



Grant Thornton

An instinct for growth™

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Our ref: MJK/LB

24 October 2015

Dear Hugo

Castletown Town Commissioners for the year ended 31 March 2016

Please find enclosed herewith two copies of the signed financial statements for the above entity for the year ended 31 March 2016.

Please note that we have retained one copy of the financial statements for our records and one copy will be sent to the Department of Infrastructure.

I have also enclosed our fee note for your kind attention in due course.

Yours sincerely

For and on behalf of Grant Thornton Limited

MARTIN KNEALE

Director

Encs

Directors:

D A McGurgan FCA
R C Ratcliffe BA(Hons) FCA
M H Crowe BSc(Hons) FCA
M J Kneale BA(Hons) FCA

Chartered Accountants

Member of Grant Thornton International Ltd

Grant Thornton is a business name of Grant Thornton Limited

Castletown Town Commissioners

Statement of Accounts

For the year ended 31 March 2016

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 2016. 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 2016 the deficit for the year amounted to £44,888 (2015 surplus: £13,663). 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 2016, the surplus amounted to £687 (2015 surplus: £30,828) therefore as at 31 March 2016 the authority had general fund reserves of £412,581 (2015: £411,894).

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. For the year ended 31 March 2016, the surplus amounted to £31,499 (2015 deficit: £11,501). 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 2014/15 and 2015/16, there is no deficiency requirement.

Capital Expenditure

Total capital expenditure in the year (on an accruals basis) was £253,307 and was funded as follows:

Overdraft - £207,420

General revenue account - £30,758

Housing revenue account - £15,129

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 (2015:320p) in the £ with a rateable value of £249,880 (2015: £247,279) at the year end.

Total rates debtors were £31,292 (2015: £40,368) although of this amount £16,401 (2015: £23,495) was due from Treasury at the year end. Prior year rates were recovered totalling £9,674 (2015:£ 20,740). A provision of £12,950 (2015: £14,604) has been made in respect of doubtful rates debtors. In addition, an amount of £72 was written off (2015: £842 written back) the Treasury rate collection system.

Reserves

The Authority's general revenue reserves have reduced from £411,894 at 31 March 2015 to £412,581 at 31 March 2016.

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 2016, and amounts to £1,119,000 (2015: £1,167,000) a fall of £48,000 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 certain land and buildings and in accordance with United Kingdom Generally Accepted Accounting Principles.

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 2015/16 contributions being based on the results of the review as at 31 March 2013. 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 2016 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 were two high risk observation and a number of medium risk observations which will be considered further.

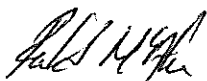
The RFO has met with the Commissioners to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

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 matters listed below, the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the year ended 31 March 2016:-

- Health and safety
- Fire safety

(Signed) _____

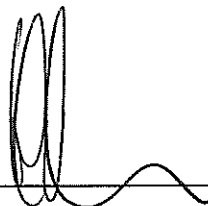


(Chairman)

Dated _____

18/10/16

(Signed) _____



(Responsible Finance Officer)

Castletown Town Commissioners

REPORT OF THE INDEPENDENT AUDITOR TO THE COMMISSIONERS OF CASTLETOWN TOWN COMMISSIONERS

We have audited the financial statements of Castletown Town Commissioners for the year ended 31 March 2016 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 2016 and of its deficit 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

REPORT OF THE INDEPENDENT AUDITOR, 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

Grant Thornton Limited

Chartered Accountants

Douglas

Isle of Man

Date: *24 October 2016*

Castletown Town Commissioners

Income and Expenditure Account

For the year ended 31 March 2016

Statement of net expenditure	Notes	Gross Expenditure £	Gross Income £	2015/16 Net Expenditure £	2014/15 Net Expenditure £
Continuing operations:					
Office administration and general expenses		238,668	78,872	159,796	158,693
Miscellaneous properties		30,752	20,599	10,153	396
Sanitation		243,858	40,115	203,743	198,495
Plant and works depot		9,132	7,432	1,700	(9,619)
Streets and roads		32,160	30,304	1,856	(11,277)
Amenities, services, library, Town Hall		226,688	10,890	215,798	207,277
Southern Local Authorities Swimming Pool Board		6,228	-	6,228	6,130
Contribution towards regeneration		75,000	-	75,000	-
Depreciation charge for the year		116,011	-	116,011	123,923
Net current service cost of pension scheme		27,000	-	27,000	22,000
Housing Revenue Income and Expenditure Account		1,041,172	1,321,377	(280,205)	(244,036)
Net cost of services		2,046,669	1,509,589	537,080	451,982
Profit on sale of fixed assets				(417)	(200)
Interest payable and finance charges				266,462	271,886
Interest and investment income				(1,973)	(515)
Pensions interest cost and return on pension assets	26			(2,000)	8,000
Net operating expenditure				799,152	731,153
Sources of finance					
Income from the General Rate Fund				754,264	744,816
(Deficit)/surplus for the year				(44,888)	13,663

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 2016

	2015/16 £	2014/15 £
(Deficit)/surplus for the year on the income and expenditure account	(44,888)	13,663
Amounts included in the Income and Expenditure account but required by statute to be excluded when determining the Movement on the General Fund Balance		
Reversal of net charges made for retirement benefits	25,000	30,000
Depreciation charge for the year	116,011	123,923
Profit on sale of fixed assets	(417)	(200)
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		
Revenue contribution to capital assets	(30,758)	(117,013)
Capital loan repayments for the year	(32,292)	(30,663)
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		
Transfer from housing maintenance reserve	(470)	(383)
Transfer to housing revenue account	(31,499)	11,501
	<u>687</u>	<u>30,828</u>
General Fund Balance brought forward	411,894	381,066
General Fund Balance carried forward	<u>412,581</u>	<u>411,894</u>

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 2016

	2015/16 £	2015/16 £	2014/15 £	2014/15 £
Income				
Dwelling rents and rates		1,321,377		1,258,541
Expenditure				
Repairs and maintenance	164,002		221,865	
Rates	178,065		173,009	
Insurance and computer costs	19,810		19,450	
Administration allowance	62,829		62,829	
Legal and professional	5,000		-	
Depreciation charge for the year	611,466		537,352	
		<u>(1,041,172)</u>		<u>(1,014,505)</u>
Surplus for the year on the Housing revenue income and expenditure account before interest		280,205		244,036
Interest payable and similar charges		<u>(248,706)</u>		<u>(255,537)</u>
Surplus/(deficit) for the year on the Housing revenue income and expenditure account		<u>31,499</u>		<u>(11,501)</u>

