying other budgeted projects in 2018/19.
3. The employment of a season worker to assist in summer maintenance activities including providing additional weeding, grass cutting and street cleaning works in the town centre.
4. The cleaning of all accessible road gullies in the town.
5. The authority to operate their services within their allocated budget provision and to provide a **£114,763 surplus** during the year ending 31 March 2019 as detailed within the Statement of Movement on Reserves on page 16.
6. The authority **to increase its general reserve to £958,009** as shown on page 16 for the year ending 31 March 2019.

Peel Town Commissioners

Year ended 31 March 2019

Explanatory Foreword (continued)

This surplus and increase in reserve within the financial year ending 31 March 2019 can be attributed to:

Increased rate income through the continued expansion of the Town (£37,621);
Not undertaking four projects totalling (£26,717);
Not purchasing a new hoist and equipment valued at (£27,000) and
The management of operating costs including staff salary expenditure (£23,425).

The authority have received all the necessary statutory approvals for two major projects for the Town. The prudent management of the Commissioners' accounts over the three year term by this Board of Commissioners will permit these projects to be funded within the last term of the Board's office from the authority's reserve. These two projects for the provision of four new business units and a new playground are described below.

1. The construction of a large new playground adjacent to the Western Swimming Pool to serve the residents of the new housing estates off the Poortown Road and the Campsite. This new facility is aimed at Children from 4 to 14 year of age and is located adjacent to a café with WIFI connectivity for their parents and guardians. This project is valued at £350,000.
2. The construction of four small industrial units off Mill Road will provide start up business locations for new businesses in Peel. The units have the capability to increase space through the construction of a mezzanine or through linking units if required. This project is valued at £400,000.

The Commissioners have continued to fund six large events to encourage visitors to the Town in the year ending 31 March 2019. In addition, the Commissioners provided additional funding to set up a Festival of Motorsport and May Day Oie Voaldyn Celtic Fire Festival Event. The Commissioners were granted £10,500 to run these events by external bodies with the majority of this funding being awarded to operate the first Oie Voaldyn event.

During the year £64,353 was spent to provide events in the Town.

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
- £10,000 to refurbish the shelters, flags and street furniture on the Promenade.

During the year the authority spent £48,000 on new infrastructure and equipment and have ordered a new hoist which will be delivered in 2019.

In addition, the Headland's sandstone boundary wall partially collapsed in November 2018 and the reinstatement of this structure was not agreed by the Board until May 2019 after the 2018/19 budget was set. The active management of the accounts has permitted the £60,000 replacement costs for this wall to be budgeted for through delaying other budgeted projects including toilet refurbishment works, the purchase of the campsite booking system, minor improvements to the campsite, way marking and design work on a number of the Commissioners' assets.

Peel Town Commissioners

Year ended 31 March 2019

Explanatory Foreword (continued)

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 Accounts and Audit Regulations 2018 and the General Data Protection Regulations which came into operation in May 2018. The measures put in place to comply with the Freedom of Information Act and General Data Protection Regulations were reviewed as part of the Commissioners' 2018/19 internal audit.

An area for improvement for the authority remains the delivery of projects approved in Commissioners' budget. Although the management of project costs is very good, four large projects scheduled to commence for delivery before the year ending 31 March 2019 did not take place. The implementation of these projects was delayed through the Commissioners' resources to being allocated to undertake operational duties during the unforeseen long term absence of a number of the Commissioners' staff.

Social Housing

The Commissioners own 357 social housing units including the 23 new social houses at Beary Close in Slieau Whallian View purchased in 2018 for £3,337,000. The Commissioners have successfully concluded a two year duration pilot scheme for the management of 20 Department of Infrastructure social houses in Peel. This resulted in the extension of this £17,500 per annum agreement for a further twelve month period in February 2019. In the year ended 31 March 2019 the authority:

- **Let 27 social housing properties to tenants.**
- **The Isle of Man deficiency payment (subsidy) was £383,610** (£447,701 in 2018) as detailed within the Comprehensive Income and Expenditure Account on page 15.
- **The overall housing maintenance reserve increased to £219,470** (£213,260 in 2018) as detailed within the Statement of Movement on Reserves Housing Maintenance Reserve Balance on page 16.

