

**Port St. Mary Village Commissioners
Financial Statements**

For the year ended 31 March 2018

Port St. Mary Village Commissioners

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Port St. Mary Village Commissioners

Members, Officers and Advisers

Port St Mary Commissioners registered address is:

Town Hall
The Promenade
Port St Mary
Isle of Man
IM9 5DA

Members

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

Mr Alan Grace (Chairman) until 14th March 2018
Mr Alexander Merchant (Vice Chair)
Mr Laurence Vaughan Williams (Chairman) from 14th March to 9th May 2018
Dr Michelle Haywood (Chair) from 9th May 2018
Mr Richard Ashcroft – Resigned 27th June 2018
Mr Robert Hirst
Mr Andrew Phair
Mr Ian Skelly
Mrs Bernadette Williams
Mr Norman McGregor Edwards – Elected 24th August 2018

Officers

The Commissioners' Village Clerk for the period was Mr Alastair Hamilton, the Deputy Clerk from January was Ms Hayley Fargher.

Advisers

The Commissioners internal auditor is Alexander Elliott and the external auditor is Grant Thornton Ltd.

Their Registered Addresses are as follows:

Alexander Elliott
Media House
Cronkbourne
Douglas, Isle of Man
IM4 4SB

Grant Thornton Limited
Exchange House
54/62 Athol Street
Douglas, Isle of Man
IM1 1JD

Port St. Mary Village Commissioners

Explanatory Foreword

Authority's objectives

The objectives of the Board are to support the community of Port St Mary, and a Vision Statement was published in June 2018.

The local authorities' primary duties are to provide public information and advice, social housing, domestic and commercial refuse collection, litter bins, trees & high hedges act, weeds removal, parking control, highway verges, car park management, street lighting, street sweeping (including gully emptying), maintenance of public parks (including play parks), hedges and amenity areas, provision of public conveniences and control of dog bye law setting and enforcement.

The Commissioners work with the neighbouring Authorities in the South of Island to provide a Southern Civic Amenity Site, Southern Swimming Pool and Marashen Crescent Housing Committee sheltered housing complex. These organisations individually prepare and publish their own statement of accounts which are separate to Port St Mary Commissioners.

Overall financial performance and results for the year

The financial performance of the Board resulted in an over spend compared to the budget for the year. As at 31 March 2018 the General Revenue reserve was £33,148 in deficit (2017: £21,404 in surplus). From 1 April 2018, rates were increased by 5.2% to 331p.

For the year ended 31 March 2018, the Authority required deficiency funding of £36,673 (2017: £38,003) in respect of social housing provision. This deficiency is paid from central government.

Significant achievements

During the year, the Board undertook some of the refurbishment work for Manxonia House. Total spend on Manxonia House in this year was £63,000. Part of this expenditure was funded by a £50,000 transfer from the Capital Receipts Reserve account. Although the purchase and part of the refurbishment costs were covered by a loan approved from central government, we have not drawn down any of the loan.

Additional expenditure has been incurred with refurbishment of the Commissioners' workshop and store facility. The roller door and some windows have been replaced, along with repointing and rendering to maintain the structure of the building.

Additional improvement works have been carried out to other properties that the Commissioners own and lease out. The Rifle Club entrance and hallway have been repainted. Electrical wiring work has been undertaken. The Golf Pavilion has benefitted from the replacement of windows and further electrical work (totalling £13,000). The roof to the Smithy (leased to the Men in Sheds project) has been repaired. In advance of the centenary of the Armistice, additional work has been carried out to the Remembrance Garden.

The Board has issued (and continues to update) a Vision strategy document which is seen as a key document to direct the future work of the Board. From 2017, local authorities have been subject to Freedom of Information requests and we have devoted office resources and staff time to dealing with such requests. Freedom of Information requests can place a considerable burden upon the office staff to respond to the requests. We will monitor the impact this has on day to day running, but will maintain a policy of sharing as much information as possible to reduce the need for anyone to submit a formal FoI request.

Port St. Mary Village Commissioners

Explanatory Foreword – continued

Significant achievements - continued

Port St Mary Board provides Clerk, RFO and administrative services to Marashen Crescent Housing Committee and also to the Southern Civic Amenity Site Board. These services are remunerated by the respective Boards. The cost of administering the housing stock is partly financed through an administration allowance from central Government.

Port St Mary maintains and manages 122 local authority houses. During the year we have replaced boilers (£11k), bathrooms (£18k) and carried out kitchen repairs (£2k). Reactive maintenance has been carried out to deal with building faults for our tenants. The external refurbishment of Creggan Beg was financed by a loan for the purpose and cost £51,766.