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 2016

	Notes	2015/16 £	2014/15 £
Surplus/(deficit) for the year on the HRA income and expenditure account		31,499	(11,501)
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			
Depreciation charge for the year		611,466	537,352
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			
Contribution towards capital assets		(15,129)	(70,772)
Capital loan repayments		(319,313)	(312,260)
Surplus for the year before transfers to reserves		308,523	142,819
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			
Transfers (to)/from housing maintenance account		(81,619)	34,652
Housing Revenue Account Balance brought forward		226,904 392,791	177,471 215,320
Housing Revenue Account Balance carried forward		619,695	392,791

Statement of Total Recognised Gains and Losses for the year ended 31 March 2016

		2015/16 £	2014/15 £
(Deficit)/surplus on the income and expenditure account for the year		(44,888)	13,663
Actuarial gains/(losses) on Pension Fund Assets and Liabilities Revaluation in the year	26	73,000 2,750,153	(91,000) 6
Total recognised gains and losses for the year		2,778,265	(77,331)

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

Castletown Town Commissioners

Balance Sheet

As at 31 March 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible fixed assets	1 + 2	35,198,921	32,922,904
Chains of office		654	688
		<u>35,199,575</u>	<u>32,923,592</u>
Current assets			
Debtors	5	59,083	52,469
Cash at bank and short term investments	6	1,063,379	1,164,581
		<u>1,122,462</u>	<u>1,217,050</u>
Current liabilities			
Bank overdraft		(35,355)	(1,168,938)
Short-term borrowing	11	(427,789)	(352,979)
Creditors	7	(150,130)	(113,812)
		<u>(613,274)</u>	<u>(1,635,729)</u>
Net current assets/(liabilities)		509,188	(418,679)
		<u>35,708,763</u>	<u>32,504,913</u>
Total assets less current liabilities			
Long-term liabilities			
Liability relating to defined benefit pension scheme	26	(1,119,000)	(1,167,000)
Long-term borrowing	11	(5,006,871)	(4,533,286)
		<u>29,582,892</u>	<u>26,804,627</u>
Total assets less liabilities			
Financed by:			
Revaluation reserve	9	21,032,924	23,149,567
Accumulated surpluses	9	793,409	1,024,074
Pensions reserve	9/26	(1,119,000)	(1,167,000)
Usable capital receipts	9	131,494	131,494
Capital adjustment account	9	8,744,065	3,666,492
		<u>29,582,892</u>	<u>26,804,627</u>

The financial statements were approved and authorised for issue by the Authority on 18/10/16 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 2016

Revenue activities	£	2015/16 £	£	2014/15 £
Cash outflows				
Cash paid to and on behalf of employees	(379,940)		(372,884)	
Other operating cash payments	(887,223)	(1,267,163)	(731,418)	(1,104,302)
Cash inflows				
Rents	1,313,261		1,254,067	
Rate receipts	755,105		774,806	
Other operating cash receipts	131,089	2,199,455	189,195	2,218,068
Net cash inflow from revenue activities		932,292		1,113,766
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid	(261,487)		(275,916)	
Cash inflows				
Interest received	1,973		515	
		(259,514)		(275,401)
Capital activities				
Cash outflows				
Purchase of fixed assets	(189,208)		(1,018,789)	
Cash inflows				
Proceeds on sale of fixed assets	416		200	
		(188,792)		(1,018,589)
Net cash inflow/(outflow before financing)		483,986		(180,224)
Financing				
Cash inflows				
Bank borrowings	900,000		-	
Financing				
Cash outflows				
Repayments of amounts borrowed	(351,605)		(342,923)	
		548,395		(342,923)
		548,395		(342,923)
Net increase/(decrease) in cash		1,032,381		(523,147)

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 2016

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

	2015/16 £	2014/15 £
Net (deficit)/surplus for the year on general fund income and expenditure account	(44,888)	13,663
Depreciation	727,477	661,275
Interest paid	261,487	275,916
Interest received	(1,973)	(515)
Pension appropriation	25,000	30,000
Profit on sale of fixed assets	(416)	(200)
(Increase)/decrease in debtors	(6,614)	116,809
(Decrease)/increase in creditors	(27,781)	16,818
Net cash inflow from revenue activities	<u>932,292</u>	<u>1,113,766</u>

2. Reconciliation of the movement in net debt

	2015/16 £	2014/15 £
Net debt at 1 April	(4,890,622)	(4,710,398)
Movement in net debt:		
Increase/(decrease) in cash in the period	1,032,381	(523,147)
(Inflow)/outflow from decrease/increase in debt financing	<u>(548,395)</u>	<u>483,986</u>
Net debt at 31 March	<u>(4,406,636)</u>	<u>(4,890,622)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2015 £	Cash movement £	Non Cash Movements £	Balance at 31 March 2016 £
Cash in hand	1,164,581	(101,202)	-	1,063,379
Overdraft	<u>(1,168,938)</u>	<u>1,133,583</u>		<u>(35,355)</u>
	(4,357)	1,032,381	-	1,028,024
Net debt:				
Due within one year	(352,979)	351,605	(426,415)	(427,789)
Due after one year	<u>(4,533,286)</u>	<u>(900,000)</u>	<u>426,415</u>	<u>(5,006,871)</u>
Total net debt	<u>(4,890,622)</u>	<u>483,986</u>	<u>-</u>	<u>(4,406,636)</u>

Castletown Town Commissioners

General Rate Fund

as at 31 March 2016

	£	2016 £	£	2015 £
Total rates levied for the year		798,660		791,173
<i>Add:</i>				
Due from Treasury re prior year	23,495		49,985	
Arrears brought forward	16,873		27,696	
		<u>40,368</u>		<u>77,681</u>
<i>Less:</i>		839,028		868,854
Discounts	(31,524)		(31,188)	
Exempt and unoccupied properties	(12,873)		(15,169)	
Collection charge	(8,162)		(8,165)	
		<u>(52,559)</u>		<u>(54,522)</u>
Rates written (off)/back		(72)		842
Total rates collectable		<u><u>786,397</u></u>		<u><u>815,174</u></u>
Rates received in the year:				
Current year rates	721,937		704,081	
Arrears collected	9,674		20,740	
Balance from Treasury re previous year	23,494		49,985	
Total rates received in the year		755,105		774,806
Balances outstanding carried forward:				
Due from Treasury re current year	16,401		23,495	
Arrears - current year	7,764		9,076	
- previous years	7,127		7,797	
		<u>31,292</u>		<u>40,368</u>
		<u><u>786,397</u></u>		<u><u>815,174</u></u>

Castletown Town Commissioners

Notes to the financial statements

(forming part of the financial statements for the year ended 31 March 2016)