Over the last two years there has been a managed reduction in reserve attributable to receiving a reduction in the deficiency payment as a Department of Infrastructure policy to reduce local authority reserves. A further planned reduction in the Commissioners' reserves will occur in 2020 undertaking renovation works at Reayrt Aalin.

Investments, Capital Expenditure, and Borrowing

During the year no external investments were made.

The total capital expenditure in the year was £79,952. This can be broken down as follows:

Housing additions £55,343
Plant and Equipment £24,609

The financing for this expenditure was as follows:

Repairs allowance £55,343
General Revenue £24,609

Peel Town Commissioners

Year ended 31 March 2019

Explanatory Foreword – (continued)

The unused capital receipts is currently £153,855 (£153,855 in 2018) and the Accruals at the year end in respect of capital expenditure totalled £40,841 (2018: £44,601) retention for the Beary Close housing scheme which is scheduled for payment in 2019/20.

Pension Liability

The net liability on the Isle of Man Local Government Superannuation Scheme attributable to Peel Town Commissioners is £1,560,000 (£1,533,000 in 2018).

The pension liability has increased by £27,000 on the previous year.

Future Strategic Intention

The ongoing delivery of the Board's objectives by:

- The delivery of new facilities including a Town playground to increase visitors to Peel Swimming Pool and the Camping Park.
- 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 between the Promenade and 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 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 2019.


Risks and Uncertainties

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

1. Increasing transparency by placing Freedom of Information Act guidance and information on the Commissioners' website.
2. Increasing transparency by placing General Data Protection Regulation guidance, privacy notices and information on the Commissioners' website.
3. The Equality Act 2017 which came into operation on 1 January 2019 will require a number of changes to staff employment and conditions of contract.

New social housing policies must be fully reviewed before implementation to ensure they do not adversely impact on deficiency payment subsidy or increase the liability for rate payers to fund social housing improvements.


Chairman


Town Clerk

Peel Town Commissioners

Year ended 31 March 2019

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; and
- 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; and
- made judgements and estimates that were reasonable and prudent.

The Responsible Financial Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Peel Town Commissioners

Year ended 31 March 2019

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 2019 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 2019 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 2019

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 2019

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 9, 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. This description forms part of our auditor's report.

Grant Thornton Limited

Grant Thornton Limited

Douglas

Isle of Man

Date: *28 October 2019*

Peel Town Commissioners

Year ended 31 March 2019

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 2019

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 2019.

All risks identified in the prior year identified by the internal auditor were mitigated. No high risk observations were identified in the report in relation to the year ended 31 March 2019.

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.

Signed)  (Signed) 
(Chairman) (Responsible Finance Officer)

(Dated) 24 October 2019

Peel Town Commissioners

Comprehensive Income and Expenditure Statement

for the year ended 31 March 2019

Statement of net expenditure		Gross Expenditure £	Income £	2018/19 Net Expenditure £	2017/18 Net Expenditure £
Continuing operations:					
Employee costs		591,325	-	591,325	564,239
Premises		281,153	232,088	49,065	(33,233)
Agency and contracted services		549,527	63,161	486,366	469,197
Recharges		41,625	51,573	(9,948)	(15,690)
Central and technical		206,844	148,862	57,982	57,594
Vehicle costs		14,529	-	14,529	17,402
Depreciation		77,794	-	77,794	77,853
Net current service cost of pensions	17	37,000	-	37,000	41,000
Impairment		194,152	-	194,152	-
Gain on investment property revaluation		-	860,906	(806,906)	-
Net cost of General Fund services		1,993,949	1,356,590	(637,359)	(1,178,362)
Housing services	8	1,356,962	2,003,085	646,123	(373,128)
Deficiency receivable	8	-	383,610	383,610	447,701
Net cost of services		3,350,911	3,743,285	392,374	(1,103,789)
Rates income				1,431,883	1,394,262
Interest and investment income				1,347	570
Interest payable and finance charges				(576,243)	(557,961)
Net pension interest cost	17			(40,000)	(41,000)
Surplus/(deficit) on provision of services				1,209,361	(307,918)
Other Comprehensive Income and Expenditure					
Remeasurement of net pension liability				50,000	110,000
Revaluation of fixed assets				3,625,090	-
Total comprehensive income and expenditure				4,884,451	(197,918)