Early in 2018, long term staff absence and subsequent resignation necessitated the use of agency staff to maintain service levels. Ms Fargher was promoted from Finance Officer to Acting Clerk from January 2018. A temporary Finance Officer was obtained from a recruitment agency to temporarily replace Ms Fargher. This has led to a significant overspend on the budget allocation for wages and salaries.

Issues likely to shape future performance

In July 2018, the Board appointed a new Clerk, Ms Hayley Fargher. This left the position of Finance Officer requiring a permanent appointment and this appointment process was concluded by the end of August 2018. From March until the new appointment of a Finance Officer, we had additional wage costs which will have a negative impact on the budgeted amount for wages and salaries for 2018-19. We have identified that in a small organisation, succession planning can be hard to achieve successfully, and will be seeking to develop our office processes in order to provide a more robust recovery plan in the event of staff departure.

In July 2018, the Board agreed to put Manxonia House on the market for sale. There has been considerable interest from parties wishing to purchase the building since we bought it. We anticipate replenishing the Capital Receipts Reserve account after the sale is completed.

Port St Mary Board has voted to join the Southern Shared Housing list. We anticipate there may be additional staff training costs that will need to be found from within our budget, however by joining the list we will continue to receive the administration allowance and deficit payment from central government. We have identified a need to refurbish a large number of bathrooms within our housing stock and this will be funded by a loan from government.

The contract to provide Clerk and administrative services to the Southern Civic Amenity Site is due for renewal in April 2019.

Port St. Mary Village Commissioners

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs through the appointment of a Responsible Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Responsible Financial Officer's responsibilities

The Responsible Financial Officer is responsible for the preparation of the Authority's Statement of Accounts.

In 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.

Port St. Mary Village Commissioners

Independent auditor's report to the Members of Port St Mary Village Commissioners

Opinion

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

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

In our opinion, the financial statements:

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

Basis for opinion

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

Who we are reporting to

This report is made solely to the authority's Members, as a body, in accordance with section 6 of the Audit Act 2006. Our audit work has been undertaken so that we might state to the authority's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Port St. Mary Village Commissioners

Independent auditor's report to the Members of Port St Mary Village 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 Officer's 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 2 to 36 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.

Port St. Mary Village Commissioners

Independent auditor's report to the Members of Port St Mary Village 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 6, 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: 30 October 2018

Port St. Mary Village Commissioners

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 Port St. Mary Village 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 8 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.

Port St. Mary Village Commissioners

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.

Report on internal control and corporate governance environment

Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage rather than eliminate the risk of failure to achieve objectives. They can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2018.

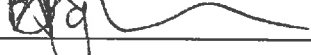
During the year ended 31 March 2018, 3 high risk observations were made:

- Personal risk
- General Data Protection Regulation
- Long Term Absence of Clerk (now resolved)

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.

(Signed) 

(Chairman)

(Signed) 

(Responsible Financial Officer)

(Dated) 24/10/2018

Port St. Mary Village Commissioners

Comprehensive Income and Expenditure Statement

for the year ended 31 March 2018

	Notes	Expenditure	Income	2018 Net	2017 Net restated
		£	£	£	£
Administration and general purposes		260,882	84,732	176,150	123,348
Direct labour – central costs		55,604	-	55,604	73,831
Property		106,640	37,195	69,445	66,361
Refuse collection		148,879	29,717	119,162	116,386
Public works		31,511	-	31,511	30,628
Street cleaning and car parks		28,962	-	28,962	25,559
Public conveniences		6,812	-	6,812	3,535
Parks and leisure		4,997	16,750	(11,753)	(8,868)
Maintenance of public areas		25,357	-	25,357	16,726
Public amenities		28,654	1,552	27,102	23,611
Guides and general advertising		913	-	913	1,097
Bad debt		1,678	-	1,678	3,288
Profit on sale of assets		-	-	-	(1,180)
Impairment of assets		-	-	-	67,500
Net current service cost of pensions		21,000	-	21,000	21,000
Net cost of General Fund services		721,889	169,946	(551,943)	(562,822)
Housing services	8	574,670	645,163	70,493	122,423
Housing deficiency	8	-	36,673	36,673	38,003
Net cost of services		1,296,559	851,782	(444,777)	(402,396)
Income from the General Rate Fund	7			430,862	419,327
Interest receivable and other income				38	149
Interest payable and similar charges				(161,189)	(170,292)
Net pension interest cost				(17,000)	(23,000)
Deficit on provision of services				(192,066)	(176,212)
Other comprehensive income and expenditure					
Remeasurement of net pension liability	17			40,000	13,000
Total comprehensive income and expenditure				(152,066)	(163,212)

