

# **Castletown Town Commissioners**

## **Statement of Accounts**

**For the year ended 31 March 2017**

# Castletown Town Commissioners

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# Castletown Town Commissioners

## Explanatory Foreword

### Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2017. It has been prepared in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006.

The individual accounts within the Statement are as follows:

The **Income and Expenditure Account** reports the net cost for the year of all functions for which the Authority is responsible and how those costs are financed from general government grants and income from local ratepayers together with commercial rents received and other income.

The **Statement of the Movement on the General Fund Balance** shows the surplus or deficit on the Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged or credited to the General Fund in determining the movement on the General Fund Balance for the year. This is the basis on which the Authority sets its rate for the year.

The **Housing Revenue Income and Expenditure Account** is an account which independently records the costs of maintaining and managing the Authority's own housing stock and how these costs are met by rent payers, Central Government subsidy and other income.

The **Statement of Movement on the Housing Revenue Account Balance** shows the surplus or deficit on the Housing Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged or credited to the Housing Account in determining the movement on the Housing Account for the year.

The **Statement of Total Recognised Gains and Losses** shows all gains and losses recognised by the Authority during the year which are not reflected in operating performance within the Income and Expenditure Account. This will include any gains or losses arising on the revaluation of fixed assets for the year together with the surplus or deficit relating to the annual measurement of the net liability to recover the cost of retirement benefits.

The **Balance Sheet** sets out the financial position of the Authority at the end of the year.

The **Cash Flow Statement** summarises the inflows and outflows of cash arising from the Authority's transactions with third parties during the year.

The **General Rate Fund** shows the transactions of the Authority as a charging authority in respect of rates income.

# Castletown Town Commissioners

## Explanatory Foreword (continued)

This section provides a summary review of performance during the year and of key areas which impact the Authority's financial position.

### **Income and Expenditure Account**

The Income and Expenditure Account covers the day to day running costs of the Authority's services, with the exception of Authority housing which is contained within the Housing Revenue Income and Expenditure Account.

Expenditure is met from the income from the General Rate Fund and other income sources such as refuse collection fees and rental income.

For the year ended 31 March 2017 the surplus for the year amounted to £132,950 (2016 deficit: £44,888). Further adjustments to these figures are made in the Statement of the Movement on the General Fund Balance as explained in the note below, in order to arrive at the General Fund Balance for the year.

### **Statement of the Movement on the General Fund Balance**

As described on page 1, this statement is the basis on which the Authority's rate is set. For the year ended 31 March 2017, the deficit amounted to £9,021 (2016 surplus: £687) therefore as at 31 March 2017 the authority had general fund reserves of £403,560 (2016: £412,581).

### **Housing Revenue Account**

The Housing Revenue Account shows the income and expenditure on Authority housing. For the year ended 31 March 2017, the surplus amounted to £148,589 (2016 surplus: £31,499). Further adjustments to these figures are made in the Statement of the Movement on the Housing Revenue Account.

### **Statement on the Movement on the Housing Revenue Account Balance**

This statement shows the deficit on the Housing Revenue Income and Expenditure Account adjusted for the additional amounts as required by Statute and non-statutory proper practices. As a surplus has been made in both 2015/16 and 2016/17, there is no deficiency requirement.

### **Capital Expenditure**

Total capital expenditure in the year (on an accruals basis) was £255,339 and was funded as follows:

Bank overdraft - £93,180

General revenue account - £70,965

Housing revenue account - £91,194

# Castletown Town Commissioners

## Explanatory Foreword (continued)

### **General Rate Fund**

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 320p (2016: 320p) in the £ with a rateable value of £250,136 (2016: £249,880) at the year end.

Total rates debtors were £28,037 (2016: £31,292) although of this amount £11,223 (2016: £16,401) was due from Treasury at the year end. Prior year rates were recovered totalling £9,123 (2016: £9,674). A provision of £14,088 (2016: £12,950) has been made in respect of doubtful rates debtors. In addition, an amount of £147 was written back (2016: £72 written off) on the Treasury rate collection system.

### **Reserves**

The Authority's general revenue reserves have reduced from £412,581 at 31 March 2016 to £403,560 at 31 March 2017.

### **Pensions Liability**

Financial Reporting Standard 17 "Retirement Benefits" (FRS17) requires the Authority to disclose certain information within its Statement of Accounts and this appears in note 26 to the Core Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Superannuation Scheme that is attributable to Castletown Town Commissioners.

This is the difference between future liabilities and assets, as valued at 31st March 2017, and amounts to £1,055,000 (2016: £1,119,000) a fall of £64,000 on the previous year. No current provision exists to meet this deficit, which will be addressed by future contributions to the Pension Fund.

This decrease is primarily as a result of actuarial gains in the year due to changes in actuarial assumptions.

# Castletown Town Commissioners

## Statement of Accounting Policies

### **Basis of preparation**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 (“the SORP”) issued by Treasury. This SORP is recognised under the Audit Act 2006 and the Accounts and Audit Regulations 2013 as representing proper accounting practices.

The SORP is based on Accounting Standards and the Urgent Issues Task Force's (UITF) Abstracts issued by the Financial Reporting Council (the ‘Standards’), except where these are inconsistent with specific statutory requirements. The SORP prescribes the accounting treatment and disclosures for all normal transactions of the authority. Where accounting treatments and disclosure requirements are not covered by the SORP, but which are covered the Standards, the requirements of the relevant standard should be followed.

The Standards upon which the SORP is based were replaced by the Financial Reporting Council for periods ending on or after 31 December 2015. The SORP has not been updated to reflect the requirements of the new standards, or those of another acceptable accounting framework such as the Code of Practice on Local Authority Accounting (modified as necessary for application to Isle of Man bodies) issued by the Chartered Institute of Public Finance & Accountancy (the “CIPFA Code”). Whilst there are measurement and presentational differences between the requirements of the SORP and those of the CIPFA code, these are not considered to be of sufficient significance such that the Statement of Accounts prepared in line with the SORP would not give a true and fair view.

Key principles of the SORP are set out below.

### **Tangible fixed assets**

#### **Recognition**

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Where such expenditure on furniture and equipment is less than a de minimis level of £1,000 it is not capitalised but is charged to revenue in the year in which it is incurred.

Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off.

#### **Valuations**

Asset valuations have been carried out in accordance with guidelines established by CIPFA and RICS and in accordance with the Statement of Recommended Practice.