Peel Town Commissioners

Statement of Movement on Reserves for the year ended 31 March 2019

Notes

	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £	Housing maintenance reserve £	Capital receipts reserve £	Earmarked reserves £
Total comprehensive income and expenditure	1,209,361	-	3,625,090	50,000	-	-	-
Depreciation and impairment of fixed assets	271,945	(602,855)	(257,323)	-	590,234	-	-
Gain/loss on investment property	(860,906)	-	860,906	-	-	-	-
Net charges made for retirement benefits	77,000	-	-	(77,000)	-	-	-
Loan fund principal repayments	(70,099)	1,087,750	-	-	(1,017,651)	-	-
Fixed assets financed from General Fund	(24,608)	78,911	-	-	(54,303)	-	-
Transfer to/from Housing Revenue Account	(487,930)	-	-	-	487,930	-	-
Transfer between reserves	-	1,642,208	(1,642,208)	-	-	-	-
	114,763	2,206,014	2,584,465	(27,000)	6,210	-	-
Balance brought forward	843,246	6,584,330	17,998,895	(1,533,000)	213,260	153,855	18,741
Balance carried forward	958,009	8,790,344	20,583,360	(1,560,000)	219,470	153,855	18,741

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 £
Total comprehensive income and expenditure		(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)	-	-
Write off of bonds		-	(81,336)	81,336	-	-	-	-
		168,839	(176,355)	(177,986)	28,000	(40,416)	-	-
Balance brought forward		674,407	6,760,685	18,176,882	(1,561,000)	253,676	153,855	18,741
Balance carried forward		843,246	6,584,330	17,998,895	(1,533,000)	213,260	153,855	18,741

Peel Town Commissioners

Balance Sheet

as at 31 March 2019

	Notes	2019 £	2018 £
Tangible fixed assets	1	45,777,491	42,073,723
Current assets			
Debtors	3	345,393	160,128
Cash at bank and short term investments		1,256,499	1,329,606
		<u>1,601,892</u>	<u>1,489,734</u>
Current liabilities			
Bank overdraft	5	(3,135,818)	(3,135,818)
Short term borrowing	5	(1,062,183)	(1,062,537)
Creditors	4	(486,938)	(494,714)
		<u>(4,684,939)</u>	<u>(4,693,069)</u>
Net current liabilities		<u>(3,083,047)</u>	<u>(3,203,335)</u>
Total assets less current liabilities		<u>42,694,444</u>	<u>38,870,388</u>
Long-term liabilities			
Liability relating to defined benefit pension scheme	17	(1,560,000)	(1,533,000)
Long term borrowing	5	(11,970,665)	(13,058,060)
Total assets less liabilities		<u><u>29,163,779</u></u>	<u><u>24,279,328</u></u>
Revaluation reserve		20,583,360	17,998,895
Accumulated surpluses		1,196,220	1,075,247
Pensions reserve		(1,560,000)	(1,533,000)
Capital adjustment account		8,790,344	6,584,331
Usable capital receipts		153,855	153,855
		<u><u>29,163,779</u></u>	<u><u>24,279,328</u></u>

The financial statements were approved by the Authority on 24/10/19 and were signed on their behalf by:


Chairman

RFO 

Peel Town Commissioners

Cash Flow Statement

for the year ended 31 March 2019

	Notes	£	2019 £	2018 £
Net surplus/(deficit) on provision of services		1,209,361		(307,918)
Adjustments to net surplus/(deficit) on provision of services for non-cash movements	11	(113,743)		1,583,302
Adjustments for items included in net surplus/(deficit) on provision of services that are investing and financing activities		567,241		522,059
Net cash flows from Operating Activities			1,662,859	1,797,443
Net cash flows from Investing Activities	12	(83,712)		(3,348,921)
Net cash flows from Financing Activities	13	(1,653,583)		(1,583,148)
			(1,737,295)	(4,932,069)
Net decrease in cash and cash equivalents			(74,436)	(3,134,626)
Cash & cash equivalents at the beginning of the reporting period	14		(2,347,006)	787,620
Cash & cash equivalents at the end of the reporting period			(2,421,442)	(2,347,006)

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.

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.

Earmarked Reserves: set up to hold surplus monies received on specific earmarked reserves less expenditure incurred.

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 for the year ended 31 March 2019

1. Tangible fixed assets

	Land and Property £	Vehicles Plant and equipment £	Investment Property £	Total £
Cost/valuation				
At 31 March 2018	43,006,568	275,353	1,309,094	44,591,015
Additions in the year	55,343	24,609	-	79,952
Revaluation in the year	492,116	-	860,906	1,353,022
Transfers in year	(450,000)	-	450,000	-
At 31 March 2019	43,104,027	299,962	2,620,000	46,023,989
Depreciation				
At 31 March 2018	2,299,485	217,807	-	2,517,292
Charge for year	639,336	28,691	-	668,027
Reversed on revaluation	(2,938,821)	-	-	(2,938,821)
At 31 March 2019	-	246,498	-	246,498
Net Book Value				
At 31 March 2019	43,104,027	53,464	2,620,000	45,777,491
At 31 March 2018	40,707,083	57,546	1,309,094	42,073,723

Valuation of fixed assets

The Authority plans to fully revalue its fixed assets every five years. Valuations have been carried out by Black Grace Cowley Limited, Chartered Surveyors as at 31 March 2019.

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 - £17,620,410 (2018: £17,759,219)
Investment Property - £1,500 (2018: £1,500)

Within Land and Property are Social Housing Land and Property with a historical cost of £17,000,635 (2018: £16,945,292).

Peel Town Commissioners

Notes to the financial statements (Continued) for the year ended 31 March 2019

2. Assets held

Operational assets	Number at 31 March 2018	Changes 2018/19	Number at 31 March 2019
Social Housing Dwellings	357	-	357
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	6	-	6
Vehicles, Plant and Equipment			
Vehicles	10	1	11
Infrastructure Assets			
Parks and open spaces	7	-	7
Non-Operational assets			
Commercial properties	4	-	4
Retail properties	3	-	3
Garages	62	-	62

3. Debtors and prepayments

	2019 £	2018 £
Amounts falling due in one year (net of bad debt provisions):		
Trade and sundry debtors	61,715	55,985
Housing rents	18,735	15,306
VAT	15,174	29,535
Prepayments	70,731	34,112
Amounts due from Central Government	64,406	25,190
Amounts due from other local authorities	114,632	-
	345,393	160,128

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

	2019 £	2018 £
Trade debtors	27,720	23,774
Ratepayers	88,647	76,811
Housing rents	13,688	7,026

Peel Town Commissioners

Notes to the financial statements (Continued) for the year ended 31 March 2019

4. Creditors

	2019 £	2018 £
Central government	170,591	171,445
Trade creditors	55,808	83,097
Housing rents	28,714	31,457
Sundry creditors and accruals	231,825	208,715
	<u>486,938</u>	<u>494,714</u>

Within the amount due to Central Government is a liability of £87,170 (2018: £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:

	2019 £	2018 £
<i>Falling due within one year:</i>		
Commercial loans and overdrafts	<u>4,198,001</u>	<u>4,198,355</u>
<i>Falling due after more than one year:</i>		
Commercial loans	<u>11,970,665</u>	<u>13,058,060</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 1.2% above GBP Libor. 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)

for the year ended 31 March 2019

6. General Rate Account

	2019	2018
	£	£
Total rates levied for the year	1,035,713	1,012,947
<i>Add:</i>		
Due from Treasury re prior year	15,968	13,382
Arrears brought forward	51,594	49,594
	<u>67,562</u>	<u>62,976</u>
<i>Less:</i>	1,103,275	1,075,923
Discounts	(33,231)	(33,548)
Collection charge	(10,230)	(10,042)
Exempt and unoccupied properties	(14,065)	(15,050)
Refunds	(134)	-
	<u>(57,660)</u>	<u>(58,640)</u>
Irrecoverable amounts and re-rating adjustments	561	393
Total rates collectable	1,046,176	1,017,676
Rates received in the year:		
Current year rates	938,055	923,393
Arrears collected	14,566	13,339
Balance from Treasury re previous year	15,968	13,382
Total rates received in the year	968,589	950,114
Balances outstanding carried forward:		
Due from Treasury re current year	18,686	15,968
Arrears - current year	21,311	14,947
- previous years	37,590	36,647
	<u>77,587</u>	<u>67,562</u>
	1,046,176	1,017,676
	2019	2018
	£	£
General rates levied for the year	1,035,713	1,012,947
Less: Discounts, exempt/uninhabitable properties & refunds	(47,430)	(48,598)
Per Comprehensive Income and Expenditure Statement	<u>988,283</u>	<u>964,349</u>

Peel Town Commissioners

Notes to the financial statements (Continued) for the year ended 31 March 2019

7. Refuse Rate Account

	2019	2018
	£	£
Total refuse rates levied for the year	461,042	444,947
<i>Add:</i>		
Due from Treasury re prior year	9,222	6,851
Arrears brought forward	25,217	25,150
	<u>34,439</u>	<u>32,001</u>
<i>Less:</i>		
Discounts	(14,357)	(14,410)
Collection charge	(4,579)	(4,485)
Exempt and unoccupied properties	(3,085)	(625)
Refunds	-	-
	<u>(22,021)</u>	<u>(19,520)</u>
Irrecoverable amounts and re-rating adjustments	224	150
Total refuse rates collectable	<u>473,684</u>	<u>457,578</u>
Refuse rates received in the year:		
Current year refuse rates	421,734	409,219
Arrears collected	5,351	7,069
Balance due from Treasury re previous year	9,222	6,851
	<u>436,307</u>	<u>423,139</u>
Total refuse rates received in the year	436,307	423,139
Balances outstanding carried forward:		
Due from Treasury re current year	7,631	9,222
Arrears - current year	9,656	6,985
- previous years	20,090	18,232
	<u>37,377</u>	<u>34,439</u>
	<u>473,684</u>	<u>457,578</u>
	2019	2018
	£	£
Refuse rates levied for the year	461,042	444,947
Less: Discounts, exempt/uninhabitable properties & refunds	(17,442)	(15,035)
Per Comprehensive Income and Expenditure Statement	<u>443,600</u>	<u>429,912</u>

Peel Town Commissioners

Notes to the financial statements (Continued) for the year ended 31 March 2019

8. Housing Revenue Income and Expenditure

	2019 £	2018 £
Income		
Dwelling rents (including rates)	2,003,085	1,832,812
Housing Deficiency Receivable	383,610	447,701
	<u>2,386,695</u>	<u>2,280,513</u>
Total income	2,386,695	2,280,513
Expenditure		
Repairs and maintenance	364,890	420,928
Supervision and management	93,119	85,222
Rents, rates, taxes and other charges	308,719	296,349
Depreciation & impairment charges	590,234	1,403,440
	<u>1,356,962</u>	<u>2,205,939</u>
Net cost of Housing Services before interest and loan repayments	<u>1,029,733</u>	<u>74,574</u>

Included within rents, rates, taxes and other charges above is £308,719 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 0.5% of the rental debit for the year (2018: 1.2%).

