

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

**For the year ended 31 March 2019**

# 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 2019 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 to July 2018 was Mr Alastair Hamilton and thereafter was Ms Hayley Fargher.

### Advisers

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

Their Registered Addresses are as follows:

Alexander Elliott  
Sovereign House  
Douglas, Isle of Man  
IM1 2SD

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. We have a Vision statement that was updated in June 2019 setting out our goals and aims.

The Local Authority's primary duties are:

- to provide domestic and commercial refuse collection;
- to provide and maintain social housing;
- to maintain amenity spaces and community play equipment;
- to provide and maintain litter bins and seating in amenity areas;
- to maintain public conveniences;
- to sweep streets and clear drain gullies;
- parking control;
- dog bye law setting and enforcement;
- installation, maintenance and operation of street lighting.

The Commissioners also provide and maintain community assets such as the Town Hall complex, the rifle club, the golf course, allotments, tennis courts, croquet lawn and boat park. We work with neighbouring Authorities to manage the Southern Civic Amenity Site, Southern Swimming Pool and Marashen Crescent Housing Committee. These bodies prepare and publish their own statement of accounts, which are separate to the ones published by Port St Mary Commissioners.

### **Overall financial performance and results for the year**

The financial performance of the Board resulted in a surplus on the general revenue reserve for the year of £57,765. As at 31 March 2019 the General Revenue retained reserve surplus was £24,617 (2018: £33,148 in deficit). From 1 April 2018, rates were increased by 5.2% to 331p.

For the year ended 31 March 2019, the Authority required deficiency funding of £37,986 (2018: £36,673) in respect of social housing provision. This deficiency is paid from central government.

### **Significant achievements**

In July 2018 the Board appointed a new Clerk, Ms Hayley Fargher, and shortly thereafter we appointed a new Finance Officer. Both of these appointments have improved systems and delivered efficiency savings within the administration. The impact of cost cutting measures and improved financial management has led to a surplus for the year. Whilst we still have very low Reserves, it is gratifying to see that the careful scrutiny of spending decisions applied by the Board has contributed to a turn around in Port St Mary's financial position and we can start to build up some Reserve as a safety net.

The Board identified that the vehicles used by our workmen were well beyond their safe working life. Although remedial repairs had been carried out, the Board took the decision that replacement vehicles were a necessary step. Considerable research was carried out to source suitable vehicles at a sensible price. The purchase will be funded by a loan approved by government because the Board did not want to commit budget surplus to vehicle replacement and then have to continue to operate with no reserves.

# Port St. Mary Village Commissioners

## Explanatory Foreword – continued

### **Significant achievements - continued**

In Port St Mary the household refuse collection continues to be operated in conjunction with Onchan Commissioners who supply a driver and the vehicle. This contract will be up for renewal in July 2021, with an option to extend for a further 2 years.

Manxonia House was placed on the market after the Board identified that it could not afford to continue with the refurbishment works that started in 2017. Although there have been several viewings, the Board reserve the right to revisit this decision if the building is not sold.

The Board has continued to apply good governance to all its activities. Our internal auditors have identified potential risks which we review and seek to mitigate. We have continued to respond to Freedom of Information requests, although this places a considerable burden on the administrative staff. We continue to maintain our policy of sharing as much information as possible to reduce the need for anyone to submit a Freedom of Information request.

In October 2018, Port St Mary took over the administration of Castletown and Malew Sheltered Housing Complex, in addition to a similar role performed for Marashen Crescent Housing Committee. We continued to provide Clerk and Finance Officer services to the Southern Civic Amenity Site. These services are remunerated by the respective Boards. Castletown and Malew is due to merge with Marashen in due course and work has been ongoing to facilitate the establishment of a Southern Sheltered Housing Committee.