Operational assets have been valued at the lower of net current replacement cost or net realisable value in existing use. In the case of vehicles, office furniture and plant and equipment, historical costs have been used as a proxy for these values; as inflation is low, prices will not vary significantly over the estimated life of the assets while the Authority depreciates them on a prudent basis using conservative estimates of working lives. As a consequence, the use of historical costs rather than values for these items will not result in a material difference in the Accounts.

# Castletown Town Commissioners

## Statement of Accounting Policies (continued)

### **Valuations**

Infrastructure assets and community assets are included in the Balance Sheet at historical cost (net of depreciation where appropriate); if this could not be ascertained, a nominal value has been used. There is no material effect on the Accounts.

Non-operational assets have been valued at the lower of net current replacement cost or net realisable value.

### **Depreciation**

Depreciation is provided on all assets with a finite useful life, other than freehold land and non operational assets. Where depreciation is provided for, assets are being depreciated over periods reflecting their estimated useful lives. The Authority has no assets subject to finance lease obligations at the year end.

### **Impairment**

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year: where values have changed materially in the period, the valuations are adjusted to reflect the change. Where a major change in asset values is due to a consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Income and Expenditure Account. Other impairments are recognised in the Revaluation Reserve.

### **Disposals**

Income from the disposal of fixed assets is accounted for on an accruals basis.

### **Government grants**

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account to match the expenditure to which they relate.

### **Accruals of income and expenditure**

The capital and revenue 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. In particular:

- Fees, charges and rents due from tenants are accounted for as income at the date the Authority provides the relevant goods or services.
- Employee costs are charged as expenditure when they are due rather than paid, including any arrears of pay or pay awards.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

# Castletown Town Commissioners

## Statement of Accounting Policies (continued)

### **Accruals of income and expenditure - continued**

- Income and expenditure are credited and debited to the relevant account, unless they properly represent capital receipts or capital expenditure. These accruals are largely based on known commitments and can be assessed accurately. Where estimates are made, they are based on historical records, precedence and officers' knowledge and experience.

### **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.

### **Overheads**

The costs of service management and support services have been fully charged or allocated to service and trading accounts either in relation to the time spent on each revenue service or capital scheme or in proportion to transactions processed for those accounts.

### **Pension costs**

Pension arrangements for Authority employees are handled by the Isle of Man Local Government Superannuation Scheme, which is a funded, defined benefit scheme. The Accounting Policies of the Scheme are those recommended by the SORP and its annual reports are prepared in accordance with the Pensions SORP.

The pension cost has been assessed by the Fund's actuary based on triennial valuations, the 2016/17 contributions being based on the results of the review as at 31 March 2016. These contributions are charged to the Accounts in accordance with statutory requirements. The financial statements have been prepared on the basis that the assets and liabilities arising from an employer's retirement benefit obligations and any related funding are reflected at fair value.

The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.



# Castletown Town Commissioners

## Statement of Accounting Policies (continued)

### Reserves

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

**General revenue account:** 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 account:** set up to hold surplus monies received from housing repairs allowance less repairs expenditure incurred.

**Housing revenue account:** set up to hold surplus monies received from housing rents less expenditure incurred.

**Usable capital receipts reserve:** these are amounts of capital receipts received to be used to finance future capital expenditure.

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

**Capital adjustment account:** these are 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.

**Pension reserve:** this is a reserve matching the liability in respect of the Commissioners' share of the Isle of Man Local Government Superannuation Scheme.

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

### Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Accounts. Material contingent assets are disclosed in notes to the Accounts if the inflow of a receipt or economic benefit is probable. Material contingent liabilities are disclosed in notes if there is a possible obligation which may require a payment or a transfer of economic benefits. The nature and estimated financial effect of each item are disclosed.

### Provisions

The Authority maintains provisions for bad and doubtful debts, which are held against its arrears of major income sources.

### Events after the balance sheet date

Post balance sheet events, whether favourable or unfavourable, that affect the conditions existing at the balance sheet date are adjusted in the Accounts and disclosures. For events occurring after the balance sheet date relating to conditions that arose after that date, adjustments are not made in the Accounts but details are disclosed in a note to the balance sheet. These principles apply up to the date when the Accounts are authorised for issue.

# Castletown Town 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 Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

### **The Responsible Finance Officer's responsibilities**

The Responsible Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP").

In preparing this Statement of Accounts, the Responsible Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the SORP.

The Responsible Finance Officer has also:

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

The Responsible Financial Officer should sign and date the statement of accounts, stating that they present fairly the financial position of the Authority at 31 March 2017 and its income and expenditure for the year ending on that date.

# Castletown Town Commissioners

## Statement of Internal Control

### Introduction

Regulation 9 of the Accounts and Audit Regulations 2013 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 Castletown Town Commissioners to the Isle of Man Government Treasury in accordance with the requirements of the Isle of Man Government's Corporate Governance Principles and Code of Conduct ("the Code").

### Responsibilities of the Board and the Responsible Financial Officer

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

The Board 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 Board.

In discharging this responsibility, the Board 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 ongoing 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.

- **board meetings**

The Board meets monthly and consists of a Chairman and 8 other Board members. The Board 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 Board.

# Castletown Town Commissioners

## Statement of Internal Control (continued)

- **comprehensive budgeting systems**
- **regular reviews of periodic and annual financial reports to evaluate financial performance against forecasts**
- **setting targets to measure financial and other performance**
- **the preparation of regular financial reports which indicate actual expenditure against the forecasts, and**
- **clearly defined capital expenditure guidelines**

### 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 Board.

The review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the Authority
- the work of the internal auditors, and
- the external auditors in their annual audit letter and other reports.

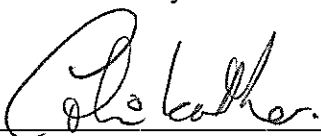
The internal auditor concluded that there was one high risk observation and a number of medium risk observations which will be considered further.

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

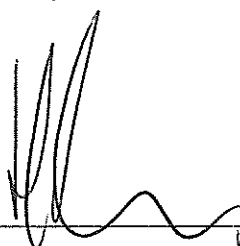
### Report on internal control and corporate governance environment

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, except for the matter listed below, the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the year ended 31 March 2017:-

- Health and safety

(Signed) 

(Chairman)

(Signed) 

(Responsible Finance Officer)

Dated 18 OCTOBER 2017

# Castletown Town Commissioners

## **INDEPENDENT AUDITOR'S REPORT TO THE COMMISSIONERS OF CASTLETOWN TOWN COMMISSIONERS**

We have audited the financial statements of Castletown Town Commissioners for the year ended 31 March 2017 which comprise the statement of accounting policies, the income and expenditure account, the statement of movement on the general fund balance, the housing revenue income and expenditure account, the statement of the movement on the housing revenue account balance, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the general rate fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP").