1. Tangible fixed assets

	Land and Buildings £	Street Lighting £	Office Furniture £	Motor Vehicles Plant and Equipment £	Total £
Cost/Value					
At 1 April 2015	38,525,842	292,951	14,584	223,124	39,056,501
Additions in the year	212,255	6,841	16,544	17,667	253,307
Revaluation	(3,746,276)	-	-	-	(3,746,276)
At 31 March 2016	34,991,821	299,792	31,128	240,791	35,563,532
Depreciation					
At 1 April 2015	5,824,022	114,664	13,119	181,792	6,133,597
Charge for the year	672,407	19,986	4,774	30,276	727,443
Revaluation	(6,496,429)	-	-	-	(6,496,429)
At 31 March 2016	-	134,650	17,893	212,068	364,611
Net book value					
At 31 March 2016	34,991,821	165,142	13,235	28,723	35,198,921
At 31 March 2015	32,701,820	178,287	1,465	41,332	32,922,904

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 £
Net current replacement cost	282,000	30,394,000	4,109,000	34,785,000

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

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 2015	Changes 2015/16	Number at 31 March 2016
Operational assets			
Dwellings	258	-	258
Other Land and Buildings			
Car parks	5	-	5
Depots	2	-	2
Public Conveniences	2	-	2
Public Halls	1	-	1
Public Offices	1	-	1
Miscellaneous properties	1	-	1
Parks and open spaces	1	-	1
Vehicles, Plant and Equipment			
Vehicles	8	-	8
Community Assets			
Parks and open spaces	5	-	5
Non-Operational assets			
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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

3. Capital expenditure and financing

	2015/16 £	2014/15 £
Capital investment		
Operational assets	246,466	995,820
Infrastructure	6,841	11,168
	<u>253,307</u>	<u>1,006,988</u>
Sources of finance		
	£	£
Isle of Man bank overdraft	207,420	819,203
Contribution from general revenue account	30,758	117,013
Housing revenue account	15,129	70,772
	<u>253,307</u>	<u>1,006,988</u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2016 are listed below:

	31 March 2016 £	31 March 2015 £
Civic centre	<u>92,864</u>	<u>-</u>

5. Debtors

	2016 £	2015 £
Amounts falling due in one year:		
Government departments	5	33
Rates	18,342	25,764
Housing rents	7,051	3,207
Sundry debtors and prepayments	14,310	10,361
Value Added Tax	19,375	13,104
	<u>59,083</u>	<u>52,469</u>

The above debtors are provided 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 2016)

6. Cash

The cash in hand figure (including short term investments) at 31 March 2016 was £1,063,379 (2015: £1,164,581). 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

	2016 £	2015 £
Housing rents	3,094	3,680
Trade creditors	13,321	37,713
Sundry creditors and accruals	133,715	72,419
	<u>150,130</u>	<u>113,812</u>

8. Provisions

The Authority has provided against trade debtors of £192 (2015: £939) and doubtful debts of £12,950 in respect of rates arrears (2015: £14,604). An amount of £72 was written off in respect of general rates (2015: £842 written back) 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 2015	(1,167,000)	131,494	23,149,567	3,666,492
Depreciation charge	-	-	(407,408)	-
Movement in the year	48,000	-	(1,709,235)	4,537,226
Transfer from other reserves	-	-	-	540,347
Balance at 31 March 2016	<u>(1,119,000)</u>	<u>131,494</u>	<u>21,032,924</u>	<u>8,744,065</u>

Accumulated surpluses

	Housing revenue Account £	Housing maintenance Account £	General revenue account £	Total £
Balance at 1 April 2015	392,791	219,389	411,894	1,024,074
Net surplus for year	226,904	82,091	687	309,682
Transfer from/(to) other reserves	(540,347)	-	-	(540,347)
Balance at 31 March 2016	<u>79,348</u>	<u>301,480</u>	<u>412,581</u>	<u>793,409</u>

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

10. Analysis of net assets employed

	2015 £	2015 £
General revenue account	3,593,546	2,703,743
Housing revenue account	25,989,346	24,100,884
	<u>29,582,892</u>	<u>26,804,627</u>

11. Borrowings

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

	2016 £	2015 £
Analysis of loans by type:		
Bank Loans	<u>5,434,660</u>	<u>4,886,265</u>
Analysis of overdraft and loans by maturity:		
Less than 1 year	427,789	352,979
Between 1 and 2 years	439,845	370,350
Between 2 and 5 years	1,363,990	1,167,572
Between 5 and 10 years	1,732,975	1,820,506
More than 10 years	<u>1,470,061</u>	<u>1,174,858</u>
Total outstanding	<u>5,434,660</u>	<u>4,886,265</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.

This 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 2016)

13. Members' allowances

During 2015/16 the Authority paid £5,540 (2014/15:£ 6,080) 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	2015/16 Number of Employees Leavers in year	Total	2014/15 Number of Employees Leavers in year
£50,000 - £74,999	2	1	2	-

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.

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 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 £75,000 was paid to the Isle of Man Government Department of Infrastructure towards regeneration works in the town.

16. Audit fees

During 2015/16 the Authority incurred the following fees relating to external audit and inspection:

	2015/16 £	2014/15 £
Fees payable with regard to external audit services carried out by the appointed auditor	8,250	8,250

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

17. Total rateable value

The total rateable value of the Town at 31 March 2016 is £249,880 (2015: £247,279) at the year-end with a 320p rate being charged (2015: 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

19. Housing fixed assets

	Dwellings £
Gross valuation	
At 31 March 2015	33,312,328
Additions in the year	5,434
Revaluation in the year	(2,923,762)
At 31 March 2016	30,394,000
Depreciation	
At 31 March 2015	5,219,290
Charge for the year	609,407
Disposals in the year	(5,828,697)
At 31 March 2016	-
Net Book Value	
At 31 March 2016	30,394,000
At 31 March 2015	28,093,038

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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

19. Housing fixed assets – continued

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 in either 2014/15 or 2015/16. 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:

	2015/16	2014/15
	£	£
Isle of Man Bank overdraft	-	719,202
Housing revenue account	5,434	70,772
	<u>5,434</u>	<u>789,974</u>

21. Housing maintenance account

	2015/16	2014/15
	£	£
Balance at 1 April 2015	219,389	253,658
Underspend/(overspend) in year transferred to reserve	81,620	(34,652)
Interest received	471	383
	<u>301,480</u>	<u>219,389</u>

22. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids of £11,010 (2015: £10,235), represent 0.83% of the rental debit for the year, compared to 0.81% in 2014/15.

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:

	2015/16	2014/15
	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 2015/16.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

25. Rent arrears

	2015/16 £	2014/15 £
Rent arrears	7,051	3,207
Rent arrears as a percentage of gross rent income	<u>0.53%</u>	<u>0.26%</u>

Arrears written off during the year amounted to £Nil (£Nil in 2014/15).