Port St. Mary Village Commissioners

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

	Notes	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Capital receipts reserve £	Housing Revenue reserve £	Housing maintenance reserve £	Pensions Reserve £
Total comprehensive income and expenditure		(192,066)	-	-	-	-	-	40,000
Depreciation and impairment of fixed assets		102,463	(228,236)	(173,492)	-	-	299,265	-
Net charges made for retirement benefits		38,000	-	-	-	-	-	(38,000)
Release of deferred liability		(603)	603	-	-	-	-	-
Loan fund principal repayments		-	258,404	-	-	-	(258,404)	-
Fixed assets financed from General Fund		(76,394)	76,394	-	-	-	-	-
Fixed assets financed from Housing Revenue reserve		-	61,977	-	-	-	(61,977)	-
Transfer to/(from) Housing Maintenance Reserve Account		24,048	-	-	-	-	(24,048)	-
Transfer between reserves		50,000	-	-	(50,000)	-	-	-
		(54,552)	169,142	(173,492)	(50,000)	-	(45,164)	2,000
Balance brought forward		21,404	2,524,323	9,492,611	55,411	-	79,811	(676,000)
Balance carried forward		(33,148)	2,693,465	9,319,119	5,411	-	34,647	(674,000)

Port St. Mary Village Commissioners

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

	Notes	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Capital receipts reserve £	Housing Revenue reserve £	Housing maintenance reserve £	Pensions Reserve £
Total comprehensive income and expenditure		(176,212)	-	-	-	-	-	13,000
Profit on sale of assets		(1,180)	1,180	-	-	-	-	-
Depreciation and impairment of fixed assets		145,038	(197,726)	(240,993)	-	-	293,681	-
Net charges made for retirement benefits		44,000	-	-	-	-	-	(44,000)
Release of deferred liability		(603)	603	-	-	-	-	-
Loan fund principal repayments		-	245,961	-	-	-	(245,961)	-
Fixed assets financed from General Fund		(201,597)	201,597	-	-	-	-	-
Fixed assets financed from Housing Revenue reserve		198,119	(198,119)	-	-	-	(45,371)	-
Transfer from capital adjustment account		9,866	-	-	-	-	(9,866)	-
Transfer to/from Housing Maintenance Reserve Account		17,431	98,867	(240,993)	-	-	(7,517)	(31,000)
Balance brought forward		3,973	2,425,456	9,733,604	55,411	-	87,328	(645,000)
Balance carried forward		21,404	2,524,323	9,492,611	55,411	-	79,811	(676,000)

Port St. Mary Village Commissioners

Balance Sheet

as at 31 March 2018

	Notes	2018	2017
		£	£
Fixed assets			
Tangible fixed assets	1	17,707,636	17,919,226
Intangible fixed assets	3	-	-
		<u>17,707,636</u>	<u>17,919,226</u>
Current assets			
Debtors	4	121,874	84,693
Cash at bank	14	143,900	248,945
		<u>265,774</u>	<u>333,638</u>
Current liabilities			
Short-term borrowing	6	262,516	257,470
Creditors	5	266,399	132,777
		<u>528,915</u>	<u>390,247</u>
		(263,141)	(56,609)
		<u>17,444,495</u>	<u>17,862,617</u>
Long-term liabilities			
Long-term borrowing	6	(5,399,084)	(5,662,537)
Net Pension liabilities	17	(674,000)	(676,000)
Deferred income	5	(25,917)	(26,520)
		<u>(6,099,001)</u>	<u>(6,365,057)</u>
Total assets less liabilities		<u>11,345,494</u>	<u>11,497,560</u>
Reserves:			
General revenue reserve		(33,148)	21,404
Housing maintenance reserve		34,647	79,811
Capital adjustment account		2,693,465	2,524,323
Revaluation reserve		9,319,119	9,492,611
Pension reserve		(674,000)	(676,000)
Capital receipts reserve		5,411	55,411
		<u>11,345,494</u>	<u>11,497,560</u>

The financial statements were approved by the Authority on 24/10/18 and were signed on their behalf by:

Chairman



RFO



Port St. Mary Village Commissioners

Cash Flow Statement

for the year ended 31 March 2018

	<i>Notes</i>	2018	2017
		£	£
Net deficit on provision of services		(192,066)	(176,212)
Adjustments to net deficit on provision of services for non-cash movements	11	685,433	645,847
Net cash flows from Operating Activities		493,367	469,635
Net cash flows from Investing Activities	12	(178,620)	(383,365)
Net cash flows from Financing Activities	13	(339,817)	4,950
Net (decrease) or increase in cash and cash equivalents		(25,070)	91,220
Cash & cash equivalents at the beginning of the reporting period		121,990	30,770
Cash & cash equivalents at the end of the reporting period	14	96,920	121,990

Port St. Mary Village Commissioners

Statement of Accounting Policies

1. Basis of preparation

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

This is the first year in which the financial statements have been prepared under FRS 102 and Accounts and Audit Regulations 2018. Refer to note 19 for an explanation of the transition.

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

2. Going concern

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

3. Income

(a) Rates receivable

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

(b) Rentals

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

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.

Port St. Mary Village 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:

- 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 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. All valuations are undertaken by a qualified valuer, using a professional valuer contracted to the authority.

Port St. Mary Village 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.

Port St. Mary Village 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:

Operational assets:	
Property and dwellings	30 to 50 years
Community assets	15 years
Other buildings	20 to 30 years
Motor vehicles, plant and equipment	3 to 10 years
Street lighting	15 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. Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets have been amortised over the following useful economic lives of 5 years to the Income and Expenditure Account.

Port St. Mary Village 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) Capital Grants

Amounts due as capital grants and contributions are credited to the Comprehensive Income and Expenditure Statement when the conditions attached to their receipt are satisfied. Amounts advanced 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 Comprehensive Income and Expenditure Statement.

Donations and grants toward the cost of capital assets are credited to deferred income, and released over the life of the asset to match the depreciation of the asset to which it relates.

(c) 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.

Port St. Mary Village 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'.

Port St. Mary Village Commissioners

Statement of Accounting Policies (Continued)

13. Provisions

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

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

14. Reserves

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

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

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

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

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

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

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

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

Port St. Mary Village Commissioners

Significant Judgements and Estimates

(a) Judgements

In applying the accounting policies set out above the authority has had to make assumptions and form judgements about transactions which are complex in nature and where there is uncertainty about future events. The critical judgements 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.

Port St. Mary Village Commissioners

Notes to the financial statements

1. Tangible fixed assets

	Other Land and Property	Social Housing	Street Lighting	Motor Vehicles, Plant and Equipment	Total
Cost/Value	£	£	£	£	£
At 1 April 2017	3,765,475	15,069,898	135,779	134,830	19,105,982
Additions in the year	76,394	113,743	-	-	190,137
Impairment in the year	-	(29,975)	-	-	(29,975)
	<u>3,841,869</u>	<u>15,153,666</u>	<u>135,779</u>	<u>134,830</u>	<u>19,266,144</u>
Depreciation					
As at 1 April 2017	179,400	844,477	51,635	111,244	1,186,756
Charge for the year	56,048	299,265	9,052	7,387	371,752
Disposals in the year	-	-	-	-	-
	<u>235,448</u>	<u>1,143,742</u>	<u>60,687</u>	<u>118,631</u>	<u>1,558,508</u>
Net book value					
At 31 March 2018	<u>3,606,421</u>	<u>14,009,924</u>	<u>75,092</u>	<u>16,199</u>	<u>17,707,636</u>
At 31 March 2017	<u><u>3,586,075</u></u>	<u><u>14,225,421</u></u>	<u><u>84,144</u></u>	<u><u>23,586</u></u>	<u><u>17,919,226</u></u>

Valuation of fixed assets

The Authority plans to revalue its fixed assets every five years. Valuations have been carried out by Chrystals Commercial Chartered Surveyors at 31 March 2014.

Historical cost of revalued fixed assets

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

Land and Property - £8,885,291 (2017: £8,725,130)

Within Land and Property are Social Housing Land and Property with a historical cost of £7,750,576 (2017: £7,666,808).

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

2. Assets held

Operational assets	Number at 31 March 2017	Changes 2017/18	Number at 31 March 2018
Dwellings			
Dwellings – Houses and bungalows	106	-	106
Dwellings – flats and maisonettes	16	-	16
Other Land and Buildings			
Car parks	4	-	4
Depots	1	-	1
Public Conveniences	2	-	2
Public Halls / offices	2	-	2
Community Assets			
Golf course / recreational areas	1	-	1
Parks, gardens and open spaces	7	-	7
Non-Operational assets			
Commercial properties	2	-	2
Other properties	3	-	3
Agricultural land	1	-	1
Garages (general fund)	10	-	10

3. Intangible Fixed Assets

These represent software items which are amortised over 5 years.