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

### **Respective responsibilities of Responsible Financial Officer and auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Responsible Financial Officer is responsible for the preparation of the Statement of Accounts, including the financial statements, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the authority's affairs as at 31 March 2017 and of its result for the year then ended;
- have been prepared in accordance with the requirements of the SORP; and
- have been prepared in accordance with the Accounts and Audit Regulations 2013 made under the Audit Act 2006.

# Castletown Town Commissioners

## INDEPENDENT AUDITOR'S REPORT TO THE COMMISSIONERS OF CASTLETOWN TOWN COMMISSIONERS (CONTINUED)

### Emphasis of matter - Basis of accounting

Without modifying our opinion, we draw attention to Statement of Accounting Policies in the financial statements which describes the basis of preparation. The financial statements have been prepared in accordance with the SORP, which is based on an accounting framework that is no longer extant.

### 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.



**Grant Thornton Limited**  
*Chartered Accountants*  
Douglas  
Isle of Man

Date: 30 October 2017

# Castletown Town Commissioners

## Income and Expenditure Account

For the year ended 31 March 2017

Statement of net expenditure	<i>Notes</i>	Gross Expenditure £	Gross Income £	2016/17 Net Expenditure £	2015/16 Net Expenditure £
Continuing operations:					
Office administration and general expenses		233,502	91,979	141,523	159,796
Miscellaneous properties		28,317	22,059	6,258	10,153
Sanitation		249,141	42,456	206,685	203,743
Plant and works depot		9,883	4,150	5,733	1,700
Streets and roads		41,819	21,732	20,087	1,856
Amenities, services, library, Town Hall		237,317	10,781	226,536	215,798
Southern Local Authorities Swimming Pool Board		6,246	-	6,246	6,228
Contribution towards regeneration		5,000	-	5,000	75,000
Depreciation charge for the year		98,527	-	98,527	116,011
Net current service cost of pension scheme		25,000	-	25,000	27,000
Housing Revenue Income and Expenditure Account		995,362	1,358,164	(362,802)	(280,205)
<b>Net cost of services</b>		<b>1,930,114</b>	<b>1,551,321</b>	<b>378,793</b>	<b>537,080</b>
Loss/(profit) on sale of fixed assets				621	(417)
Interest payable and finance charges				233,309	266,462
Interest and investment income				(593)	(1,973)
Pensions interest cost and return on pension assets	26			10,000	(2,000)
<b>Net operating expenditure</b>				<b>622,130</b>	<b>799,152</b>
<b>Sources of finance</b>					
Income from the General Rate Fund				(755,080)	(754,264)
<b>Surplus/(deficit) for the year</b>				<b>132,950</b>	<b>(44,888)</b>

The notes on pages 21 to 32 form part of these financial statements.

# Castletown Town Commissioners

## Statement of the Movement on the General Fund Balance for the year ended 31 March 2017

	2016/17	2015/16
	£	£
<b>Surplus/(deficit) for the year on the income and expenditure account</b>	<b>132,950</b>	<b>(44,888)</b>
<b>Amounts included in the Income and Expenditure account but required by statute to be excluded when determining the Movement on the General Fund Balance</b>		
Reversal of net charges made for retirement benefits	35,000	25,000
Depreciation charge for the year	98,527	116,011
Loss/(profit) on sale of fixed assets	621	(417)
<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year</b>		
Revenue contribution to capital assets	(70,965)	(30,758)
Capital loan repayments for the year	(56,438)	(32,292)
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		
Transfer from housing maintenance account	(127)	(470)
Transfer from/(to) housing revenue account	(148,589)	(31,499)
	<u>(9,021)</u>	<u>687</u>
General Fund Balance brought forward	412,581	411,894
<b>General Fund Balance carried forward</b>	<b><u>403,560</u></b>	<b><u>412,581</u></b>

The notes on pages 21 to 32 form part of these financial statements.



# Castletown Town Commissioners

## Housing Revenue Income and Expenditure Account for the year ended 31 March 2017

	2016/17	2016/17	2015/16	2015/16
	£	£	£	£
<b>Income</b>				
Dwelling rents and rates		1,358,164		1,321,377
<b>Expenditure</b>				
Repairs and maintenance	139,962		164,002	
Rates	188,662		178,065	
Insurance and computer costs	20,766		19,810	
Administration allowance	63,849		62,829	
Legal and professional	-		5,000	
Depreciation charge for the year	581,446		611,466	
Loss on sale of fixed assets	677		-	
		<u>(995,362)</u>		<u>(1,041,172)</u>
<b>Surplus for the year on the Housing revenue income and expenditure account before interest</b>		<b>362,802</b>		<b>280,205</b>
Interest payable and similar charges		<u>(214,213)</u>		<u>(248,706)</u>
<b>Surplus for the year on the Housing revenue income and expenditure account</b>		<b><u>148,589</u></b>		<b><u>31,499</u></b>

The notes on pages 21 to 32 form part of these financial statements.

# Castletown Town Commissioners

## Statement of the Movement on the Housing Revenue Account Balance for the year ended 31 March 2017

	<i>Notes</i>	2016/17 £	2015/16 £
<b>Surplus for the year on the HRA income and expenditure account</b>		<b>148,589</b>	<b>31,499</b>
<b>Amounts included in the Housing Revenue Income and Expenditure account but required by statute to be excluded when determining the Movement on the Housing Revenue Account Balance</b>			
Loss on disposal of assets		677	-
Depreciation charge for the year		581,446	611,466
<b>Amounts not included in the Housing Revenue Income and Expenditure Account but required by statute to be included when determining the Movement on the Housing Revenue Account Balance for the year</b>			
Contribution towards capital assets		(91,194)	(15,129)
Capital loan repayments		(371,351)	(319,313)
Surplus for the year before transfers to reserves		<u>268,167</u>	<u>308,523</u>
<b>Transfers to or from the Housing Revenue Account Balance that are required to be taken into account when determining the Movement on the Housing Revenue Account Balance for the year</b>			
Transfers (to)/from housing maintenance account		(34,816)	(81,619)
Transfers from capital adjustment account		-	(540,347)
Housing Revenue Account Balance brought forward		<u>233,351</u> 79,348	<u>(313,443)</u> 392,791
<b>Housing Revenue Account Balance carried forward</b>		<u><u>312,699</u></u>	<u><u>79,348</u></u>

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2017

		2016/17 £	2015/16 £
<b>Surplus/(deficit) on the income and expenditure account for the year</b>		<b>132,950</b>	<b>(44,888)</b>
Actuarial gains on Pension Fund Assets and Liabilities	26	99,000	73,000
Revaluation in the year		-	2,750,153
<b>Total recognised gains and losses for the year</b>		<u><u>231,950</u></u>	<u><u>2,778,265</u></u>

The notes on pages 21 to 32 form part of these financial statements.