Port St Mary maintains and manages 122 local authority houses. Of the tenants in these houses, 25% are on the current tenancy agreement, which imposes earning limits and allows periodic reviews. 75% of our tenants remain on the older style 'tenancy for life' agreement. We continue to manage our housing stock with allocations using the Shared Southern Waiting list and receive a deficiency payment from central Government. We are actively managing rent arrears and bad debts to ensure these are minimised and we are taking active steps to recover monies owed to us.

### **Issues likely to shape future performance**

In August 2019, the Board discussed a detailed report from Manx Utilities concerning the historic lack of maintenance of street lighting and the impact of earlier designs of lighting column. The Board has agreed to carry out further investigations, but it is likely that this will identify more failing columns and necessitate a large outlay on replacements. Thereafter the Board hopes to be able to plan and budget for replacements over the next 5 years.

The Board is progressing with a scheme to refurbish bathrooms within our housing stock. This replacement scheme will be funded by a loan for this purpose and repaid from rental income and government deficiency monies over the next 15 years.

In June 2019, the Board declared a Climate Change Emergency and has set itself a number of targets to cut CO2 emissions and to evaluate all our activities to assess their environmental impact. It is likely that this decision will have a significant impact on future projects and spending decisions.

# 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 2019 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 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Accounts and Audit Regulations 2018 made under the Audit Act 2006.

### **Basis for opinion**

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

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

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

# 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Grant Thornton Limited

**Grant Thornton Limited**  
Douglas  
Isle of Man

Date: 29 October 2019

# 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 2019.

During the year ended 31 March 2019, no high risk observations were made.

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) 23/10/19.

# Port St. Mary Village Commissioners

## Comprehensive Income and Expenditure Statement

for the year ended 31 March 2019

	Notes	Expenditure	Income	2019 Net	2018 Net
		£	£	£	£
Administration and general purposes		251,296	98,213	153,083	176,150
Direct labour – central costs		45,787	-	45,787	55,604
Property		109,723	39,769	69,954	69,445
Refuse collection		116,564	31,085	85,479	119,162
Public works		33,335	-	33,335	31,511
Street cleaning and car parks		34,182	-	34,182	28,962
Public conveniences		7,265	-	7,265	6,812
Parks and leisure		5,649	16,750	(11,101)	(11,753)
Maintenance of public areas		22,115	-	22,115	25,357
Public amenities		25,459	32,056	(6,597)	27,102
Guides and general advertising		1,678	-	1,678	913
Bad debt		2,941	-	2,941	1,678
Impairment of assets		132,657	-	132,657	-
Fair value adjustment		189,943	-	189,943	-
Net current service cost of pensions	17	18,000	-	18,000	21,000
<b>Net cost of General Fund services</b>		<b>996,594</b>	<b>217,873</b>	<b>(778,721)</b>	<b>(551,943)</b>
Housing services	8	552,264	666,775	114,511	70,493
Housing deficiency	8	-	37,986	37,986	36,673
<b>Net cost of services</b>		<b>1,548,858</b>	<b>922,634</b>	<b>(626,224)</b>	<b>(444,777)</b>
Income from the General Rate Fund	7			453,137	430,862
Interest receivable and other income				307	38
Interest payable and similar charges				(168,893)	(161,189)
Net pension interest cost	17			(17,000)	(17,000)
<b>Deficit on provision of services</b>				<b>(358,673)</b>	<b>(192,066)</b>
<b>Other comprehensive income and expenditure</b>					
Remeasurement of net pension liability	17			69,000	40,000
Revaluation adjustment				811,283	-
<b>Total comprehensive income and expenditure</b>				<b>521,610</b>	<b>(152,066)</b>

