

CASTLETOWN AND MALEW ELDERLY PERSONS HOUSING BOARD

Statement of Accounts

For the year ended 31 March 2018

Castletown and Malew Elderly Persons Housing Board

Year ended 31 March 2018

Members, Officers and Advisors

Castletown and Malew Elderly Persons Housing Board is a sheltered housing authority with an equal membership from Castletown Town Commissioners and Malew Parish Commissioners.

There are six members of the Board, Mrs Mansfield (chair), Mrs Brereton, and Mrs Knighton from Malew; and Miss Quine, Mr Ludford-Brooks and Mr McAleer from Castletown.

The chair is elected for one year at the Annual General Meeting in May. In the May 2018 election it was agreed that Mrs Mansfield would remain as chair for 2018/2019.

The Board meet each month, usually on the last Monday of the month at Sandfield, Castletown.

The Board's Clerk is Mr Phil Gawne and the Office is at Lamode, Ballakillowey Road, Rushen. The Board can be contacted through the Clerk on 834501 or the clerk@castletown-malew.gov.im email address.

SMP Accounting & Tax Ltd prepared the accounts for the authority and Grant Thornton Limited acts as the authority's external assurance reviewer. The authority employs Alexander Elliott as its internal auditor.

Castletown and Malew Elderly Persons Housing Board

Year ended 31 March 2018

Statement of Responsibilities for the Statement of Accounts

The Board's responsibilities

The Board 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 Board'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.

Castletown and Malew Elderly Persons Housing Board

Year ended 31 March 2018

INDEPENDENT CHARTERED ACCOUNTANT'S REVIEW REPORT TO THE MEMBERS OF CASTLETOWN AND MALEW ELDERLY PERSONS HOUSING BOARD

Basis for qualified conclusion

In the current and preceding year, the Board has operated a defined benefit pension scheme and as such the accounting framework requires appropriate accounting treatment and disclosures within the Statement of Accounts. The comparatives in the financial statements have been prepared to report the transactions of the pension scheme as a defined contributions scheme and the amount included in expenditure is the amount payable to the scheme in the year.

The required accounting treatment for defined benefit schemes under the accounting framework were not adopted in the prior year, pension transactions and balances were not accounted for correctly and the financial statements do not contain all of the disclosures required by the accounting framework for the comparative period. It is not practicable to quantify the effect of this departure from the accounting treatment required by the relevant accounting framework.

Qualified conclusion

Based on our review, except for the effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements have not been prepared:

- So as to give a true and fair view of the financial affairs of the authority for the year ended 31 March 2018, and comply with the requirements of any other statutory provision applicable to them, and;
- In compliance with any regulations under section 12 of the Act, and any directions under section 13, which are applicable to them.

Grant Thornton Limited

Grant Thornton Limited
Chartered Accountants
Douglas, Isle of Man
Date:

CASTLETOWN AND MALEW ELDERLY PERSONS HOUSING BOARD

Statement of Accounts

For the year ended 31 March 2018

Castletown and Malew Elderly Persons Housing Board

Year ended 31 March 2018

Members, Officers and Advisors

Castletown and Malew Elderly Persons Housing Board is a sheltered housing authority with an equal membership from Castletown Town Commissioners and Malew Parish Commissioners.

There are six members of the Board, Mrs Mansfield (chair), Mrs Brereton, and Mrs Knighton from Malew; and Miss Quine, Mr Ludford-Brooks and Mr McAleer from Castletown.

The chair is elected for one year at the Annual General Meeting in May. In the May 2018 election it was agreed that Mrs Mansfield would remain as chair for 2018/2019.

The Board meet each month, usually on the last Monday of the month at Sandfield, Castletown.

The Board's Clerk is Mr Phil Gawne and the Office is at Lamode, Ballakillowey Road, Rushen. The Board can be contacted through the Clerk on 834501 or the clerk@castletown-malew.gov.im email address.

SMP Accounting & Tax Ltd prepared the accounts for the authority and Grant Thornton Limited acts as the authority's external assurance reviewer. The authority employs Alexander Elliott as its internal auditor.

Castletown and Malew Elderly Persons Housing Board

Year ended 31 March 2018

Statement of Responsibilities for the Statement of Accounts

The Board's responsibilities

The Board 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 Board'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.