# Castletown Town Commissioners

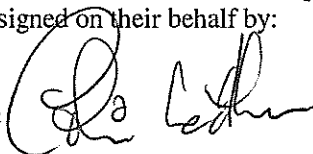
## Balance Sheet

As at 31 March 2017

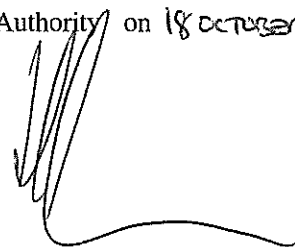
	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	1 + 2	34,768,144	35,198,921
Chains of office		-	654
		<u>34,768,144</u>	<u>35,199,575</u>
<b>Current assets</b>			
Debtors	5	56,753	59,083
Cash at bank and short term investments	6	1,139,522	1,063,379
		<u>1,196,275</u>	<u>1,122,462</u>
<b>Current liabilities</b>			
Bank overdraft		(9,179)	(35,355)
Short-term borrowing	11	(439,845)	(427,789)
Creditors	7	(78,527)	(150,130)
		<u>(527,551)</u>	<u>(613,274)</u>
<b>Net current assets/(liabilities)</b>		<b>668,724</b>	<b>509,188</b>
		<u>668,724</u>	<u>509,188</u>
<b>Total assets less current liabilities</b>		<b>35,436,868</b>	<b>35,708,763</b>
		<u>35,436,868</u>	<u>35,708,763</u>
<b>Long-term liabilities</b>			
Liability relating to defined benefit pension scheme	26	(1,055,000)	(1,119,000)
Long-term borrowing	11	(4,567,026)	(5,006,871)
		<u>(5,622,026)</u>	<u>(6,125,871)</u>
<b>Total assets less liabilities</b>		<b>29,814,842</b>	<b>29,582,892</b>
		<u>29,814,842</u>	<u>29,582,892</u>
<b>Financed by:</b>			
Revaluation reserve	9	20,651,054	21,032,924
Accumulated surpluses	9	1,052,684	793,409
Pensions reserve	9/26	(1,055,000)	(1,119,000)
Usable capital receipts	9	131,494	131,494
Capital adjustment account	9	9,034,610	8,744,065
		<u>29,814,842</u>	<u>29,582,892</u>

The financial statements were approved and authorised for issue by the Authority on 18 October 2017 and were signed on their behalf by:

Chairman



Responsible Finance Officer



The notes on pages 21 to 32 form part of these financial statements

# Castletown Town Commissioners

## Cash Flow Statement for the year ended 31 March 2017

<b>Revenue activities</b>	£	2016/17 £	£	2015/16 £
<b>Cash outflows</b>				
Cash paid to and on behalf of employees	(377,042)		(379,940)	
Other operating cash payments	(769,845)		(887,223)	
		<u>(1,146,887)</u>		<u>(1,267,163)</u>
<b>Cash inflows</b>				
Rents	1,365,527		1,313,261	
Rate receipts	750,542		755,105	
Other operating cash receipts	110,112	<u>2,226,181</u>	<u>131,089</u>	<u>2,199,455</u>
<b>Net cash inflow from revenue activities</b>		<u>1,079,294</u>		<u>932,292</u>
<b>Returns on Investments and servicing of finance</b>				
<b>Cash outflows</b>				
Interest paid	(235,841)		(261,487)	
<b>Cash inflows</b>				
Interest received	593		1,973	
		<u>(235,248)</u>		<u>(259,514)</u>
<b>Capital activities</b>				
<b>Cash outflows</b>				
Purchase of fixed assets	(319,438)		(189,208)	
<b>Cash inflows</b>				
Proceeds on sale of fixed assets	5,500		416	
		<u>(313,938)</u>		<u>(188,792)</u>
<b>Net cash inflow/(outflow before financing)</b>		<u>530,108</u>		<u>483,986</u>
<b>Financing</b>				
<b>Cash inflows</b>				
Bank borrowings	-		900,000	
<b>Financing</b>				
<b>Cash outflows</b>				
Repayments of amounts borrowed	(427,789)		(351,605)	
		<u>(427,789)</u>		<u>548,395</u>
		<u>(427,789)</u>		<u>548,395</u>
<b>Net increase in cash</b>		<u>102,319</u>		<u>1,032,381</u>

The notes on pages 21 to 32 form part of these financial statements

# Castletown Town Commissioners

## Notes to the Cash Flow Statement for the year ended 31 March 2017

### 1. Reconciliation of net surplus/(deficit) to net cash inflow from revenue activities

	2016/17	2015/16
	£	£
Net surplus/(deficit) for the year on general fund income and expenditure account	132,950	(44,888)
Depreciation	679,972	727,477
Interest paid	235,841	261,487
Interest received	(593)	(1,973)
Pension appropriation	35,000	25,000
Loss/(profit) on sale of fixed assets	1,298	(416)
(Increase)/decrease in debtors	2,330	(6,614)
(Decrease) in creditors	(7,504)	(27,781)
Net cash inflow from revenue activities	<u>1,079,294</u>	<u>932,292</u>

### 2. Reconciliation of the movement in net debt

	2016/17	2015/16
	£	£
Net debt at 1 April	(4,406,636)	(4,890,622)
Movement in net debt:		
Increase in cash in the period (Inflow)/outflow from decrease/increase in debt financing	102,319	1,032,381
	<u>427,789</u>	<u>530,108</u>
Net debt at 31 March	<u>(3,876,528)</u>	<u>(4,406,636)</u>