# Port St. Mary Village Commissioners

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

	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Capital receipts reserve £	Housing maintenance reserve £	Pensions Reserve £
<b>Total comprehensive income and expenditure</b>	(358,673)	-	811,283	-	-	69,000
Depreciation and impairment of fixed assets	209,183	(337,866)	(173,492)	-	302,175	-
Net charges made for retirement benefits	35,000	-	-	-	-	(35,000)
Release of deferred liability	(26,521)	26,521	-	-	-	-
Loan fund principal repayments	-	265,432	-	-	(265,432)	-
Fixed assets financed from General Fund	(7,561)	7,561	-	-	-	-
Fixed assets financed from Housing Revenue reserve	-	29,755	-	-	(29,755)	-
Transfer to/(from) Housing Maintenance Reserve Account	16,394	-	-	-	(16,394)	-
Revaluation of investment property	189,943	-	(189,943)	-	-	-
Transfer between reserves	-	862,978	(862,978)	-	-	-
<b>Balance brought forward</b>	<b>57,765</b>	<b>854,381</b>	<b>(415,130)</b>	<b>-</b>	<b>(9,406)</b>	<b>34,000</b>
	(33,148)	2,693,465	9,319,119	5,411	34,647	(674,000)
<b>Balance carried forward</b>	<b>24,617</b>	<b>3,547,846</b>	<b>8,903,989</b>	<b>5,411</b>	<b>25,241</b>	<b>(640,000)</b>

# Port St. Mary Village Commissioners

## Statement of Movement on Reserves

for the year ended 31 March 2018

	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Capital receipts reserve £	Housing maintenance reserve £	Pensions Reserve £
<b>Total comprehensive income and expenditure</b>	(192,066)	-	-	-	-	40,000
Profit on sale of assets						
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)	-	-
	<u>(54,552)</u>	<u>169,142</u>	<u>(173,492)</u>	<u>(50,000)</u>	<u>(45,164)</u>	<u>2,000</u>
Balance brought forward	21,404	2,524,323	9,492,611	55,411	79,811	(676,000)
<b>Balance carried forward</b>	<u>(33,148)</u>	<u>2,693,465</u>	<u>9,319,119</u>	<u>5,411</u>	<u>34,647</u>	<u>(674,000)</u>

# Port St. Mary Village Commissioners

## Balance Sheet

as at 31 March 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	1		17,868,819		17,707,636
Intangible fixed assets	3		-		-
			<u>17,868,819</u>		<u>17,707,636</u>
<b>Current assets</b>					
Debtors	4	71,098		121,874	
Cash at bank	14	176,029		143,900	
		<u>247,127</u>		<u>265,774</u>	
<b>Current liabilities</b>					
Short-term borrowing	6	276,117		262,516	
Creditors	5	160,908		266,399	
		<u>437,025</u>		<u>528,915</u>	
			(189,898)		(263,141)
			<u>17,678,921</u>		<u>17,444,495</u>
<b>Long-term liabilities</b>					
Long-term borrowing	6	(5,171,817)		(5,399,084)	
Net Pension liabilities	17	(640,000)		(674,000)	
Deferred income	5	-		(25,917)	
		<u>(5,811,817)</u>		<u>(6,099,001)</u>	
<b>Total assets less liabilities</b>			<u>11,867,104</u>		<u>11,345,494</u>
<b>Reserves:</b>					
General revenue reserve			24,617		(33,148)
Housing maintenance reserve			25,241		34,647
Capital adjustment account			3,547,846		2,693,465
Revaluation reserve			8,903,989		9,319,119
Pension reserve			(640,000)		(674,000)
Capital receipts reserve			5,411		5,411
			<u>11,867,104</u>		<u>11,345,494</u>

The financial statements were approved by the Authority on behalf by:

Chairman



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and were signed on their



RFO

23.10.19

# Port St. Mary Village Commissioners

## Cash Flow Statement

for the year ended 31 March 2019

	<i>Notes</i>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Net deficit on provision of services		<b>(358,673)</b>	(192,066)
Adjustments to net deficit on provision of services for non-cash movements	11	<b>823,992</b>	685,433
Net cash flows from Operating Activities		<b>465,319</b>	493,367
Net cash flows from Investing Activities	12	<b>(51,111)</b>	(178,620)
Net cash flows from Financing Activities	13	<b>(335,099)</b>	(339,817)
Net increase/(decrease) in cash and cash equivalents		<b>79,109</b>	(25,070)
Cash & cash equivalents at the beginning of the reporting period		<b>96,920</b>	121,990
Cash & cash equivalents at the end of the reporting period	14	<b>176,029</b>	96,920



# 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.

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).
- Non operational property are measured at market value.