Castletown and Malew Elderly Persons Housing Board

Year ended 31 March 2018

INDEPENDENT CHARTERED ACCOUNTANT'S REVIEW REPORT TO THE MEMBERS OF CASTLETOWN AND MALEW ELDERLY PERSONS HOUSING BOARD

Basis for qualified conclusion

In the current and preceding year, the Board has operated a defined benefit pension scheme and as such the accounting framework requires appropriate accounting treatment and disclosures within the Statement of Accounts. The comparatives in the financial statements have been prepared to report the transactions of the pension scheme as a defined contributions scheme and the amount included in expenditure is the amount payable to the scheme in the year.

The required accounting treatment for defined benefit schemes under the accounting framework were not adopted in the prior year, pension transactions and balances were not accounted for correctly and the financial statements do not contain all of the disclosures required by the accounting framework for the comparative period. It is not practicable to quantify the effect of this departure from the accounting treatment required by the relevant accounting framework.

Qualified conclusion

Based on our review, except for the effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements have not been prepared:

- So as to give a true and fair view of the financial affairs of the authority for the year ended 31 March 2018, and comply with the requirements of any other statutory provision applicable to them, and;
- In compliance with any regulations under section 12 of the Act, and any directions under section 13, which are applicable to them.

Grant Thornton Limited

Grant Thornton Limited
Chartered Accountants
Douglas, Isle of Man
Date:

Castletown and Malew Elderly Persons Housing Board

Year ended 31 March 2018

Statement of Internal Control (continued)

Review of internal control and corporate governance environment

The effectiveness of the Board's internal control and corporate governance arrangements is continuously assessed by the work of management and the Board.

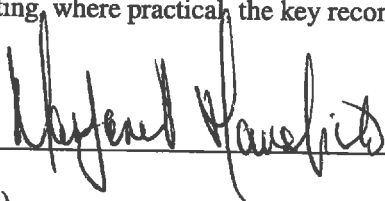
Report on internal control and corporate governance environment

Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage rather than eliminate the risk of failure to achieve objectives. They can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that the Board'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, no high risk observations were made.

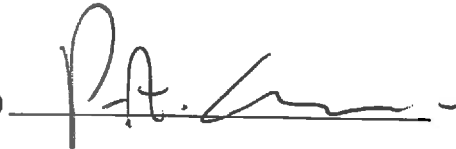
The RFO has met with the Board to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

(Signed)



(Chairman)

(Signed)



(Responsible Finance Officer)

(Dated)

24.9.18

Castletown and Malew Elderly Persons Housing Board

Statement of Movement on Reserves

for the year ended 31 March 2018

| | Notes | Housing revenue reserve £ | Capital adjustment account £ | Capital receipts reserve £ | Housing maintenance reserve £ | Heating reserve £ | Pensions reserve £ | Community reserve £ |
|--|-------|------------------------------|---------------------------------|-------------------------------|----------------------------------|----------------------|-----------------------|------------------------|
| Total comprehensive income and expenditure | | 28,546 | - | - | - | - | 2,000 | - |
| Depreciation of fixed assets | 1 | 46,235 | (46,235) | - | - | - | - | - |
| Loan fund principal repayments | | (81,020) | 81,020 | - | - | - | - | - |
| Net charges made for retirement benefits | 15 | 1,000 | - | - | - | - | (1,000) | - |
| Revenue contribution to capital assets | | (12,925) | 12,925 | - | - | - | - | - |
| Transfer to/from Heating Reserve Account | | 16,990 | - | - | - | (16,990) | - | - |
| Transfer to/from Community Reserve Account | | (3,676) | - | - | - | - | - | 3,676 |
| Transfer to/from Housing Maintenance Reserve Account | | 4,850 | - | - | (4,850) | - | - | - |
| | | - | 47,710 | - | (4,850) | (16,990) | 1,000 | 3,676 |
| Balance brought forward | | - | 1,041,259 | 2,378 | 15,304 | 44,033 | (31,000) | 623 |
| Balance carried forward | | - | 1,088,969 | 2,378 | 10,454 | 27,043 | (30,000) | 4,299 |