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.

During the financial year the cost of pensions contribution's £52,000, (2015: £50,000) 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 2016 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 2016 % per annum	31 March 2015 % per annum
Rate of increase in salaries	3.6%	3.5%
Rate of increase in pensions	2.1%	2.1%
Rate for discounting scheme liabilities	3.4%	3.1%
Rate of expected return on assets	3.4%	4.8%

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 2013.

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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

26. Pensions (continued)

The fair value of the assets and liabilities held by the Authority within the Scheme are as follows:

	31 March 2016 £	31 March 2015 £
Estimated employer assets	2,257,000	2,324,000
Present value of scheme liabilities	(3,376,000)	(3,491,000)
Net pensions liability	<u>(1,119,000)</u>	<u>(1,167,000)</u>

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

	31 March 2016 £	31 March 2015 £
Equities	1,287,000	1,534,000
Bonds	609,000	418,000
Property	361,000	302,000
Cash	-	70,000
Estimated employer assets	<u>2,257,000</u>	<u>2,324,000</u>

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

	2015/16 £	2014/15 £
Net cost of service		
Current service cost	79,000	72,000
Net operating expenditure		
Interest cost	108,000	128,000
Expected return on employer assets	(110,000)	(120,000)
Actual amount charged against rate income for LGPS contributions in the year		
Employers contributions payable to the Scheme	(52,000)	(50,000)

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

26. Pensions (continued)

The net deficit on the scheme has decreased from £1,167,000 to £1,119,000. An analysis of the movement during the year is shown below:

	2015/16 £	2014/15 £
Net pension liability at the beginning of the year	(1,167,000)	(1,046,000)
Current service cost	(79,000)	(72,000)
Employer contributions	52,000	50,000
Expected net return on employer assets	2,000	(8,000)
Actuarial gains/(losses)	73,000	(91,000)
Net pension liability at the end of the year	(1,119,000)	(1,167,000)

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:

	2015/16 £	Actuarial gain/loss as % of assets/ liabilities	2014/15 £	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	2,257,000		2,324,000	
Total present value of liabilities	(3,376,000)		(3,491,000)	
Difference between the actual and expected return on assets	119,000	5.27%	165,000	7.10%
Actuarial gains/ (losses) recognised in the statement	73,000	2.16%	(91,000)	2.61%

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

	31 March 2016 £	31 March 2015 £
Breakdown of the expected return on assets by category		
Equities	5.7%	5.7%
Bonds	2.6%	2.5%
Property	3.8%	3.9%
Cash	2.5%	2.6%

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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

26. Pensions (continued)

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 2016 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 2016

		2016	2015
Summary of account	£	£	£
Rates account		754,264	744,816
Miscellaneous properties		(10,153)	(396)
Bank interest		1,502	132
		<u>745,613</u>	<u>744,552</u>
Less:			
Office administration and general expenses	159,796	158,693	
Sanitation	203,743	198,495	
Plant and works depot	1,700	(9,619)	
Street and roads	1,856	(11,277)	
Amenities, services, library, Town Hall etc	215,798	207,277	
Southern Local Authorities Swimming Pool Board	6,228	6,130	
Revenue contribution to regeneration works	75,000	-	
Revenue contribution to assets	30,758	117,013	
Capital repayments	32,292	30,663	
Loan interest	22,422	16,349	
		<u>(749,593)</u>	<u>(713,724)</u>
(Deficit)/surplus for the year		(3,980)	30,828
Add: Accumulated surplus brought forward		411,894	381,066
Balance carried forward		<u><u>407,914</u></u>	<u><u>411,894</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 2016

	£	2016 £	£	2015 £
Miscellaneous properties				
Rents and rates including garages	17,219		17,774	
Wayleaves	3,380		2,045	
		20,599		19,819
<i>Less: expenses</i>				
Repairs	25,797		15,385	
Rates	2,052		1,982	
Insurance	2,903		2,848	
		(30,752)		(20,215)
		(10,153)		(396)
Other income				
Bank Interest		1,973		515
Office administration and general office expenses				
Salaries, office wages, NIC etc	169,445		156,339	
Telephone	4,915		4,744	
Audit fees	8,154		7,900	
Professional fees	21,793		45,831	
Printing and stationery	4,122		3,756	
Postage	1,109		2,158	
Computer charges	5,736		6,492	
Bank charges	5,656		5,665	
Sundries	4,373		1,183	
Rates collection charges	8,162		8,165	
Rates refund	-		1,716	
Rates (written back)/written off	72		(842)	
Commissioners allowances	5,540		6,080	
Bad debts – movement in provision	(409)		(9,785)	
		238,668		239,402
<i>Less: income</i>				
Sandfield complex	7,596		7,596	
Housing revenue administration charge	62,829		62,829	
Miscellaneous	8,447		10,284	
		(78,872)		(80,709)
		159,796		158,693

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 2016

	£	2016 £	£	2015 £
Sanitation				
Refuse collection – wages & sundries	231,031		236,524	
Maintenance of public conveniences	12,827		10,551	
		<u>243,858</u>		<u>247,075</u>
<i>Less receipts:</i>				
Collection of trade refuse		(40,115)		(48,580)
		<u>203,743</u>		<u>198,495</u>
Plant and works depots				
Repair, maintenance and running expenses		9,132		8,874
<i>Less: income</i>				
Plant and works costs recovered		(7,432)		(18,493)
		<u>(1,700)</u>		<u>(9,619)</u>
Street and roads				
Car parks	-		6,395	
Street cleaning – agency basis	32,160		37,487	
		<u>32,160</u>		<u>43,882</u>
<i>Less: income</i>				
Government grants	10,000		36,137	
Car parking spaces	20,304		19,022	
		<u>(30,304)</u>		<u>(55,159)</u>
		<u>1,856</u>		<u>(11,277)</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 2016

		2016		2015
Amenities, services, library, Town Hall etc	£	£	£	£
Bowling green and tennis courts				
Wages, NHI and sundry costs	18,979		11,286	
<i>Less: income</i>				
Bowls and tennis receipts	(4,995)		(4,922)	
		13,984		6,364
Public Library				
Wages, NHI, books and sundry costs	41,497		40,476	
<i>Less: income</i>				
Subscriptions and miscellaneous sales	(2,120)		(2,590)	
		39,377		37,886
Civic Centre				
Wages, NHI and sundry costs	36,527		29,278	
<i>Less: income</i>				
Hire of rooms	(3,775)		(5,128)	
		32,752		24,150
Parks				
Wages, NHI and sundry costs		68,550		60,233
Public Lighting				
Street lighting		36,659		34,524
Public Seats				
Repairs, maintenance and provision of new seats		3,105		1,435
Publicity, public ceremonials, etc		21,371		42,685
		<u>215,798</u>		<u>207,277</u>
Southern Local Authorities Swimming Pool Board				
Contribution towards deficiency		6,228		6,130

This page does not form part of the audited financial statements

Castletown Town Commissioners

Statement of Accounts

For the year ended 31 March 2016

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 2016. 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 2016 the deficit for the year amounted to £44,888 (2015 surplus: £13,663). 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 2016, the surplus amounted to £687 (2015 surplus: £30,828) therefore as at 31 March 2016 the authority had general fund reserves of £412,581 (2015: £411,894).