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 Revenue 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 2018	3,841,869	15,153,666	135,779	134,830	19,266,144
Additions in the year	7,563	43,638	-	-	51,201
Revaluation in the year	(562,182)	(640,079)	-	-	(1,202,261)
Impairment	(50,508)	-	-	-	(50,508)
<b>At 31 March 2019</b>	<b>3,236,742</b>	<b>14,557,225</b>	<b>135,779</b>	<b>134,830</b>	<b>18,064,576</b>
<b>Depreciation</b>					
As at 1 April 2018	235,448	1,143,742	60,687	118,631	1,558,508
Charge for the year	60,087	302,175	9,052	7,387	378,701
Disposals in the year	(288,463)	(1,445,917)	-	-	(1,734,380)
Impairment	(7,072)	-	-	-	(7,072)
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>69,739</b>	<b>126,018</b>	<b>195,757</b>
<b>Net book value</b>					
At 31 March 2019	<b>3,236,742</b>	<b>14,557,225</b>	<b>66,040</b>	<b>8,812</b>	<b>17,868,819</b>
At 31 March 2018	3,606,421	14,009,924	75,092	16,199	17,707,636

### Valuation of fixed assets

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

### Historical cost of revalued fixed assets

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

Land and Property - £8,936,494 (2018: £8,885,291)

Within Land and Property are Social Housing Land and Property with a historical cost of £7,794,216 (2018: £7,750,576).

# Port St. Mary Village Commissioners

## Notes to the financial statements (Continued)

### 2. Assets held

Operational assets	Number at 31 March 2018	Changes 2018/19	Number at 31 March 2019
<b>Dwellings</b>			
Dwellings – Houses and bungalows	106	-	106
Dwellings – flats and maisonettes	16	-	16
<b>Other Land and Buildings</b>			
Car parks	4	-	4
Depots	1	-	1
Public Conveniences	2	-	2
Public Halls / offices	2	-	2
<b>Community Assets</b>			
Golf course / recreational areas	1	-	1
Parks, gardens and open spaces	7	-	7
<b>Non-Operational assets</b>			
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 2018	10,000
Additions in the year	-
	<hr/>
At 31 March 2019	<b>10,000</b>
	<hr/> <hr/>
Amortisation	
At 1 April 2018	10,000
Amortisation in the year	-
	<hr/>
At 31 March 2019	<b>10,000</b>
	<hr/> <hr/>
Net Book Value	
At 31 March 2019	-
	<hr/>
At 31 March 2018	-
	<hr/> <hr/>

# Port St. Mary Village Commissioners

## Notes to the financial statements (Continued)

### 4. Debtors and prepayments

	2019 £	2018 £
Amounts falling due in one year (net of bad debt provisions):		
Trade debtors	2,791	3,745
Central Government	3,610	2,518
Public authorities	7,879	21,457
Other local authorities	16,393	8,924
Ratepayers	3,241	1,857
Housing rents	7,608	14,241
Sundry debtors	1,187	38,650
Prepayments	28,389	30,482
	<u>71,098</u>	<u>121,874</u>

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

	2019 £	2018 £
Trade debtors	600	383
Ratepayers	13,381	10,489
Housing rents	8,408	1,300

### 5. Creditors

Current liabilities:	2019 £	2018 £
Central Government	3,999	35,446
Public authorities	3,733	3,511
Deferred income	-	603
Housing rents	14,309	12,549
Trade creditors	47,622	72,098
Sundry creditors and accruals	81,619	132,843
Government departments	9,626	9,349
	<u>160,908</u>	<u>266,399</u>
Long term liabilities:	2019 £	2018 £
Deferred income	-	25,917

As the asset relating to the deferred income has been written down to £Nil, the deferred income liability has been released to the income and expenditure account.