	2019 £	2018 £
Rent arrears		
Rent arrears	18,735	15,306
Rent arrears as a percentage of gross rent income	<u>0.93%</u>	<u>0.84%</u>

Arrears written off during the year amounted to £Nil (2018: £Nil) and an increase of £6,662 (2018: £861) was made in the provision for bad and doubtful rental debts. As at 31 March 2019 the provision stood at £13,688 (2018: £7,026).

Peel Town Commissioners

Notes to the financial statements (Continued) for the year ended 31 March 2019

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:

	2019 £	2018 £
Opening balance payable	(84,224)	(52,915)
Deficiency grant required	383,610	447,701
Payments received from Department of Infrastructure	(382,807)	(479,010)
Closing balance payable	<u>(83,421)</u>	<u>(84,224)</u>

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	2018/19 Number of Employees Leavers in year	Total	2017/18 Number of Employees 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 £70,680 (2018: £68,523).

Members' allowances

During the year the Authority paid £1,375 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2018: £1,550). As at 31 March 2019, an amount of £513 (2018: £Nil) was due in this respect.

Peel Town Commissioners

Notes to the financial statements (Continued)

for the year ended 31 March 2019

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 £383,610 (2018: £447,701) from Central Government. At the year end the Commissioners owed £83,421 (2018: £84,224) in respect of this requirement.

During the year an amount of £29,409 (2018: £26,809) 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 £14,568 (2018: £15,300) was due from Peel & Western District Housing Committee in this respect.

Peel Town Commissioners paid £100,000 (2018: £Nil) during the year on behalf of Peel & Western District Housing Committee in respect of contractor costs on fixed asset developments. This money was outstanding at the year end.

Peel Town Commissioners invoiced £996 (2018: £1,082) during the year to Western Local Authority Swimming Pool Board in respect of refuse. As at 31 March 2019, £64 was receivable (2018: £32 payable) in this respect. They paid £10,067 (2018: £9,748) to Western Swimming Pool Board in respect of swimming pool contributions.

Peel Town Commissioners paid £101,301 (2018: £101,301) during the year to Western Civic Amenity Site. No amounts were due as at 31 March 2018 or 2019.

Ian Davidson was billed £871 in respect of campsite bookings. A balance of £915 (including VAT) (2018: £Nil) was owed 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 £876 (2018: £1,013) to Harbour Lights and £1,275 (2018: £1,217) to Castle Bay Seafoods Limited in respect of refuse collection services provided. At the year end £979 (2018: £312) was owed by Harbour Lights to the Commissioners. In addition, rent of £8,500 (2018: £7,181) was invoiced to Castle Bay Seafoods Limited in respect of the rental of a property from the Commissioners. At the year end £1,415 (2018: £Nil) was due to the Commissioners.

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

Peel Town Commissioners

Notes to the financial statements (Continued) for the year ended 31 March 2019

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:

	2019	2018
	£	£
Depreciation, impairment & revaluation losses for non-current assets	1,273	1,481,293
(Decrease)/increase in creditors	(6,751)	5,438
(Increase)/decrease in debtors	(185,265)	14,571
Difference between FRS102 pension cost and contributions paid (note 17)	77,000	82,000
	<u>(113,743)</u>	<u>1,583,302</u>

12. Cash flow statement – Investing activities

	2019	2018
	£	£
Purchase of assets (Fixed assets, investment property, intangible assets)	<u>(83,712)</u>	<u>(3,348,921)</u>