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. For the year ended 31 March 2016, the surplus amounted to £31,499 (2015 deficit: £11,501). 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 2014/15 and 2015/16, there is no deficiency requirement.

Capital Expenditure

Total capital expenditure in the year (on an accruals basis) was £253,307 and was funded as follows:

Overdraft - £207,420

General revenue account - £30,758

Housing revenue account - £15,129

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 (2015:320p) in the £ with a rateable value of £249,880 (2015: £247,279) at the year end.

Total rates debtors were £31,292 (2015: £40,368) although of this amount £16,401 (2015: £23,495) was due from Treasury at the year end. Prior year rates were recovered totalling £9,674 (2015:£20,740). A provision of £12,950 (2015: £14,604) has been made in respect of doubtful rates debtors. In addition, an amount of £72 was written off (2015: £842 written back) the Treasury rate collection system.

Reserves

The Authority's general revenue reserves have reduced from £411,894 at 31 March 2015 to £412,581 at 31 March 2016.

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 2016, and amounts to £1,119,000 (2015: £1,167,000) a fall of £48,000 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 certain land and buildings and in accordance with United Kingdom Generally Accepted Accounting Principles.

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 2015/16 contributions being based on the results of the review as at 31 March 2013. 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 2016 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 were two 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 matters listed below, the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the year ended 31 March 2016:-

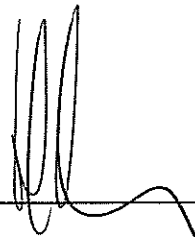
- Health and safety
- Fire safety

(Signed) _____



(Chairman)

(Signed) _____



(Responsible Finance Officer)

Dated _____

18/10/16

Castletown Town Commissioners

REPORT OF THE INDEPENDENT AUDITOR TO THE COMMISSIONERS OF CASTLETOWN TOWN COMMISSIONERS

We have audited the financial statements of Castletown Town Commissioners for the year ended 31 March 2016 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 2016 and of its deficit 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

REPORT OF THE INDEPENDENT AUDITOR, 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: 24 October 2016

Castletown Town Commissioners

Income and Expenditure Account

For the year ended 31 March 2016

Statement of net expenditure	Notes	Gross Expenditure £	Gross Income £	2015/16 Net Expenditure £	2014/15 Net Expenditure £
Continuing operations:					
Office administration and general expenses		238,668	78,872	159,796	158,693
Miscellaneous properties		30,752	20,599	10,153	396
Sanitation		243,858	40,115	203,743	198,495
Plant and works depot		9,132	7,432	1,700	(9,619)
Streets and roads		32,160	30,304	1,856	(11,277)
Amenities, services, library, Town Hall		226,688	10,890	215,798	207,277
Southern Local Authorities Swimming Pool Board		6,228	-	6,228	6,130
Contribution towards regeneration		75,000	-	75,000	-
Depreciation charge for the year		116,011	-	116,011	123,923
Net current service cost of pension scheme		27,000	-	27,000	22,000
Housing Revenue Income and Expenditure Account		1,041,172	1,321,377	(280,205)	(244,036)
Net cost of services		2,046,669	1,509,589	537,080	451,982
Profit on sale of fixed assets				(417)	(200)
Interest payable and finance charges				266,462	271,886
Interest and investment income				(1,973)	(515)
Pensions interest cost and return on pension assets	26			(2,000)	8,000
Net operating expenditure				799,152	731,153
Sources of finance					
Income from the General Rate Fund				754,264	744,816
(Deficit)/surplus for the year				(44,888)	13,663

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 2016

	2015/16 £	2014/15 £
(Deficit)/surplus for the year on the income and expenditure account	(44,888)	13,663
Amounts included in the Income and Expenditure account but required by statute to be excluded when determining the Movement on the General Fund Balance		
Reversal of net charges made for retirement benefits	25,000	30,000
Depreciation charge for the year	116,011	123,923
Profit on sale of fixed assets	(417)	(200)
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		
Revenue contribution to capital assets	(30,758)	(117,013)
Capital loan repayments for the year	(32,292)	(30,663)
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		
Transfer from housing maintenance reserve	(470)	(383)
Transfer to housing revenue account	(31,499)	11,501
	<u>687</u>	<u>30,828</u>
General Fund Balance brought forward	411,894	381,066
General Fund Balance carried forward	<u>412,581</u>	<u>411,894</u>

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 2016

	2015/16 £	2015/16 £	2014/15 £	2014/15 £
Income				
Dwelling rents and rates		1,321,377		1,258,541
Expenditure				
Repairs and maintenance	164,002		221,865	
Rates	178,065		173,009	
Insurance and computer costs	19,810		19,450	
Administration allowance	62,829		62,829	
Legal and professional	5,000		-	
Depreciation charge for the year	611,466		537,352	
		<u>(1,041,172)</u>		<u>(1,014,505)</u>
Surplus for the year on the Housing revenue income and expenditure account before interest		280,205		244,036
Interest payable and similar charges		<u>(248,706)</u>		<u>(255,537)</u>
Surplus/(deficit) for the year on the Housing revenue income and expenditure account		<u>31,499</u>		<u>(11,501)</u>

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 2016

	Notes	2015/16 £	2014/15 £
Surplus/(deficit) for the year on the HRA income and expenditure account		31,499	(11,501)
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			
Depreciation charge for the year		611,466	537,352
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			
Contribution towards capital assets		(15,129)	(70,772)
Capital loan repayments		(319,313)	(312,260)
Surplus for the year before transfers to reserves		308,523	142,819
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			
Transfers (to)/from housing maintenance account		(81,619)	34,652
Housing Revenue Account Balance brought forward		226,904 392,791	177,471 215,320
Housing Revenue Account Balance carried forward		619,695	392,791

Statement of Total Recognised Gains and Losses for the year ended 31 March 2016

		2015/16 £	2014/15 £
(Deficit)/surplus on the income and expenditure account for the year		(44,888)	13,663
Actuarial gains/(losses) on Pension Fund Assets and Liabilities	26	73,000	(91,000)
Revaluation in the year		2,750,153	6
Total recognised gains and losses for the year		2,778,265	(77,331)