# Port St. Mary Village Commissioners

## Notes to the financial statements (Continued)

### 6. Long term borrowing

Loans outstanding may be analysed as follows:

	2019	2018
	£	£
Falling due within one year:		
Commercial loans	276,117	262,516
	<u>276,117</u>	<u>262,516</u>
Total falling due within one year	<u>276,117</u>	<u>262,516</u>
Falling due after more than one year:		
Commercial loans	5,171,817	5,399,084
	<u>5,171,817</u>	<u>5,399,084</u>
Total falling due after more than one year	<u>5,171,817</u>	<u>5,399,084</u>
Total loan term borrowing	<u>5,447,934</u>	<u>5,661,600</u>

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 between 10 and 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

	£	2019 £	£	2018 £
General rates levied for the year		476,464		453,929
Add:				
Due from Treasury re prior year		2,518		5,398
Arrears brought forward		12,345		11,485
		<u>491,327</u>		<u>470,812</u>
Less:				
Discounts	18,292		17,664	
Exempt and uninhabitable properties	5,036		4,328	
Collection charges	5,090		4,908	
Refunds	-		1,074	
		<u>(28,418)</u>		<u>(27,974)</u>
Treasury write (off)/back		168		(304)
Total rates collectable		<u>463,077</u>		<u>442,534</u>
Rates received in the year:				
Current year rates		438,721		419,723
Arrears collected		2,374		2,549
Balance from Treasury re prior year		2,518		5,398
Total rates received in the year		<u>443,613</u>		<u>427,670</u>
Balances outstanding carried forward:				
Due from Treasury re current year	2,843		2,518	
Arrears – current year	6,482		3,713	
– previous years	10,139		8,633	
		<u>19,464</u>		<u>14,864</u>
		<u>463,077</u>		<u>442,534</u>
			2019	2018
			£	£
General rates levied for the year		476,464	476,464	453,929
Less: Discounts, exempt/uninhabitable properties & refunds		(23,327)	(23,327)	(23,067)
Per Comprehensive Income and Expenditure Statement		<u>453,137</u>	<u>453,137</u>	<u>430,862</u>

# Port St. Mary Village Commissioners

## Notes to the financial statements (Continued)

### 8. Housing Revenue Income and Expenditure

	2019	2018
	£	£
Income		
Dwelling rents (including rates)	666,775	645,163
Housing Deficiency Receivable	37,986	36,673
	<u>704,761</u>	<u>681,836</u>
Total income		
	704,761	681,836
Expenditure		
Repairs and maintenance	97,953	108,061
Supervision and management	31,357	30,415
Rents, rates, taxes and other charges	120,779	106,953
Depreciation & impairment charges	302,175	329,241
	<u>552,264</u>	<u>574,670</u>
Net cost of Housing Services before interest and loan repayments	<u>152,497</u>	<u>107,166</u>

Included in rents, rates, taxes and other charges above is £95,978 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 £31,357 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 (2018: 0.57%).

<b>Rent arrears</b>	<b>2019</b>	<b>2018</b>
	£	£
Rent arrears	7,608	14,241
Rent arrears as a percentage of gross rent income	<u>1.3%</u>	<u>2.2%</u>

Arrears written off during the year amounted to £Nil (2018: £Nil) and an increase of £7,108 (2018: £21) was made in the provision for bad and doubtful rental debts. As at 31 March 2019 the provision stood at £8,405 (2018: £1,300).