Cost	£
At 1 April 2017	10,000
Additions in the year	-
	<hr/>
At 31 March 2018	10,000
	<hr/> <hr/>
Amortisation	
At 1 April 2017	10,000
Amortisation in the year	-
	<hr/>
At 31 March 2018	10,000
	<hr/> <hr/>
Net Book Value	
At 31 March 2018	-
	<hr/>
At 31 March 2017	-
	<hr/> <hr/>

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

4. Debtors and prepayments

	2018	2017
	£	£
Amounts falling due in one year (net of bad debt provisions):		
Trade debtors	3,745	4,573
Central Government	2,518	28,796
Public authorities	21,457	6,882
Other local authorities	8,924	-
Ratepayers	1,857	1,991
Housing rents	14,241	11,152
Sundry debtors	38,650	5,493
Prepayments	30,482	25,806
	<u>121,874</u>	<u>84,693</u>

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

	2018	2017
	£	£
Trade debtors	383	-
Ratepayers	10,489	9,495
Housing rents	1,300	1,279

5. Creditors

Current liabilities:	2018	2017
	£	£
Central Government	35,446	29,687
Public authorities	3,511	-
Deferred income	603	603
Housing rents	12,549	13,795
Trade creditors	72,098	47,688
Sundry creditors and accruals	132,843	41,004
Government departments	9,349	-
	<u>266,399</u>	<u>132,777</u>

Long term liabilities:	2018	2017
	£	£
Deferred income	<u>25,917</u>	<u>26,520</u>

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

6. Long term borrowing

Loans outstanding may be analysed as follows:

	2018	2017
	£	£
Falling due within one year:		
Commercial loans	262,516	257,470
Total falling due within one year	262,516	257,470
Falling due after more than one year:		
Commercial loans	5,399,084	5,662,537
Total falling due after more than one year	5,399,084	5,662,537
Total loan term borrowing	5,661,600	5,920,007

In prior years the authority has taken out Isle of Man Bank loan finance to fund long term capital projects. Each of these loans are unsecured, repayable in instalments over a period of between 15 and 30 years. The interest charged on these loans varies between 4.95% and 5.60% on fixed term loans and at LIBOR plus 0.65% on variable rate loans.

In the current year and for the foreseeable future, loans will be provided by HSBC Bank via variable rate loans.

Loans with HSBC Bank are repayable over 15 years with interest charged at 0.95% above 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 Health and Social Care and are secured by way of a Letter of Comfort issued by Treasury.

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

7. General Rate Account

	£	2018 £	£	2017 £
General rates levied for the year		453,929		439,116
Add:				
Due from Treasury re prior year		5,398		3,392
Arrears brought forward		11,485		12,013
		<u>470,812</u>		<u>454,521</u>
Less:				
Discounts	17,664		16,875	
Exempt and uninhabitable properties	4,328		2,914	
Collection charges	4,908		4,698	
Refunds	1,074		-	
		<u>(27,974)</u>		<u>(24,487)</u>
Treasury write (off)/back		(304)		88
Total rates collectable		<u>442,534</u>		<u>430,122</u>
Rates received in the year:				
Current year rates		419,723		405,250
Arrears collected		2,549		4,597
Balance from Treasury re prior year		5,398		3,392
		<u>427,670</u>		<u>413,239</u>
Balances outstanding carried forward:				
Due from Treasury re current year	2,518		5,398	
Arrears – current year	3,713		3,981	
– previous years	8,633		7,504	
		<u>14,864</u>		<u>16,883</u>
		<u>442,534</u>		<u>430,122</u>
			2018	2017
			£	£
General rates levied for the year		453,929	453,929	439,116
Less: Discounts, exempt/uninhabitable properties & refunds		(23,067)	(23,067)	(19,789)
Per Comprehensive Income and Expenditure Statement		<u>430,862</u>	<u>430,862</u>	<u>419,327</u>

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

8. Housing Revenue Income and Expenditure

	2018	2017
	£	£
Income		
Dwelling rents (including rates)	645,163	631,036
Housing Deficiency Receivable	36,673	38,003
	<u>681,836</u>	<u>669,039</u>
Total income		
	681,836	669,039
Expenditure		
Repairs and maintenance	108,061	80,481
Supervision and management	30,415	29,819
Rents, rates, taxes and other charges	106,953	104,632
Depreciation & impairment charges	329,241	293,681
	<u>574,670</u>	<u>508,613</u>
	574,670	508,613
Net cost of Housing Services before interest and loan repayments	<u>107,166</u>	<u>160,426</u>

Included in rents, rates, taxes and other charges above is £94,032 of rates charged in respect of the commissioners' tenanted properties, this amount is also included in Income from the General Rate Fund shown in the Comprehensive Income & Expenditure Account.