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

Castletown Town Commissioners

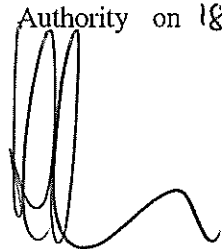
Balance Sheet

As at 31 March 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible fixed assets	1 + 2	35,198,921	32,922,904
Chains of office		654	688
		<u>35,199,575</u>	<u>32,923,592</u>
Current assets			
Debtors	5	59,083	52,469
Cash at bank and short term investments	6	1,063,379	1,164,581
		<u>1,122,462</u>	<u>1,217,050</u>
Current liabilities			
Bank overdraft		(35,355)	(1,168,938)
Short-term borrowing	11	(427,789)	(352,979)
Creditors	7	(150,130)	(113,812)
		<u>(613,274)</u>	<u>(1,635,729)</u>
Net current assets/(liabilities)		<u>509,188</u>	<u>(418,679)</u>
Total assets less current liabilities		<u>35,708,763</u>	<u>32,504,913</u>
Long-term liabilities			
Liability relating to defined benefit pension scheme	26	(1,119,000)	(1,167,000)
Long-term borrowing	11	(5,006,871)	(4,533,286)
Total assets less liabilities		<u><u>29,582,892</u></u>	<u><u>26,804,627</u></u>
Financed by:			
Revaluation reserve	9	21,032,924	23,149,567
Accumulated surpluses	9	793,409	1,024,074
Pensions reserve	9/26	(1,119,000)	(1,167,000)
Usable capital receipts	9	131,494	131,494
Capital adjustment account	9	8,744,065	3,666,492
		<u><u>29,582,892</u></u>	<u><u>26,804,627</u></u>

The financial statements were approved and authorised for issue by the Authority on 18/10/16 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 2016

Revenue activities		2015/16		2014/15
	£	£	£	£
Cash outflows				
Cash paid to and on behalf of employees	(379,940)		(372,884)	
Other operating cash payments	(887,223)	(1,267,163)	(731,418)	(1,104,302)
Cash inflows				
Rents	1,313,261		1,254,067	
Rate receipts	755,105		774,806	
Other operating cash receipts	131,089	2,199,455	189,195	2,218,068
Net cash inflow from revenue activities		932,292		1,113,766
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid	(261,487)		(275,916)	
Cash inflows				
Interest received	1,973		515	
		(259,514)		(275,401)
Capital activities				
Cash outflows				
Purchase of fixed assets	(189,208)		(1,018,789)	
Cash inflows				
Proceeds on sale of fixed assets	416		200	
		(188,792)		(1,018,589)
Net cash inflow/(outflow before financing)		483,986		(180,224)
Financing				
Cash inflows				
Bank borrowings	900,000		-	
Financing				
Cash outflows				
Repayments of amounts borrowed	(351,605)		(342,923)	
		548,395		(342,923)
		548,395		(342,923)
Net increase/(decrease) in cash		1,032,381		(523,147)

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 2016

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

	2015/16 £	2014/15 £
Net (deficit)/surplus for the year on general fund income and expenditure account	(44,888)	13,663
Depreciation	727,477	661,275
Interest paid	261,487	275,916
Interest received	(1,973)	(515)
Pension appropriation	25,000	30,000
Profit on sale of fixed assets	(416)	(200)
(Increase)/decrease in debtors	(6,614)	116,809
(Decrease)/increase in creditors	(27,781)	16,818
Net cash inflow from revenue activities	<u>932,292</u>	<u>1,113,766</u>

2. Reconciliation of the movement in net debt

	2015/16 £	2014/15 £
Net debt at 1 April	(4,890,622)	(4,710,398)
Movement in net debt:		
Increase/(decrease) in cash in the period	1,032,381	(523,147)
(Inflow)/outflow from decrease/increase in debt financing	<u>(548,395)</u>	<u>483,986</u>
Net debt at 31 March	<u>(4,406,636)</u>	<u>(4,890,622)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2015 £	Cash movement £	Non Cash Movements £	Balance at 31 March 2016 £
Cash in hand	1,164,581	(101,202)	-	1,063,379
Overdraft	<u>(1,168,938)</u>	<u>1,133,583</u>		<u>(35,355)</u>
	(4,357)	1,032,381	-	1,028,024
Net debt:				
Due within one year	(352,979)	351,605	(426,415)	(427,789)
Due after one year	<u>(4,533,286)</u>	<u>(900,000)</u>	<u>426,415</u>	<u>(5,006,871)</u>
Total net debt	<u>(4,890,622)</u>	<u>483,986</u>	<u>-</u>	<u>(4,406,636)</u>

Castletown Town Commissioners

General Rate Fund

as at 31 March 2016

	£	2016 £	£	2015 £
Total rates levied for the year		798,660		791,173
<i>Add:</i>				
Due from Treasury re prior year	23,495		49,985	
Arrears brought forward	16,873		27,696	
		<u>40,368</u>		<u>77,681</u>
		839,028		868,854
<i>Less:</i>				
Discounts	(31,524)		(31,188)	
Exempt and unoccupied properties	(12,873)		(15,169)	
Collection charge	(8,162)		(8,165)	
		<u>(52,559)</u>		<u>(54,522)</u>
Rates written (off)/back		(72)		842
Total rates collectable		<u><u>786,397</u></u>		<u><u>815,174</u></u>
Rates received in the year:				
Current year rates	721,937		704,081	
Arrears collected	9,674		20,740	
Balance from Treasury re previous year	23,494		49,985	
Total rates received in the year		755,105		774,806
Balances outstanding carried forward:				
Due from Treasury re current year	16,401		23,495	
Arrears - current year	7,764		9,076	
- previous years	7,127		7,797	
		<u>31,292</u>		<u>40,368</u>
		<u><u>786,397</u></u>		<u><u>815,174</u></u>

Castletown Town Commissioners

Notes to the financial statements

(forming part of the financial statements for the year ended 31 March 2016)

1. Tangible fixed assets

	Land and Buildings £	Street Lighting £	Office Furniture £	Motor Vehicles Plant and Equipment £	Total £
Cost/Value					
At 1 April 2015	38,525,842	292,951	14,584	223,124	39,056,501
Additions in the year	212,255	6,841	16,544	17,667	253,307
Revaluation	(3,746,276)	-	-	-	(3,746,276)
At 31 March 2016	34,991,821	299,792	31,128	240,791	35,563,532
Depreciation					
At 1 April 2015	5,824,022	114,664	13,119	181,792	6,133,597
Charge for the year	672,407	19,986	4,774	30,276	727,443
Revaluation	(6,496,429)	-	-	-	(6,496,429)
At 31 March 2016	-	134,650	17,893	212,068	364,611
Net book value					
At 31 March 2016	34,991,821	165,142	13,235	28,723	35,198,921
At 31 March 2015	32,701,820	178,287	1,465	41,332	32,922,904