### 3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2016	Cash movement	Non Cash Movements	Balance at 31 March 2017
	£	£	£	£
Cash in hand	1,063,379	76,143	-	1,139,522
Overdraft	(35,355)	26,176	-	(9,179)
	<u>1,028,024</u>	<u>102,319</u>	<u>-</u>	<u>1,130,343</u>
Net debt:				
Due within one year	(427,789)	427,789	(439,845)	(439,845)
Due after one year	(5,006,871)	-	439,845	(4,567,026)
Total net debt	<u>(4,406,636)</u>	<u>530,108</u>	<u>-</u>	<u>(3,876,528)</u>

# Castletown Town Commissioners

## General Rate Fund

as at 31 March 2017

	2017		2016
	£	£	£
Total rates levied for the year	800,107		798,660
<i>Add:</i>			
Due from Treasury re prior year	16,401		23,495
Arrears brought forward	14,891		16,873
	<u>31,292</u>		<u>40,368</u>
	831,399		839,028
<i>Less:</i>			
Discounts	(30,997)		(31,524)
Exempt and unoccupied properties	(14,029)		(12,873)
Collection charge	(7,941)		(8,162)
	<u>(52,967)</u>		<u>(52,559)</u>
Rates written (off)/back	147		(72)
	<u>778,579</u>		<u>786,397</u>
<b>Total rates collectable</b>	<b><u>778,579</u></b>		<b><u>786,397</u></b>
Rates received in the year:			
Current year rates	725,018		721,937
Arrears collected	9,123		9,674
Balance from Treasury re previous year	16,401		23,494
	<u>750,542</u>		<u>755,105</u>
<b>Total rates received in the year</b>	<b><u>750,542</u></b>		<b><u>755,105</u></b>
<b>Balances outstanding carried forward:</b>			
Due from Treasury re current year	11,223		16,401
Arrears - current year	10,898		7,764
- previous years	5,916		7,127
	<u>28,037</u>		<u>31,292</u>
	<u>778,579</u>		<u>786,397</u>

# Castletown Town Commissioners

## Notes to the financial statements

(forming part of the financial statements for the year ended 31 March 2017)

### 1. Tangible fixed assets

	Land and Buildings £	Street Lighting £	Office Furniture £	Motor Vehicles Plant and Equipment £	Total £
<b>Cost/Value</b>					
At 1 April 2016	34,991,821	299,792	31,128	240,791	35,563,532
Additions in the year	237,045	11,444	-	6,850	255,339
Disposal	-	-	-	(10,295)	(10,295)
<b>At 31 March 2017</b>	<b>35,228,866</b>	<b>311,236</b>	<b>31,128</b>	<b>237,346</b>	<b>35,808,576</b>
<b>Depreciation</b>					
At 1 April 2016	-	134,650	17,893	212,068	364,611
Charge for the year	640,327	20,749	3,797	15,066	679,939
Disposal	-	-	-	(4,118)	(4,118)
<b>At 31 March 2017</b>	<b>640,327</b>	<b>155,399</b>	<b>21,690</b>	<b>223,016</b>	<b>1,040,432</b>
<b>Net book value</b>					
<b>At 31 March 2017</b>	<b>34,588,539</b>	<b>155,837</b>	<b>9,438</b>	<b>14,330</b>	<b>34,768,144</b>
At 31 March 2016	34,991,821	165,142	13,235	28,723	35,198,921

### Valuation of fixed assets

The Authority plans to revalue its fixed assets every five years. Valuations were carried out by Chrystals Commercial Chartered Surveyors, the Authority's external Valuer as at 31 March 2016. The basis for valuation is set out in the statement of accounting policies. Assets were valued at that date as follows:

	Non operational property £	Dwellings £	Other land and buildings £	Total £
Valued at historic cost	-	87,769	356,097	443,866
Net current replacement cost	282,000	30,394,000	4,109,000	34,785,000
	<u>282,000</u>	<u>30,481,769</u>	<u>4,465,097</u>	<u>35,228,866</u>

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 1. Tangible fixed assets - continued

#### Depreciation methodologies

Depreciation is provided on all assets with a finite useful life, other than freehold land and non operational assets. Depreciation is calculated on Balance Sheet values over periods reflecting the following estimated useful lives:

Property and Dwellings (including associated Housing Revenue Account assets) – 2.5% per annum on a straight line basis

Social Housing improvements – over 10 to 15 years straight line basis

Plant and equipment – over 5 years straight line basis

Motor vehicles – over 5 years straight line basis

Street lighting – over 15 years straight line basis

Office furniture – over 5 years straight line basis

### 2. Assets held

	Number at 31 March 2016	Changes 2016/17	Number at 31 March 2017
<b>Operational assets</b>			
<b>Dwellings</b>	258	-	258
<b>Other Land and Buildings</b>			
Car parks	5	-	5
Depots	2	-	2
Public Conveniences	2	(1)	1
Town Halls	1	-	1
Parks and open spaces	1	-	1
<b>Vehicles, Plant and Equipment</b>			
Vehicles	8	(1)	7
<b>Community Assets</b>			
Parks and open spaces	5	-	5
<b>Non-Operational assets</b>			
Garages (general fund)	32	-	32
Recreational properties	1	-	1
Parks and open spaces	1	-	1

For the purposes of this reconciliation, certain types of assets have been amalgamated and classed as one asset. The authority also owns a number of street lights which are classified as infrastructure assets.

There are a number of small pieces of land which, per the valuation, have a nominal value and therefore have not been separately disclosed in the reconciliation above.

The disposal regarding public conveniences reflects the change in location of the public conveniences which are now included within the Civic Centre complex.



# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 3. Capital expenditure and financing

	2016/17 £	2015/16 £
<b>Capital investment</b>		
Operational assets	243,895	246,466
Infrastructure	11,444	6,841
	<u>255,339</u>	<u>253,307</u>
<b>Sources of finance</b>		
	£	£
Isle of Man bank overdraft	93,180	207,420
Contribution from general revenue account	70,965	30,758
Housing revenue account	91,194	15,129
	<u>255,339</u>	<u>253,307</u>

### 4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2017 are listed below:

	31 March 2017 £	31 March 2016 £
Civic centre	-	92,864
	<u>-</u>	<u>92,864</u>

### 5. Debtors

	2017 £	2016 £
Amounts falling due in one year:		
Government departments	187	5
Rates	13,948	18,342
Housing rents	4,936	7,051
Sundry debtors and prepayments	28,621	14,310
Value Added Tax	9,061	19,375
	<u>56,753</u>	<u>59,083</u>

The above debtors are reported net of doubtful debt provisions as detailed in note 8.