Similarly, supervision and management costs of £30,415 are also reported as income in the Comprehensive Income & Expenditure Account as administration allowance income.

Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 0.57% of the rental debit for the year (2017: 0.99%).

Rent arrears	2018	2017
	£	£
Rent arrears	14,241	11,152
Rent arrears as a percentage of gross rent income	<u>2.2%</u>	<u>1.8%</u>

Arrears written off during the year amounted to £Nil (2017: £Nil) and an increase of £21 (2017: £526) was made in the provision for bad and doubtful rental debts. As at 31 March 2018 the provision stood at £1,300 (2017: £1,279).

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

8. Housing Revenue Income and Expenditure – continued

Housing deficiency grant

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

	2018	2017
	£	£
Opening balance payable	(6,833)	(18,566)
Deficiency grant required	36,673	38,003
Payments received from Department of Infrastructure	(65,286)	(26,270)
Closing balance payable	<u>(35,446)</u>	<u>(6,833)</u>

9. Employee remuneration

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £25,000 was:

	2018	2017
	Number of Employees	Number of Employees
Remuneration Band		
£50,000 – £74,999	1	1

Key management compensation

Key management personnel compensation paid amounted to £73,148 including employers pension contributions (2017: £69,274).

Members' allowances

During the year the Authority paid £5,686 to its members in respect of their attendance at meetings, undertaking duties and responsibilities (2017: £4,740). At 31 March 2018, £494 was payable in this respect (2017: £Nil).

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

10. Related party transactions

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

Central Government - has a direct influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates.

During the year Port St Mary was charged £71,396 (2017: £83,318) in respect of refuse, street lighting and other costs

Furthermore, Central Government will meet the social housing deficiency as detailed on page 30 amounting to £36,673 (2017: £38,003). At the year end Port St Mary owed Central Government £2,941 (2017: £12,957) in respect of costs incurred and £35,446 (2017: £6,833) in respect of excess deficiency monies received on account.

With effect from 1 April 2013 Port St Mary Commissioners took over the management support of Marashen Crescent Housing Committee and are related by virtue of common influence.

During the year, Marashen Crescent was charged £54,066 (2017: £51,089) in respect of administration charges and repairs. An adjustment has also been made for further income to be invoiced of £Nil (2017: £11,081) and this is shown within sundry debtors. Within debtors is an amount of £3,520 (2017: £5,422) due to Port St Mary Commissioners and within creditors is an amount of £959 (2017: £Nil) due by Port St Mary Commissioners.

During the year, Marashen Crescent was charged £49,108 (2017: £46,519) by Port St Mary Commissioners in respect of rates. No amounts were outstanding at either 31 March 2017 or 2018.

During the year, Southern Civic Amenity Site was charged £19,600 (2017: £18,335) in respect of administration charges and repairs. In addition £17,651 was received in respect of amenity site rental (2017: £17,651). Port St Mary Commissioners have paid £29,540 (2017: £29,790) in respect of amenity site costs and other costs for the year. Within debtors is an amount of £5,403 (2017: £6,895) due to Port St Mary Commissioners in this respect and within creditors is an amount of £398 (2017: £126) due by Port St Mary Commissioners.

All Commissioners and officers of the Authority are asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties.

Officers of the Authority - no related party disclosures arose in relation to officers other than the invoicing of £168 of refuse costs (2017: £Nil) to Cornerhouse Coffeeshop which is owned by Andrew Phair, a Commissioner. At the year end an amount of £101 (2017: £Nil) was owed in this respect.