13. Cash flow statement – Financing activities

	2019	2018
	£	£
Repayments of short-term and long-term borrowing	(1,087,750)	(1,060,529)
Increase in short term deposits	(1,329)	(560)
Bank interest received	1,347	570
Loan interest paid	(565,851)	(522,629)
	<u>(1,653,583)</u>	<u>(1,583,148)</u>

14. Cash flow statement – cash & cash equivalents

	2019	2018
	£	£
Cash at Bank and in hand	714,376	788,812
Short term deposits	<u>542,123</u>	<u>540,794</u>
Cash at bank per Balance Sheet	1,256,499	1,329,606
Bank overdraft	(3,135,818)	(3,135,818)
Short term deposits	<u>(542,123)</u>	<u>(540,794)</u>
Cash & cash equivalents per Cash Flow Statement	<u>(2,421,442)</u>	<u>(2,347,006)</u>

Peel Town Commissioners

Notes to the financial statements (Continued)

for the year ended 31 March 2019

15. Audit fees

During the year the Authority incurred external audit fees of £8,920 (2018: £8,500).

16. Total rateable value

The total rateable value of the Town at 31 March 2019 is £405,433 (2018: £398,906) with a 257p rate being charged (2018: 257p). In addition a refuse charge of £174 (2018: £170) per household was levied for the year.

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 2019 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	31 March 2019	31 March 2018
Rate of increase in salaries	3.2%	3.2%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	2.4%	2.6%

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 2019 Years
Longevity at the age of 65 for current pensioners	
• Men	20.5
• Women	23.1
Longevity at the age of 65 for future pensioners	
• Men	22.2
• Women	25.7

Peel Town Commissioners

Notes to the financial statements (Continued) for the year ended 31 March 2019

17. Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Net liability £
At 1 April 2018	3,452,000	4,985,000	(1,533,000)
Benefits paid	(77,000)	(77,000)	-
Plan participants contributions	26,000	26,000	-
Employer contributions	106,000	-	106,000
Current service cost	(10,000)	133,000	(143,000)
Interest income/(expense)	94,000	134,000	(40,000)
Remeasurement gains/(losses)			
• Actuarial losses	-	51,000	(51,000)
• Return on plan assets excluding interest income	101,000	-	101,000
At 31 March 2019	<u>3,692,000</u>	<u>5,252,000</u>	<u>(1,560,000)</u>

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

	2019 £	2018 £
Current service cost	37,000	41,000
Interest cost	40,000	41,000
	<u>77,000</u>	<u>82,000</u>

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

	2019 %	2018 %
Equity instruments	50	60
Bonds	32	28
Property	15	12
Cash	3	-
Total	<u>100</u>	<u>100</u>

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

	2019 £	2018 £
Interest income	94,000	87,000
Return on plan assets less interest income	101,000	(7,000)
Total return on plan assets	<u>195,000</u>	<u>80,000</u>

Peel Town Commissioners

Notes to the financial statements (Continued) *for the year ended 31 March 2019*

18. Capital commitments

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

	31 March 2019	31 March 2018
	£	£
Vehicles	Nil	Nil
Rebuild schemes	Nil	Nil
	=====	=====

Peel Town Commissioners

Detailed Income and Expenditure Account for the year ended 31 March 2019

	2019 £	2019 £	2018 £	2018 £
Employee costs				
Office salaries	297,045		290,428	
Attendants	34,857		35,441	
Grass cutting	30,064		32,757	
Gardening	53,128		36,700	
Cleaning	25,658		21,588	
Admin – Foreman	1,194		1,277	
Commercial properties	5,763		9,125	
General properties	21,976		19,053	
Works	39,310		43,719	
Public functions	24,931		20,902	
Refuse	5,159		1,871	
Drainage	3,483		3,634	
Ward library	13,885		13,500	
Leece museum	34,872		34,244	
		591,325		564,239
Premises related costs				
Playground costs	4,969		4,228	
Amenity areas	23,560		19,557	
Skateboard/BMX costs	528		65	
Beach costs	265		4,912	
Campsite costs	12,799		21,357	
Phillip Christian Centre costs	2,409		1,724	
Ward library costs	10,519		13,879	
Leece Museum costs	4,645		5,951	
Bowls and tennis costs	12,723		5,361	
Swimming pool contributions	10,067		9,748	
Commercial property costs	7,505		5,001	
Street lighting costs	54,057		56,981	
Repairs to commissioners land	77,264		4,356	
Seats, bins, flags, signs, clocks etc	16,780		11,854	
Mill Road yard costs	8,298		8,436	
Clothing	2,447		1,607	
Replacement equipment	1,415		826	
Repairs to toilets	29,454		20,949	
Shelters, CCTV, road repairs	1,449		1,078	
		281,153		197,870