Castletown and Malew Elderly Persons Housing Board

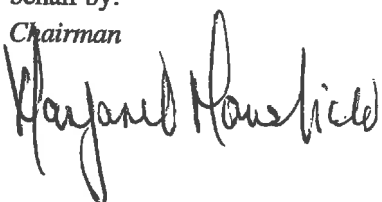
Balance Sheet

as at 31 March 2018

| | Notes | 2018 | 2017 |
|--------------------------------------|-------|--------------------|--------------------|
| | | £ | £ |
| Fixed assets | | | (restated) |
| Tangible fixed assets | 1 | 3,206,015 | 3,239,325 |
| Current assets | | | |
| Debtors | 2 | 17,060 | 60,215 |
| Cash at bank | | 50,364 | 17,296 |
| | | <u>67,424</u> | <u>77,511</u> |
| Current liabilities | | | |
| Short-term borrowing | 4 | 82,993 | 81,020 |
| Creditors | 3 | 29,404 | 21,327 |
| | | <u>112,397</u> | <u>102,347</u> |
| Net current liabilities | | (44,973) | (24,836) |
| | | <u>3,161,042</u> | <u>3,214,489</u> |
| Long-term liabilities | | | |
| Long-term borrowing | 4 | 2,027,899 | 2,110,892 |
| Net pension liabilities | 15 | 30,000 | 31,000 |
| | | <u>(2,057,899)</u> | <u>(2,141,892)</u> |
| Total assets less liabilities | | <u>1,103,143</u> | <u>1,072,597</u> |
| Reserves: | | | |
| Capital adjustment account | | 1,088,969 | 1,041,259 |
| Heating reserve | | 27,043 | 44,033 |
| Community reserve | | 4,299 | 623 |
| Housing maintenance reserve | | 10,454 | 15,304 |
| Usable capital receipts reserves | | 2,378 | 2,378 |
| Pensions reserve | | (30,000) | (31,000) |
| | | <u>1,103,143</u> | <u>1,072,597</u> |

The financial statements were approved by the Board on 24/9/18 and were signed on their behalf by:

Chairman



RFO



Castletown and Malew Elderly Persons Housing Board

Statement of Accounting Policies *for the year ended 31 March 2018*

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

3. Income

(a) Rentals

Rent revenue is measured at fair value of the consideration receivable and represents the amount receivable for the services rendered.

(b) 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 expenditure in the year.

4. Accruals of income and expenditure

The accounts of the Board 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.

Castletown and Malew Elderly Persons Housing Board

Statement of Accounting Policies (Continued) *for the year ended 31 March 2018*

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.

Castletown and Malew Elderly Persons Housing Board

Statement of Accounting Policies (Continued) *for the year ended 31 March 2018*

8. 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 Board 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.

9. Debtors

Short term debtors are measured at transaction price, less any impairment.

10. 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.

11. Employee benefits

The Board 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 Board 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.

Castletown and Malew Elderly Persons Housing Board

Statement of Accounting Policies (Continued) *for the year ended 31 March 2018*

13. 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 Board maintains the following significant reserves:

Housing Maintenance Reserve: set up to hold surplus monies received from annual housing repairs allowance less expenditure incurred.

Heating Reserve: set up to hold surplus monies of income from heating charges over heating expenses.

Community Reserve: set up to hold surplus monies from the annual administration allowance over community area expenses incurred.

Capital Receipts Reserve: these are amounts of capital receipts 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.

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.

Castletown and Malew Elderly Persons Housing Board

Notes to the financial statements for the year ended 31 March 2018

1. Tangible fixed assets

| <i>Operational assets</i> | Property £ | Furniture & Equipment £ | Computer equipment £ | Total £ |
|---------------------------|------------------|-------------------------------|----------------------------|------------------|
| Cost or valuation | | | | |
| At 31 March 2017 | 3,310,895 | 74,084 | 693 | 3,385,672 |
| Additions in the year | - | 12,925 | - | 12,925 |
| At 31 March 2018 | 3,310,895 | 87,009 | 693 | 3,398,597 |
| Depreciation | | | | |
| At 31 March 2017 | 82,576 | 63,078 | 693 | 146,347 |
| Charge for the year | 44,183 | 2,052 | - | 46,235 |
| At 31 March 2018 | 126,759 | 65,130 | 693 | 192,582 |
| Net book value | | | | |
| At 31 March 2018 | 3,184,136 | 21,879 | - | 3,206,015 |
| At 31 March 2017 | 3,228,319 | 11,006 | - | 3,239,325 |

Valuation of fixed assets

The Board revalued its sheltered accommodation at 31 March 2015. Valuations were carried out by Chrystals Commercial Chartered Surveyors, the Board's external valuer.