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

11. Cash flow statement – Operating activities

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

	2018	2017
	£	£
Depreciation, impairment & revaluation losses for non-current assets	401,727	438,719
Profit on sale of assets	-	(1,180)
Release of deferred liability	(603)	(603)
Increase/(decrease) in creditors	122,106	14,956
(Increase) in debtors	(37,182)	(21,142)
Financing activities	161,385	171,097
Difference between FRS102 pension cost and contributions paid	38,000	44,000
	<u>685,433</u>	<u>645,847</u>

12. Cash flow statement – Investing activities

	2018	2017
	£	£
Purchase of fixed assets	(178,620)	(387,865)
Sale of fixed assets	-	4,500
	<u>(178,620)</u>	<u>(383,365)</u>

13. Cash flow statement – Financing activities

	2018	2017
	£	£
Cash receipts from short-term and long-term borrowing	-	149,700
Repayments of short-term and long-term borrowing	(258,407)	(245,961)
Decrease in short term deposits	79,975	272,308
Loan interest paid	(161,423)	(171,246)
Interest received	38	149
	<u>(339,817)</u>	<u>4,950</u>

14. Cash flow statement – cash & cash equivalents

	2018	2017
	£	£
Cash at Bank and in hand	96,920	121,990
Short term deposits	46,980	126,955
	<u>143,900</u>	<u>248,945</u>
Cash at bank per Balance Sheet	143,900	248,945
Short term deposits	(46,980)	(126,955)
	<u>96,920</u>	<u>121,990</u>
Cash & cash equivalents per Cash Flow Statement	<u>96,920</u>	<u>121,990</u>

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

15. Audit fees

During the year the Authority incurred external audit fees of £7,300 (2017: £7,155).

16. Total rateable value

The total rateable value of the Village at 31 March 2018 is £143,890 (2017: £143,766) at the year end with a 315p rate being charged (2017: 306p).

17. Post employment benefits

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

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

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

The assets in the Isle of Man Local Government Superannuation Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Superannuation Scheme Accounts.

The mortality assumptions used were as follows:

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

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

17. Post employment benefits – continued

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Net liability £
At 1 April 2017	1,460,000	2,136,000	(676,000)
Benefits paid	(44,000)	(44,000)	-
Employer contributions	62,000	-	62,000
Current service cost	-	83,000	(83,000)
Past service cost	-	-	-
Interest income/(expense)	37,000	54,000	(17,000)
Remeasurement gains/(losses)	-	-	-
• Actuarial losses	-	(42,000)	42,000
• Return on plan assets excluding interest income	(2,000)	-	(2,000)
At 31 March 2018	1,513,000	2,187,000	(674,000)

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

	2018 £	2017 £
Current service cost	83,000	71,000
Interest cost	54,000	68,000
Past service costs	-	-
	137,000	139,000

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

	2018 %	2017 %
Equity instruments	60	57
Bonds	28	26
Property	12	13
Cash	-	4
Total	100	100

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

	2018 £	2017 £
Interest income	37,000	45,000
Return on plan assets less interest income	31,000	138,000
Total return on plan assets	68,000	183,000

Port St. Mary Village Commissioners

Notes to the financial statements (Continued)

18. Capital commitments

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

	31 March 2018	31 March 2017
	£	£
Rebuild schemes	8,704	Nil

19. FRS 102 Transition

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

Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the Comprehensive Income and Expenditure Statement as the employee service is received. This has resulted in the authority recognising a liability for holiday pay of £4,395 on transition to FRS 102.

Previously holiday pay accruals were not recognised and were charged as they were paid. In the year to 31 March 2017 as the potential accrual was immaterial no additional charge or liability has been recognised.

Defined benefit scheme

Under previous UK GAAP the authority recognised an expected return on defined benefit plan assets in the Comprehensive Income and Expenditure Statement. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the Comprehensive Income and Expenditure Statement.

There has been no change in the defined benefit liability at either 1 April 2016 or 31 March 2017. The effect of the change has been to increase the net pension interest cost to Net cost of Services in the year to 31 March 2017 by £13,000 and increase the credit in Other Comprehensive Income £13,000.

Port St. Mary Village Commissioners

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

	2018 £	2018 £	2017 £	2017 £
Administration and general purposes				
Salaries, office wages, NIC etc	146,014		124,207	
Contract personnel costs	26,617		6,360	
Manual wages	979		3,147	
Audit fees	8,012		7,054	
Accountancy	13,729		10,654	
Internal audit	3,150		2,920	
Legal and professional costs	13,148		6,274	
Printing and stationery	1,953		2,741	
Photocopying	2,236		1,452	
Staff training	1,166		680	
Election expenses	2,990		1,940	
Memberships and subscriptions	320		255	
Bank charges	3,381		3,477	
Attendance allowance	5,686		4,740	
Computer charges	5,808		4,453	
Office running costs	11,999		15,065	
Telephone	4,527		3,154	
Donations	300		500	
Civic events	3,959		3,408	
Rate collection costs	4,908		4,698	
	<u> </u>	260,882	<u> </u>	207,179
Less: Income				
Housing administration fee	30,415		29,819	
Marashen EPH administration fee	29,632		29,981	
Amenity site administration fee	18,000		18,000	
Search fees	3,400		2,575	
Rates surfeit	3,220		2,671	
Incidentals	65		785	
	<u> </u>	(84,732)	<u> </u>	(83,831)
		<u> </u>		
		176,150		<u> </u>
		<u> </u>		<u> </u>
Direct labour – Central costs				
Manual workers – holiday, unallocated, supervising etc		30,138		46,383
Manual workers – sick pay		3,572		5,142
Vehicle costs, fuel and depreciation		20,319		21,937
Vehicles – wages		1,575		369
		<u> </u>		<u> </u>
		55,604		73,831
		<u> </u>		<u> </u>