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Peel Town Commissioners

Detailed Income and Expenditure Account (continued) for the year ended 31 March 2019

	2019 £	2019 £	2018 £	2018 £
Premises related income				
Commercial rents	53,553		47,091	
Campsite fees	106,828		110,510	
Leece museum	3,326		4,392	
Shell tipping fees	3,000		3,000	
Garage rents	53,928		54,387	
Peel Hill rents	6,909		5,920	
Car park fees	5,706		5,803	
Miscellaneous income	838		-	
		(232,088)		(231,103)
		49,065		(33,233)
Agency and contracted services costs				
Refuse disposal	224,178		212,871	
Refuse contract	175,233		168,493	
Wheelie bin purchase	5,520		5,125	
Amenity site charges	101,508		101,301	
Street cleaning	43,088		41,486	
		549,527		529,276
Agency and contracted services income				
Commercial refuse income	63,161		60,079	
		(63,161)		(60,079)
		486,366		469,197
Recharge costs				
Drainage recharge costs	9,431		505	
Westlands	25,684		19,227	
Housing pilot scheme costs	6,510		8,762	
		41,625		28,494
Recharge income				
Westlands	29,409		24,684	
Grass cutting	1,000		2,000	
Housing pilot scheme income	21,164		17,500	
		(51,573)		(44,184)
		(9,948)		(15,690)

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Peel Town Commissioners

Detailed Income and Expenditure Account (continued) for the year ended 31 March 2019

	2019	2019	2018	2018
	£	£	£	£
Central and technical				
Public function fireworks	6,391		5,450	
Civic Sunday	-		500	
Peel Day	19,026		12,854	
Carnival Day	5,000		5,746	
Christmas costs	16,668		18,694	
Other public function costs	17,268		9,184	
Rates payable	(5,144)		(1,088)	
Audit fees	9,205		9,123	
Accountancy fees	15,598		12,069	
Legal and professional fees	20,540		12,898	
Website costs	9,145		7,232	
Contract costs	1,471		-	
Printing, stationery, photocopier etc	3,378		2,891	
Postage	1,943		2,453	
Insurance	16,907		21,691	
Attendance allowances	1,375		1,550	
Honorarium	1,500		1,500	
Town Hall maintenance	1,202		2,178	
Computer costs	22,209		14,215	
Telephone	4,746		6,496	
Staff training	1,076		-	
Miscellaneous	6,890		4,242	
Registrars costs	103		89	
Rate collection costs	14,810		14,527	
Rates provision for bad debts	11,052		1,522	
Other bad debt provisions	4,485		555	
		206,844		166,571
Central and technical income				
Admin allowance	93,119		85,222	
Rates commission	4,000		3,047	
Search fees	11,649		10,800	
Hire of Boardroom	358		392	
Registrars fees	4,465		3,616	
Public function income	18,942		2,367	
Flat regulations income	1,600		2,400	
Other income	14,729		1,133	
		(148,862)		(108,977)
		57,982		57,594
Motor vehicle expenses				
Tax and licences	580		1,134	
Petrol and diesel	6,276		7,088	
Repairs	7,673		4,268	
Lease/hire costs	-		4,912	
		14,529		17,402

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