The sheltered housing units are valued on a basis that reflects their use for social housing (provision of housing at less than open market rents). The vacant possession value of dwellings at 31 March 2015 was £4,880,000 compared to the balance sheet total of £3,253,000. Included within the above is land valued at £1,333,333.

Assets held

| | Number at 31 March 2017 | Changes In year | Number at 31 March 2018 |
|---|----------------------------|--------------------|----------------------------|
| Operational assets: | | | |
| Sheltered accommodation units | 42 | - | 42 |
| Other land and buildings: | | | |
| Car parks | 2 | - | 2 |
| Miscellaneous land abutting Sandfield including the site of the Doctors surgery and road leading to Victoria Road | 1 | - | 1 |

2. Debtors and prepayments

| | 2018 £ | 2017 £ |
|---|---------------|---------------|
| Amounts falling due in one year (net of bad debt provisions): | | |
| Government departments | - | 32,483 |
| VAT | 17,060 | 27,732 |
| | 17,060 | 60,215 |

Castletown and Malew Elderly Persons Housing Board

Notes to the financial statements (Continued) for the year ended 31 March 2018

7. Housing deficiency grant

Housing deficiency grant is paid from central government to meet the shortfall which is incurred by the Board. The amount of deficiency is calculated as follows:

| | 2018 £ | 2017 £ |
|---|-----------------------|----------------------|
| Opening balance due | 32,484 | 5,712 |
| Charges to Deficiency Grant | 163,378 | 171,260 |
| Payments received from Department of Infrastructure | <u>(204,595)</u> | <u>(144,488)</u> |
| Closing balance (payable)/due | <u><u>(8,733)</u></u> | <u><u>32,484</u></u> |

8. Employee remuneration

During this year or the prior year there were no employees whose remuneration was in excess of £50,000.

Key management personnel received remuneration of £5,122 during the year (2017: £3,200).

9. Members' allowances

During the year the Board paid £1,103 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2017: £855). Members may be remunerated by their individual authorities for their attendance.

10. Related party transactions

The Board 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 Board. Disclosure of these transactions allows readers to assess the extent to which the Board 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 Board.

Central Government - has a direct influence over the general operations of the Board – it is responsible for providing the statutory framework within which the Board operates. The Board required deficiency funding of £163,378 (2017: £171,260) from Central Government.

Castletown Town Commissioners are related by virtue of common influence and by virtue of the provision of management support.

During the year, Castletown & Malew Elderly Persons Housing Board was charged £8,379 by Castletown Town Commissioners (2017: £8,215) in respect of administration charges. There is a balance owing of £Nil (2017: £619) to Castletown Town Commissioners in this respect.

All Members and officers of the Board 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 Board - no related party disclosures arose in relation to officers.

Castletown and Malew Elderly Persons Housing Board

Notes to the financial statements (Continued) for the year ended 31 March 2018

15. Post-employment benefits (continued)

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 | 3.1% | 3.2% |
| Rate of increase in pensions | 2.3% | 2.4% |
| Rate for discounting scheme liabilities | 2.7% | 2.7% |

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 £ | Total £ |
|---|---------------|------------------|-----------------|
| At 1 April 2017 | 54,000 | (85,000) | (31,000) |
| Benefits paid | - | - | - |
| Employer contributions | 1,000 | - | 1,000 |
| Current service cost | - | (2,000) | (2,000) |
| Past service cost | - | - | - |
| Interest income/(expense) | 2,000 | (2,000) | - |
| Re-measurement gains/(losses) | | | |
| • Actuarial losses | - | 2,000 | 2,000 |
| • Return on plan assets excluding interest income | - | - | - |
| At 31 March 2018 | 57,000 | (87,000) | (30,000) |

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

| | 2018 £ | 2017 £ |
|----------------------|--------------|-----------|
| Current service cost | 1,000 | - |
| Interest cost | 2,000 | - |
| | 3,000 | - |

Castletown and Malew Elderly Persons Housing Board

Notes to the financial statements (Continued)

for the year ended 31 March 2018

17. Comparative figures

In previous years, the Board did not obtain a pensions report at the year end and hence were unable to include the pension liability and reserve within the financial statements.

This has now been obtained and hence the comparative figure disclosures have been amended within the Balance Sheet to reflect the liability position as at 31 March 2017. As no prior year figures are available in terms of the Comprehensive Income and Expenditure Account disclosures, no comparative figures are shown in this statement.

There is no overall change to the results for the year; the net asset position at 31 March 2017 has been reduced by £31,000.