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 £
Net current replacement cost	282,000	30,394,000	4,109,000	34,785,000

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

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 2015	Changes 2015/16	Number at 31 March 2016
Operational assets			
Dwellings	258	-	258
Other Land and Buildings			
Car parks	5	-	5
Depots	2	-	2
Public Conveniences	2	-	2
Public Halls	1	-	1
Public Offices	1	-	1
Miscellaneous properties	1	-	1
Parks and open spaces	1	-	1
Vehicles, Plant and Equipment			
Vehicles	8	-	8
Community Assets			
Parks and open spaces	5	-	5
Non-Operational assets			
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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

3. Capital expenditure and financing

	2015/16 £	2014/15 £
Capital investment		
Operational assets	246,466	995,820
Infrastructure	6,841	11,168
	<u>253,307</u>	<u>1,006,988</u>
Sources of finance		
	£	£
Isle of Man bank overdraft	207,420	819,203
Contribution from general revenue account	30,758	117,013
Housing revenue account	15,129	70,772
	<u>253,307</u>	<u>1,006,988</u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2016 are listed below:

	31 March 2016 £	31 March 2015 £
Civic centre	<u>92,864</u>	<u>-</u>

5. Debtors

	2016 £	2015 £
Amounts falling due in one year:		
Government departments	5	33
Rates	18,342	25,764
Housing rents	7,051	3,207
Sundry debtors and prepayments	14,310	10,361
Value Added Tax	19,375	13,104
	<u>59,083</u>	<u>52,469</u>

The above debtors are provided 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 2016)

6. Cash

The cash in hand figure (including short term investments) at 31 March 2016 was £1,063,379 (2015: £1,164,581). 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

	2016 £	2015 £
Housing rents	3,094	3,680
Trade creditors	13,321	37,713
Sundry creditors and accruals	133,715	72,419
	<u>150,130</u>	<u>113,812</u>

8. Provisions

The Authority has provided against trade debtors of £192 (2015: £939) and doubtful debts of £12,950 in respect of rates arrears (2015: £14,604). An amount of £72 was written off in respect of general rates (2015: £842 written back) 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 2015	(1,167,000)	131,494	23,149,567	3,666,492
Depreciation charge	-	-	(407,408)	-
Movement in the year	48,000	-	(1,709,235)	4,537,226
Transfer from other reserves	-	-	-	540,347
Balance at 31 March 2016	<u>(1,119,000)</u>	<u>131,494</u>	<u>21,032,924</u>	<u>8,744,065</u>

Accumulated surpluses

	Housing revenue Account £	Housing maintenance Account £	General revenue account £	Total £
Balance at 1 April 2015	392,791	219,389	411,894	1,024,074
Net surplus for year	226,904	82,091	687	309,682
Transfer from/(to) other reserves	(540,347)	-	-	(540,347)
Balance at 31 March 2016	<u>79,348</u>	<u>301,480</u>	<u>412,581</u>	<u>793,409</u>

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

10. Analysis of net assets employed

	2015 £	2015 £
General revenue account	3,593,546	2,703,743
Housing revenue account	25,989,346	24,100,884
	<u>29,582,892</u>	<u>26,804,627</u>

11. Borrowings

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

	2016 £	2015 £
Analysis of loans by type:		
Bank Loans	<u>5,434,660</u>	<u>4,886,265</u>
Analysis of overdraft and loans by maturity:		
Less than 1 year	427,789	352,979
Between 1 and 2 years	439,845	370,350
Between 2 and 5 years	1,363,990	1,167,572
Between 5 and 10 years	1,732,975	1,820,506
More than 10 years	<u>1,470,061</u>	<u>1,174,858</u>
Total outstanding	<u>5,434,660</u>	<u>4,886,265</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.

This 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 2016)

13. Members' allowances

During 2015/16 the Authority paid £5,540 (2014/15:£ 6,080) 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	2015/16 Number of Employees Leavers in year	Total	2014/15 Number of Employees Leavers in year
£50,000 - £74,999	2	1	2	-

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.

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 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 £75,000 was paid was paid to the Isle of Man Government Department of Infrastructure towards regeneration works in the town.

16. Audit fees

During 2015/16 the Authority incurred the following fees relating to external audit and inspection:

	2015/16 £	2014/15 £
Fees payable with regard to external audit services carried out by the appointed auditor	8,250	8,250

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

17. Total rateable value

The total rateable value of the Town at 31 March 2016 is £249,880 (2015: £247,279) at the year-end with a 320p rate being charged (2015: 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

19. Housing fixed assets

	Dwellings £
Gross valuation	
At 31 March 2015	33,312,328
Additions in the year	5,434
Revaluation in the year	(2,923,762)
At 31 March 2016	30,394,000
Depreciation	
At 31 March 2015	5,219,290
Charge for the year	609,407
Disposals in the year	(5,828,697)
At 31 March 2016	-
Net Book Value	
At 31 March 2016	30,394,000
At 31 March 2015	28,093,038

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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

19. Housing fixed assets – continued

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 in either 2014/15 or 2015/16. 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:

	2015/16	2014/15
	£	£
Isle of Man Bank overdraft	-	719,202
Housing revenue account	5,434	70,772
	<u>5,434</u>	<u>789,974</u>

21. Housing maintenance account

	2015/16	2014/15
	£	£
Balance at 1 April 2015	219,389	253,658
Underspend/(overspend) in year transferred to reserve	81,620	(34,652)
Interest received	471	383
	<u>301,480</u>	<u>219,389</u>

22. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids of £11,010 (2015: £10,235), represent 0.83% of the rental debit for the year, compared to 0.81% in 2014/15.

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:

	2015/16	2014/15
	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 2015/16.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

25. Rent arrears

	2015/16 £	2014/15 £
Rent arrears	7,051	3,207
Rent arrears as a percentage of gross rent income	0.53%	0.26%

Arrears written off during the year amounted to £Nil (£Nil in 2014/15).

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.

During the financial year the cost of pensions contribution's £52,000, (2015: £50,000) 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 2016 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 2016 % per annum	31 March 2015 % per annum
Rate of increase in salaries	3.6%	3.5%
Rate of increase in pensions	2.1%	2.1%
Rate for discounting scheme liabilities	3.4%	3.1%
Rate of expected return on assets	3.4%	4.8%

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 2013.