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 6. Cash

The cash in hand figure (including short term investments) at 31 March 2017 was £1,139,522 (2016: £1,063,379). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 18 to 19.

### 7. Creditors

	2017 £	2016 £
Housing rents	4,728	3,094
Trade creditors	16,762	13,321
Sundry creditors and accruals	57,037	133,715
	<u>78,527</u>	<u>150,130</u>

### 8. Provisions

The Authority has provided against trade debtors of £192 (2016: £192) and doubtful debts of £14,088 in respect of rates arrears (2016: £12,950). An amount of £147 was written back in respect of general rates (2016: £72 written off) and was adjusted by Treasury systems.

### 9. Capital reserves and accounts

	Pension reserve £	Usable capital receipts £	Revaluation reserve £	Capital adjustment account £
Balance at 1 April 2016	(1,119,000)	131,494	21,032,924	8,744,065
Depreciation charge	-	-	(381,870)	290,545
Movement in the year	64,000	-	-	-
Transfer from other reserves	-	-	-	-
	<u>(1,055,000)</u>	<u>131,494</u>	<u>20,651,054</u>	<u>9,034,610</u>
Balance at 31 March 2017	<u>(1,055,000)</u>	<u>131,494</u>	<u>20,651,054</u>	<u>9,034,610</u>

### Accumulated surpluses

	Housing revenue Account £	Housing maintenance Account £	General revenue account £	Total £
Balance at 1 April 2016	79,348	301,480	412,581	793,409
Net surplus/(deficit) for year	233,351	34,945	(9,021)	259,275
Transfer from/(to) other reserves	-	-	-	-
	<u>312,699</u>	<u>336,425</u>	<u>403,560</u>	<u>1,052,684</u>
Balance at 31 March 2017	<u>312,699</u>	<u>336,425</u>	<u>403,560</u>	<u>1,052,684</u>

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 10. Analysis of net assets employed

	2017	2016
	£	£
General revenue account	3,676,314	3,593,546
Housing revenue account	26,138,528	25,989,346
	<u>29,814,842</u>	<u>29,582,892</u>

### 11. Borrowings

Loans outstanding are the amounts borrowed from external lenders at the balance sheet date. They may be analysed as follows:

	2017	2016
	£	£
Analysis of loans by type:		
Bank Loans	<u>5,006,871</u>	<u>5,434,660</u>
Analysis of overdraft and loans by maturity:		
Less than 1 year	439,845	427,789
Between 1 and 2 years	444,749	439,845
Between 2 and 5 years	1,387,319	1,363,990
Between 5 and 10 years	1,405,052	1,732,975
More than 10 years	<u>1,329,906</u>	<u>1,470,061</u>
Total outstanding	<u>5,006,871</u>	<u>5,434,660</u>

In prior years, the authority has taken out IOM Bank Loan finance to fund long term capital projects. Each of these loans are unsecured, repayable in instalments over a period of between 10 and 30 years. The majority are fixed term loans where interest charged on these loans varies between 4.61% and 6.05%. The authority also has a variable rate loan, interest being charged at 1.25% above 3 month LIBOR.

In the prior year, the authority has taken out HSBC Bank Loan finance to fund long term capital projects. Each of these loans are unsecured, repayable in instalments over a period of between 10 and 30 years. The loans are variable rate term loans where interest charged at 0.95% above 3 month LIBOR.

Any monies borrowed on temporary overdraft facilities incurs interest at 0.95% above base rate.

Such loans have been sanctioned on a loan by loan basis by both Treasury and the Department of Infrastructure and/or the Department of Social Care and are secured by way of a Letter of Comfort issued by Treasury.

### 12. Contingent liabilities

The Commissioners have a contingent liability in respect of potential work necessary to rectify a situation at the Works Depot site. It is believed that this site is contaminated and that work may be required to make good this situation. At this time, the Commissioners have no legal or constructive obligation to carry out this work. No realistic estimate of such costs or the timescale of work is currently available but it is anticipated that this information will be available following a risk assessment to be carried out shortly, subsequent to the approval of these financial statements.

# Castletown Town Commissioners

## Notes to the financial statements (continued)

*(forming part of the financial statements for the year ended 31 March 2017)*

### 13. Members' allowances

During 2016/17 the Authority paid £4,670 (2015/16:£ 5,540) to its Members in respect of their attendance at meetings, undertaking duties and responsibilities.

### 14. Employees' remuneration

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

Remuneration Band	Total	2016/17 Number of Employees Leavers in year	Total	2015/16 Number of Employees Leavers in year
£50,000 - £74,999	2	0	2	1

### 15. 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, Castletown & Malew Elderly Persons Housing Board was charged £8,215 by Castletown Town Commissioners (2016: £7,596) in respect of administration charges. There is a balance owing of £619 (2016: £Nil) to Castletown Town Commissioners in this respect.

During the year, Castletown Town Commissioners paid £6,246 (2016: £6,228) in respect of Swimming Pool Contributions to the Southern Local Authorities Swimming Pool Board. They also paid £49,776 (2016: £44,078) in respect of refuse expenses to the Southern Civic Amenity Site Board.

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

During the prior year, in addition to salary, the Commissioners made an ex-gratia payment of £10,000 to the outgoing Clerk in lieu of pension contributions.

In addition £5,000 (2016: £75,000) was paid to the Isle of Man Government Department of Infrastructure towards regeneration works in the town.

# Castletown Town Commissioners

## Notes to the financial statements (continued)

*(forming part of the financial statements for the year ended 31 March 2017)*

### 16. Audit fees

During 2016/17 the Authority incurred the following fees relating to external audit and inspection:

	2016/17	2015/16
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	8,435	8,250

### 17. Total rateable value

The total rateable value of the Town at 31 March 2017 is £250,136 (2016: £249,880) at the year-end with a 320p rate being charged (2016: 320p).

### 18. Statement of Movement on the General Fund Balance

The Income and Expenditure account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority raises rates on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as the amounts become payable to pension funds and pensioners, rather than as future benefits earned.