This page does not form part of the audited financial statements

Port St. Mary Village Commissioners

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

	2018 £	2018 £	2017 £	2017 £
Property				
Depreciation	55,038		60,088	
Insurance	12,186		14,648	
Town Hall costs (maintenance, heat, light, & rates)	12,366		15,208	
Town Hall maintenance wages	3,983		4,738	
Manxonia House running costs	5,580		87	
Store	16,800		8,999	
Store – wages	687		1,799	
	<u> </u>	106,640	<u> </u>	105,567
Less: Income				
Town Hall hire	9,620		11,458	
Mast income	9,249		8,552	
Rent – garages	11,506		11,751	
Rent – other	6,820	(37,195)	7,445	(39,206)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		69,445		66,361
		<u> </u>		<u> </u>
Refuse				
Wages	33,969		35,113	
Refuse expenses	72,205		67,748	
Vehicle Expenses	10,847		13,033	
Refuse bins	2,313		858	
Amenity site costs	29,540		29,120	
Refuse sacks and misc	5		240	
	<u> </u>	148,879	<u> </u>	146,112
Less: Income				
Collection of refuse	12,066		12,075	
Amenity site lease rental	17,651		17,651	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		(29,717)		(29,726)
		<u> </u>		<u> </u>
		119,162		116,386
		<u> </u>		<u> </u>

This page does not form part of the audited financial statements

Port St. Mary Village Commissioners

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

	2018 £	2018 £	2017 £	2017 £
Public Works				
Street lighting		20,942		21,576
Street lighting - depreciation		9,052		9,052
Street lighting - wages		1,517		-
		<u>31,511</u>		<u>30,628</u>
Street cleaning and car parks				
Street cleaning – and maintenance of footpaths		3,163		1,480
Street cleaning - wages		25,669		24,046
Car parks		130		33
		<u>28,962</u>		<u>25,559</u>
Public conveniences				
Wages		3,336		2,414
General expenses		3,476		1,121
		<u>6,812</u>		<u>3,535</u>
Parks and Leisure				
Maintenance	4,336		7,029	
Misc. inc rates & insurance	661		636	
Tennis courts	-		-	
		<u>4,997</u>		<u>7,665</u>
Less: Income				
Fees – golf	1,000		500	
Rents	15,750		16,033	
		<u>(16,750)</u>		<u>(16,533)</u>
		<u>(11,753)</u>		<u>(8,868)</u>
Maintenance of public areas				
Gardening & bedding plants		25,357		16,473
Grass cutting – labour and machinery		-		253
		<u>25,357</u>		<u>16,726</u>

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Port St. Mary Village Commissioners

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

	2018 £	2018 £	2017 £	2017 £
Public Amenities				
Annual contribution to Southern Local Authority				
Swimming Pool		3,602		3,584
Memorials		3,842		2,792
Memorial - wages		1,028		682
Outdoor seating		1,955		476
Outdoor seating – wages		8,893		3,916
Playground equipment		553		3,204
Playground – wages		1,058		1,856
Christmas tree		2,388		3,172
Christmas tree – wages		1,282		1,016
Signage		466		(303)
Chapel Beach – cleaning & bathing raft		142		7
Miscellaneous		2,435		3,486
Depreciation - Anchor		1,010		1,010
		<hr/>		<hr/>
		28,654		24,898
Less: Income				
Memorial seats subscriptions		(949)		(684)
Release of deferred income		(603)		(603)
		<hr/>		<hr/>
		27,102		23,611
		<hr/> <hr/>		<hr/> <hr/>
Guides and general advertising				
Plaques and flags		109		263
Flags – wages		804		834
		<hr/>		<hr/>
		913		1,097
		<hr/> <hr/>		<hr/> <hr/>
Bad Debt provision		1,377		3,376
Bad Debt write off		301		(88)
		<hr/> <hr/>		<hr/> <hr/>

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