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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

26. Pensions (continued)

The fair value of the assets and liabilities held by the Authority within the Scheme are as follows:

	31 March 2016 £	31 March 2015 £
Estimated employer assets	2,257,000	2,324,000
Present value of scheme liabilities	(3,376,000)	(3,491,000)
Net pensions liability	<u>(1,119,000)</u>	<u>(1,167,000)</u>

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

	31 March 2016 £	31 March 2015 £
Equities	1,287,000	1,534,000
Bonds	609,000	418,000
Property	361,000	302,000
Cash	-	70,000
Estimated employer assets	<u>2,257,000</u>	<u>2,324,000</u>

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

	2015/16 £	2014/15 £
Net cost of service		
Current service cost	79,000	72,000
Net operating expenditure		
Interest cost	108,000	128,000
Expected return on employer assets	(110,000)	(120,000)
Actual amount charged against rate income for LGPS contributions in the year		
Employers contributions payable to the Scheme	(52,000)	(50,000)

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

26. Pensions (continued)

The net deficit on the scheme has decreased from £1,167,000 to £1,119,000. An analysis of the movement during the year is shown below:

	2015/16 £	2014/15 £
Net pension liability at the beginning of the year	(1,167,000)	(1,046,000)
Current service cost	(79,000)	(72,000)
Employer contributions	52,000	50,000
Expected net return on employer assets	2,000	(8,000)
Actuarial gains/(losses)	73,000	(91,000)
Net pension liability at the end of the year	(1,119,000)	(1,167,000)

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:

	2015/16 £	Actuarial gain/loss as % of assets/ liabilities	2014/15 £	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	2,257,000		2,324,000	
Total present value of liabilities	(3,376,000)		(3,491,000)	
Difference between the actual and expected return on assets	119,000	5.27%	165,000	7.10%
Actuarial gains/ (losses) recognised in the statement	73,000	2.16%	(91,000)	2.61%

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

	31 March 2016 £	31 March 2015 £
Breakdown of the expected return on assets by category		
Equities	5.7%	5.7%
Bonds	2.6%	2.5%
Property	3.8%	3.9%
Cash	2.5%	2.6%

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.

Castletown Town Commissioners

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2016)

26. Pensions (continued)

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 2016 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 2016

		2016	2015
	£	£	£
Summary of account			
Rates account		754,264	744,816
Miscellaneous properties		(10,153)	(396)
Bank interest		1,502	132
		<u>745,613</u>	<u>744,552</u>
Less:			
Office administration and general expenses	159,796	158,693	
Sanitation	203,743	198,495	
Plant and works depot	1,700	(9,619)	
Street and roads	1,856	(11,277)	
Amenities, services, library, Town Hall etc	215,798	207,277	
Southern Local Authorities Swimming Pool Board	6,228	6,130	
Revenue contribution to regeneration works	75,000	-	
Revenue contribution to assets	30,758	117,013	
Capital repayments	32,292	30,663	
Loan interest	22,422	16,349	
		<u>(749,593)</u>	<u>(713,724)</u>
(Deficit)/surplus for the year		(3,980)	30,828
Add: Accumulated surplus brought forward		411,894	381,066
Balance carried forward		<u><u>407,914</u></u>	<u><u>411,894</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 2016

	£	2016 £	£	2015 £
Miscellaneous properties				
Rents and rates including garages	17,219		17,774	
Wayleaves	3,380		2,045	
		20,599		19,819
<i>Less: expenses</i>				
Repairs	25,797		15,385	
Rates	2,052		1,982	
Insurance	2,903		2,848	
		(30,752)		(20,215)
		(10,153)		(396)
Other income				
Bank Interest		1,973		515
Office administration and general office expenses				
Salaries, office wages, NIC etc	169,445		156,339	
Telephone	4,915		4,744	
Audit fees	8,154		7,900	
Professional fees	21,793		45,831	
Printing and stationery	4,122		3,756	
Postage	1,109		2,158	
Computer charges	5,736		6,492	
Bank charges	5,656		5,665	
Sundries	4,373		1,183	
Rates collection charges	8,162		8,165	
Rates refund	-		1,716	
Rates (written back)/written off	72		(842)	
Commissioners allowances	5,540		6,080	
Bad debts – movement in provision	(409)		(9,785)	
		238,668		239,402
<i>Less: income</i>				
Sandfield complex	7,596		7,596	
Housing revenue administration charge	62,829		62,829	
Miscellaneous	8,447		10,284	
		(78,872)		(80,709)
		159,796		158,693

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Castletown Town Commissioners

Detailed Income and Expenditure Account (continued) for the year ended 31 March 2016

	£	2016 £	£	2015 £
Sanitation				
Refuse collection – wages & sundries	231,031		236,524	
Maintenance of public conveniences	12,827		10,551	
		<u>243,858</u>		<u>247,075</u>
<i>Less receipts:</i>				
Collection of trade refuse		(40,115)		(48,580)
		<u>203,743</u>		<u>198,495</u>
Plant and works depots				
Repair, maintenance and running expenses		9,132		8,874
<i>Less: income</i>				
Plant and works costs recovered		(7,432)		(18,493)
		<u>(1,700)</u>		<u>(9,619)</u>
Street and roads				
Car parks	-		6,395	
Street cleaning – agency basis	32,160		37,487	
		<u>32,160</u>		<u>43,882</u>
<i>Less: income</i>				
Government grants	10,000		36,137	
Car parking spaces	20,304		19,022	
		<u>(30,304)</u>		<u>(55,159)</u>
		<u>1,856</u>		<u>(11,277)</u>

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Castletown Town Commissioners

Detailed Income and Expenditure Account (continued) for the year ended 31 March 2016

		2016		2015
Amenities, services, library, Town Hall etc	£	£	£	£
Bowling green and tennis courts				
Wages, NHI and sundry costs	18,979		11,286	
<i>Less: income</i>				
Bowls and tennis receipts	(4,995)		(4,922)	
		13,984		6,364
Public Library				
Wages, NHI, books and sundry costs	41,497		40,476	
<i>Less: income</i>				
Subscriptions and miscellaneous sales	(2,120)		(2,590)	
		39,377		37,886
Civic Centre				
Wages, NHI and sundry costs	36,527		29,278	
<i>Less: income</i>				
Hire of rooms	(3,775)		(5,128)	
		32,752		24,150
Parks				
Wages, NHI and sundry costs		68,550		60,233
Public Lighting				
Street lighting		36,659		34,524
Public Seats				
Repairs, maintenance and provision of new seats		3,105		1,435
Publicity, public ceremonials, etc		21,371		42,685
		<u>215,798</u>		<u>207,277</u>
Southern Local Authorities Swimming Pool Board				
Contribution towards deficiency		<u>6,228</u>		<u>6,130</u>

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