The General Fund Balance compares the Authority's spending against the rateable income that it raised for the year, taking into account the use of reserves built up in the past and contributions to funds and reserves. This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 19. Housing fixed assets

	Dwellings £
<b>Gross valuation</b>	
At 31 March 2016	30,394,000
Additions in the year	87,769
Revaluation in the year	-
	<hr/>
<b>At 31 March 2017</b>	<b>30,481,769</b>
	<hr/> <hr/>
<b>Depreciation</b>	
At 31 March 2016	-
Charge for the year	578,702
Disposals in the year	-
	<hr/>
<b>At 31 March 2017</b>	<b>578,702</b>
	<hr/> <hr/>
<b>Net Book Value</b>	
At 31 March 2017	29,903,067
	<hr/> <hr/>
At 31 March 2016	30,394,000
	<hr/> <hr/>

The authority's social housing dwellings were revalued as at 31 March 2016 on a basis that reflects their use for social housing.

The vacant possession value of dwellings at 31 March 2016 was £45,591,000 compared to the balance sheet value of £30,394,000.

The difference in value at each date represents the economic cost to the Government of providing social housing at less than open market rents. No charges for impairment were necessary. Depreciation is charged on these assets in accordance with the methodologies in note 1.

### 20. HRA capital expenditure

Capital expenditure on HRA land and buildings was financed as follows:

	2016/17 £	2015/16 £
Bank loans	-	-
Housing revenue account	87,769	5,434
	<hr/>	<hr/>
	<b>87,769</b>	<b>5,434</b>
	<hr/> <hr/>	<hr/> <hr/>

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 21. Housing maintenance account

	2016/17	2015/16
	£	£
Balance at 1 April 2016	301,480	219,389
Underspend in year transferred to reserve	34,816	81,620
Interest received	129	471
	<u>336,425</u>	<u>301,480</u>

### 22. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids of £15,001 (2016: £11,010), represent 1.27% of the rental debit for the year, compared to 0.83% in 2015/16.

### 23. Housing deficiency grant

As a housing surplus has been made in the last two years, no deficiency grant is required.

### 24. Housing stock

The housing stock of dwellings at 31 March was made up as follows:

	2016/17	2015/16
	No's	No's
Houses and bungalows	222	222
Flats and maisonettes	36	36
	<u>258</u>	<u>258</u>

There were no additions to the housing stock during 2016/17.

### 25. Rent arrears

	2016/17	2015/16
	£	£
Rent arrears	4,936	7,051
	<u>4,936</u>	<u>7,051</u>
Rent arrears as a percentage of gross rent income	0.42%	0.53%
	<u>0.42%</u>	<u>0.53%</u>

Arrears written off during the year amounted to £Nil (£Nil in 2015/16).

### 26. Pensions

As part of the terms and conditions of employment of its employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make these payments. The Authority participates in the Isle of Man Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2012. This is a defined benefit statutory scheme. 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.

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 26. Pensions (continued)

During the financial year the cost of pensions contribution's of £66,000, (2016: £52,000) has been charged to the Income and Expenditure Account. The Authority must also disclose its share of the assets and liabilities related to the scheme for its employees.

The assets and liabilities of the Scheme as at 31 March 2017 were valued by the Fund's actuaries, Hymans Robertson, using the projected unit method, which assesses the future liabilities of the Scheme discounted to their present value. The main financial assumptions used in the calculations are:

Assumptions	31 March 2017 % per annum	31 March 2016 % per annum
Rate of increase in salaries	3.2%	3.6%
Rate of increase in pensions	2.4%	2.1%
Rate for discounting scheme liabilities	2.5%	3.4%
Rate of expected return on assets	2.5%	3.4%

The actuary has also adopted a set of demographic assumptions that are consistent with those used for the Pension Scheme at the last triennial valuation on 31st March 2016.

The actuary used this valuation as the basis for the calculations. 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 fair value of the assets and liabilities held by the Authority within the Scheme are as follows:

	31 March 2017 £	31 March 2016 £
Estimated employer assets	2,608,000	2,257,000
Present value of scheme liabilities	(3,663,000)	(3,376,000)
Net pensions liability	<u>(1,055,000)</u>	<u>(1,119,000)</u>

The fair value of the pension scheme assets at 31 March can be analysed as follows:-

	31 March 2017 £	31 March 2016 £
Equities	1,491,000	1,287,000
Bonds	681,000	609,000
Property	344,000	361,000
Cash	92,000	-
Estimated employer assets	<u>2,608,000</u>	<u>2,257,000</u>



# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

### 26. Pensions (continued)

The following transactions have been made in the income and expenditure account during the year:

	2016/17 £	2015/16 £
<b>Net cost of service</b>		
Current service cost	91,000	79,000
<b>Net operating expenditure</b>		
Interest cost	114,000	108,000
Expected return on employer assets	(104,000)	(110,000)
<b>Actual amount charged against rate income for LGPS contributions in the year</b>		
Employers contributions payable to the Scheme	(66,000)	(52,000)

The net deficit on the scheme has decreased from £1,119,000 to £1,055,000. An analysis of the movement during the year is shown below:

	2016/17 £	2015/16 £
<b>Net pension liability at the beginning of the year</b>	(1,119,000)	(1,167,000)
Current service cost	(91,000)	(79,000)
Employer contributions	66,000	52,000
Expected net return on employer assets	(10,000)	2,000
Actuarial gains/(losses)	99,000	73,000
<b>Net pension liability at the end of the year</b>	<u>(1,055,000)</u>	<u>(1,119,000)</u>

The actuarial gains have been further analysed in the following table, measured as absolute amounts and as a percentage of assets or liabilities as at the end of the financial year:

	2016/17		2015/16	
	£	Actuarial gain/loss as % of assets/ liabilities	£	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	2,608,000		2,257,000	
Total present value of liabilities	(3,663,000)		(3,376,000)	
Difference between the actual and expected return on assets	279,000	10.70%	119,000	5.27%
Actuarial gains/ (losses) recognised in the statement	99,000	2.70%	73,000	2.16%

# Castletown Town Commissioners

## Notes to the financial statements (continued)

*(forming part of the financial statements for the year ended 31 March 2017)*

### 26. Pensions (continued)

The breakdown of the expected return on net assets can be further broken down by category;

	<b>31 March 2017</b>	31 March 2016
	£	£
<b>Breakdown of the expected return on assets by category</b>		
Equities	<b>5.7%</b>	5.6%
Bonds	<b>2.0%</b>	3.0%
Property	<b>3.7%</b>	3.8%
Cash	<b>2.5%</b>	2.5%

The above figures have been provided by the actuaries to the Isle of Man Government Local Superannuation Scheme using information provided by the Scheme, and assumptions determined by the Authority in conjunction with the actuary. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations could be affected by uncertainties within a range of possible values.