# 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:

	2019	2018
	£	£
Opening balance payable	(35,446)	(6,833)
Deficiency grant required	37,986	36,673
Payment made to Department of Infrastructure	35,446	-
Payments received from Department of Infrastructure	(37,219)	(65,286)
	<u>767</u>	<u>(35,446)</u>

### 9. Employee remuneration

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

	2019	2018
	Number of Employees	Number of Employees
Remuneration Band		
£50,000 – £74,999	1	1

#### Key management compensation

Key management personnel compensation paid amounted to £68,206 including employers pension contributions (2018: £73,148).

#### Members' allowances

During the year the Authority paid £5,023 to its members in respect of their attendance at meetings, undertaking duties and responsibilities (2018: £5,686). At 31 March 2019, £Nil was payable in this respect (2018: £494).

# 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 £85,098 (2018: £71,396) 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 £37,986 (2018: £36,673). At the year end Port St Mary owed Central Government £24 (2018: £2,941) in respect of costs incurred and £767 was due from Central Government (2018: £35,446 owed) in respect of excess deficiency monies received or paid 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 £60,070 (2018: £54,066) in respect of administration charges and repairs. Within debtors is an amount of £2,106 (2018: £3,520) due to Port St Mary Commissioners and within creditors is an amount of £98 (2018: £959) due by Port St Mary Commissioners. During the year, Marashen Crescent was charged £49,930 (2018: £49,108) by Port St Mary Commissioners in respect of rates. No amounts were outstanding at either 31 March 2018 or 2019.

During the year, Southern Civic Amenity Site was charged £18,000 (2018: £19,600) in respect of administration charges and repairs. In addition, £17,651 was received in respect of amenity site rental (2018: £17,651). Port St Mary Commissioners have paid £30,438 (2018: £29,540) in respect of amenity site costs and other costs for the year. Within debtors is an amount of £11,872 (2018: £5,403) due to Port St Mary Commissioners in this respect and within creditors is an amount of £207 (2018: £398) due by Port St Mary Commissioners.

During the year, Castletown & Malew Elderly Persons Housing Committee was charged £10,144 and £20,851 (2018: £Nil) by Port St Mary Commissioners in respect of housing administration charges and other costs respectively. No amounts were outstanding at either 31 March 2018 or 2019. In addition rents were collect by Port St Mary Commissioners on their behalf totalling £63,337 (2018: £Nil). This agreement to provide services started on 1 October 2018.

During the year, Port St Mary Commissioners was charged £28,680 (2018: £26,014) by Manx Utilities Authority in respect of electricity charges. No amounts was outstanding at 2019 (2018: £2,941).

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 £236 of refuse costs (2018: £168) to Cornerhouse Coffeeshop which is owned by Andrew Phair, a Commissioner. At the year end an amount of £Nil (2018: £101) 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:

	2019	2018
	£	£
Depreciation, impairment & revaluation losses for non-current assets	701,301	401,727
Release of deferred liability	(26,521)	(603)
(Decrease)/increase in creditors	(105,150)	122,106
Decrease/(increase) in debtors	50,776	(37,182)
Financing activities	168,586	161,385
Difference between FRS102 pension cost and contributions paid	35,000	38,000
	<u>823,992</u>	<u>685,433</u>

### 12. Cash flow statement – Investing activities

	2019	2018
	£	£
Purchase of fixed assets	(51,111)	(178,620)
	<u>(51,111)</u>	<u>(178,620)</u>

### 13. Cash flow statement – Financing activities

	2019	2018
	£	£
Cash receipts from short-term and long-term borrowing	51,766	-
Repayments of short-term and long-term borrowing	(265,432)	(258,407)
Decrease in short term deposits	46,980	79,975
Loan interest paid	(168,720)	(161,423)
Interest received	307	38
	<u>(335,099)</u>	<u>(339,817)</u>

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

	2019	2018
	£	£
Cash at Bank and in hand	176,029	96,920
Short term deposits	-	46,980
	<u>176,029</u>	<u>143,900</u>
Cash at bank per Balance Sheet	176,029	143,900
Short term deposits	-	(46,980)
	<u>176,029</u>	<u>96,920</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 £7,500 (2018: £7,300).