The net liability represents the difference between the value of the Authority's share of assets in the Scheme and the value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in the global equity markets after 1 April 2017 would also have an impact on the capital value of the pension fund assets.

In addition, full details of the pension fund accounts can be obtained from Douglas Borough Council, Douglas, Isle of Man.

### 27. Investment

The Authority has representation on the board of the Southern Civic Amenity Site ('the Board'), a Joint Board established under the Southern Civic Amenity Board Order 2000, in accordance with section 7 of the Local Government Act 1985.

The Board comprises representative members from various southern local authorities whereby each representative member has access to the rewards, and exposure to the associated risks, arising from the operation of the Board. The Board is managed jointly by its representative members, with no single member having control or the right to exercise dominant or significant influence. Accordingly the Authority's interest in the Board is considered to be an 'Investment' as defined by the SORP.

The Authority, together with the other representative members, fund the Board to the extent necessary to maintain its operations, but have made no capital contribution to the Board and therefore the investment is recorded at nil value.

# Castletown Town Commissioners

## Detailed Income and Expenditure Account for the year ended 31 March 2017

Summary of account	£	2017 £	£	2016 £
Rates account		755,080		754,264
Miscellaneous properties		(6,258)		(10,153)
Bank interest		466		1,502
		<u>749,288</u>		<u>745,613</u>
Less:				
Office administration and general expenses	141,523		159,796	
Sanitation	206,685		203,743	
Plant and works depot	5,733		1,700	
Street and roads	20,087		1,856	
Amenities, services, library, Town Hall etc	229,961		215,798	
Southern Local Authorities Swimming Pool Board	6,246		6,228	
Revenue contribution to regeneration works	5,000		75,000	
Revenue contribution to assets	67,540		30,758	
Capital repayments	56,438		32,292	
Loan interest	19,096		22,422	
		<u>(758,309)</u>		<u>(749,593)</u>
(Deficit)/surplus for the year		(9,021)		(3,980)
Add: Accumulated surplus brought forward		407,914		411,894
<b>Balance carried forward</b>		<u><u>398,893</u></u>		<u><u>407,914</u></u>

This page does not form part of the audited financial statements

# Castletown Town Commissioners

## Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2017

	£	2017 £	£	2016 £
<b>Miscellaneous properties</b>				
Rents and rates including garages	17,482		17,219	
Wayleaves	4,577		3,380	
		<u>22,059</u>		<u>20,599</u>
<i>Less: expenses</i>				
Repairs	22,317		25,797	
Rates	2,087		2,052	
Insurance	3,913		2,903	
		<u>(28,317)</u>		<u>(30,752)</u>
		<u>(6,258)</u>		<u>(10,153)</u>
<b>Other income</b>				
Bank Interest		<u>593</u>		<u>1,973</u>
<b>Office administration and general office expenses</b>				
Salaries, office wages, NIC etc	158,360		169,445	
Telephone	5,407		4,915	
Audit fees	8,364		8,154	
Professional fees	17,125		21,793	
Printing and stationery	3,311		4,122	
Postage	1,574		1,109	
Computer charges	9,928		5,736	
Election expenses	4,715		-	
Bank charges	5,739		5,656	
Sundries	5,376		4,373	
Rates collection charges	7,941		8,162	
Rates (written back)/written off	(147)		72	
Commissioners allowances	4,670		5,540	
Bad debts – movement in provision	1,139		(409)	
		<u>233,502</u>		<u>238,668</u>
<i>Less: income</i>				
Sandfield complex	8,215		7,596	
Housing revenue administration charge	63,849		62,829	
Rates surfeit	7,267		-	
Miscellaneous	12,648		8,447	
		<u>(91,979)</u>		<u>(78,872)</u>
		<u>141,523</u>		<u>159,796</u>

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# Castletown Town Commissioners

## Detailed Income and Expenditure Account (continued) for the year ended 31 March 2017

	£	2017 £	£	2016 £
<b>Sanitation</b>				
Refuse collection – wages & sundries	238,061		231,031	
Maintenance of public conveniences	11,080		12,827	
	<u>249,141</u>		<u>243,858</u>	
<i>Less receipts:</i>				
Collection of trade refuse	(42,456)		(40,115)	
		<u>206,685</u>		<u>203,743</u>
<b>Plant and works depots</b>				
Repair, maintenance and running expenses		9,883		9,132
<i>Less: income</i>				
Plant and works costs recovered		(4,150)		(7,432)
		<u>5,733</u>		<u>(1,700)</u>
<b>Street and roads</b>				
Car parks	2,826		-	
Street cleaning – agency basis	38,993		32,160	
		41,819		32,160
<i>Less: income</i>				
Government grants	5		10,000	
Car parking spaces	21,727		20,304	
		<u>(21,732)</u>		<u>(30,304)</u>
		<u>20,087</u>		<u>1,856</u>

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# Castletown Town Commissioners

## Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2017

	£	2017 £	£	2016 £
<b>Amenities, services, library, Town Hall etc</b>				
<b>Bowling green and tennis courts</b>				
Wages, NHI and sundry costs	16,927		18,979	
<i>Less: income</i>				
Bowls and tennis receipts	(5,105)		(4,995)	
		<u>11,822</u>		13,984
<b>Public Library</b>				
Wages, NHI, books and sundry costs	42,643		41,497	
<i>Less: income</i>				
Subscriptions and miscellaneous sales	(644)		(2,120)	
		<u>41,999</u>		39,377
<b>Civic Centre</b>				
Wages, NHI and sundry costs	60,849		36,527	
<i>Less: income</i>				
Hire of rooms	(5,032)		(3,775)	
		<u>55,817</u>		32,752
<b>Parks</b>				
Wages, NHI and sundry costs		52,001		68,550
<b>Public Lighting</b>				
Street lighting		36,313		36,659
<b>Public Seats</b>				
Repairs, maintenance and provision of new seats		3,888		3,105
<b>Publicity, public ceremonies, etc</b>		24,696		21,371
		<u>226,536</u>		<u>215,798</u>
<b>Southern Local Authorities Swimming Pool Board</b>				
Contribution towards deficiency		<u>6,246</u>		<u>6,228</u>

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