### 16. Total rateable value

The total rateable value of the Village at 31 March 2019 is £143,932 (2018: £143,890) at the year end with a 331p rate being charged (2018: 315p).

### 17. Post employment benefits

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

A comprehensive actuarial valuation of the Local Government Superannuation Scheme, using the projected unit credit method, was carried out at 31 March 2019 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	<b>31 March 2019</b>	<b>31 March 2018</b>
Rate of increase in salaries	3.25%	3.20%
Rate of increase in pensions	2.45%	2.40%
Rate for discounting scheme liabilities	2.40%	2.60%

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:

	<b>31 March 2019</b>
	<b>Years</b>
Longevity at the age of 65 for current pensioners	
• Men	<b>20.5</b>
• Women	<b>23.1</b>
Longevity at the age of 65 for future pensioners	
• Men	<b>22.2</b>
• Women	<b>25.7</b>

# 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 2018	1,528,000	2,202,000	674,000
Benefits paid	(34,000)	(34,000)	-
Plan participants contributions	15,000	15,000	-
Employer contributions	61,000	-	(61,000)
Current service cost	(5,000)	74,000	79,000
Interest income/(expense)	40,000	57,000	17,000
Remeasurement gains/(losses)			
• Actuarial losses	-	(22,000)	(22,000)
• Return on plan assets excluding interest income	47,000	-	(47,000)
At 31 March 2019	<u>1,652,000</u>	<u>2,292,000</u>	<u>640,000</u>

Total cost recognised as an expense:

	2019 £	2018 £
Current service cost	79,000	83,000
Interest cost	57,000	54,000
	<u>136,000</u>	<u>137,000</u>

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

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

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

	2019 £	2018 £
Interest income	40,000	37,000
Return on plan assets less interest income	47,000	(2,000)
Total return on plan assets	<u>87,000</u>	<u>35,000</u>

# 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:

	<b>31 March 2019</b>	31 March 2018
	<b>£</b>	£
Rebuild schemes	<b>Nil</b>	<b>8,704</b>

# Port St. Mary Village Commissioners

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

	2019 £	2019 £	2018 £	2018 £
<b>Administration and general purposes</b>				
Salaries, office wages, NIC etc	125,351		146,014	
Contract personnel costs	34,738		26,617	
Manual wages	13		979	
Audit fees	8,286		8,012	
Accountancy	14,393		13,729	
Internal audit	3,100		3,150	
Legal and professional costs	10,162		13,148	
Printing and stationery	3,564		1,953	
Photocopying	2,234		2,236	
Staff training	3,247		1,166	
Incidentals	415		-	
Election expenses	3,682		2,990	
Memberships and subscriptions	270		320	
Bank charges	1,988		3,381	
Attendance allowance	5,023		5,686	
Computer charges	4,427		5,808	
Office running costs	13,528		11,999	
Telephone	5,239		4,527	
Donations	-		300	
Civic events	6,546		3,959	
Rate collection costs	5,090		4,908	
	<u>                    </u>	<b>251,296</b>	<u>                    </u>	260,882
Less: Income				
Housing administration fee	31,357		30,415	
C&M EPH administration fee	10,144		-	
Marashen EPH administration fee	30,493		29,632	
Amenity site administration fee	18,000		18,000	
Search fees	4,100		3,400	
Rates surfeit	3,519		3,220	
Incidentals	600		65	
	<u>                    </u>	<b>(98,213)</b>	<u>                    </u>	<b>(84,732)</b>
		<u>                    </u>		<u>                    </u>
		<b>153,083</b>		<b>176,150</b>
		<u>                    </u>		<u>                    </u>
<b>Direct labour – Central costs</b>				
Manual workers – holiday, unallocated, supervising etc		25,665		30,138
Manual workers – sick pay		7,034		3,572
Vehicle costs, fuel and depreciation		12,481		20,319
Vehicles – wages		607		1,575
		<u>                    </u>		<u>                    </u>
		<b>45,787</b>		<b>55,604</b>
		<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 2019

	2019 £	2019 £	2018 £	2018 £
<b>Property</b>				
Depreciation	59,077		55,038	
Insurance	15,981		12,186	
Town Hall costs (maintenance, heat, light, & rates)	16,481		12,366	
Town Hall maintenance wages	8,222		3,983	
Manxonia House running costs	2,747		5,580	
Store	5,949		16,800	
Store – wages	1,266		687	
	<u>109,723</u>		<u>106,640</u>	
Less: Income				
Town Hall hire	10,279		9,620	
Mast income	9,607		9,249	
Rent – garages	11,529		11,506	
Rent – other	8,354	(39,769)	6,820	(37,195)
		<u>69,954</u>		<u>69,445</u>
<b>Refuse</b>				
Wages	15,272		33,969	
Refuse expenses	54,839		72,205	
Vehicle Expenses	15,661		10,847	
Refuse bins	758		2,313	
Amenity site costs	28,664		29,540	
Refuse sacks and misc	1,370		5	
		<u>116,564</u>		<u>148,879</u>
Less: Income				
Collection of refuse	13,434		12,066	
Amenity site lease rental	17,651		17,651	
		<u>(31,085)</u>		<u>(29,717)</u>
		<u>85,479</u>		<u>119,162</u>

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# Port St. Mary Village Commissioners

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

	2019 £	2019 £	2018 £	2018 £
<b>Public Works</b>				
Street lighting		24,227		20,942
Street lighting - depreciation		9,052		9,052
Street lighting - wages		56		1,517
		<u>33,335</u>		<u>31,511</u>
<b>Street cleaning and car parks</b>				
Street cleaning – and maintenance of footpaths		10,713		3,163
Street cleaning - wages		23,252		25,669
Car parks		217		130
		<u>34,182</u>		<u>28,962</u>
<b>Public conveniences</b>				
Wages		3,960		3,336
General expenses		3,305		3,476
		<u>7,265</u>		<u>6,812</u>
<b>Parks and Leisure</b>				
Maintenance	4,960		4,336	
Misc. inc rates & insurance	689		661	
		<u>5,649</u>		<u>4,997</u>
Less: Income				
Fees – golf	1,000		1,000	
Rents	15,750		15,750	
		<u>(16,750)</u>		<u>(16,750)</u>
		<u>(11,101)</u>		<u>(11,753)</u>
<b>Maintenance of public areas</b>				
Gardening & bedding plants		22,115		25,357
		<u>22,115</u>		<u>25,357</u>

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# Port St. Mary Village Commissioners

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

	2019 £	2019 £	2018 £	2018 £
<b>Public Amenities</b>				
Annual contribution to Southern Local Authority				
Swimming Pool		3,598		3,602
Memorials		2,702		3,842
Memorial - wages		1,474		1,028
Outdoor seating		534		1,955
Outdoor seating – wages		6,396		8,893
Playground equipment		2,451		553
Playground – wages		1,806		1,058
Christmas tree		2,629		2,388
Christmas tree – wages		896		1,282
Signage		968		466
Chapel Beach – cleaning & bathing raft		992		142
Miscellaneous		3		2,435
Depreciation - Anchor		1,010		1,010
		<u>25,459</u>		<u>28,654</u>
<b>Less: Income</b>				
Memorial seats subscriptions		(747)		(949)
Release of deferred income		(26,521)		(603)
PSM recharges		(4,788)		-
		<u>(6,597)</u>		<u>27,102</u>
<b>Guides and general advertising</b>				
Plaques and flags		286		109
Flags – wages		1,392		804
		<u>1,678</u>		<u>913</u>
<b>Bad Debt provision</b>		<b>3,109</b>		1,377
<b>Bad Debt write off</b>		<b>(168)</b>		301

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