

Castletown Town Commissioners

Statement of Accounts

For the year ended 31 March 2011

Castletown Town Commissioners

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Explanatory Foreword

Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2011. 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.

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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.

Net expenditure is met from the income from the General Rate Fund.

For the year ended 31 March 2011 the deficit for the year amounted to £207,501 (2010 deficit: £569,786). 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 2011, the surplus amounted to £104,474 (2010 surplus: £39,987) meaning the authority now has general fund reserves of £255,985 (2010: £151,511). A provision of £30,951 has been made against potentially irrecoverable rates arrears.

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2010/11 resulted in a deficit of £487,930, (2010 restated deficit: £518,259). 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. Deficiency payments are received from Department of Social Care covering any deficit and hence there is no annual movement on the reserve. The deficiency requirement for the year is £26,512 (2010: £57,173).

Capital Expenditure

Total capital expenditure in the year was £81,283 and was funded as follows:

General revenue - £47,871
Housing revenue - £1,780
Usable capital receipts - £21,732
Bank overdraft - £9,900

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Explanatory Foreword (continued)

General Rate Fund and Refuse Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 320p (2010:305p) in the £ on a rateable value of £238,855 (2010: £222,266) during the year.

Total rates arrears were £66,814 (2010:£34,676). Prior year rates were recovered totalling £6,362 (2010: £5,277). A provision of £30,951 has been made in respect of doubtful rates debtors.

Reserves

The Authority's general revenue reserves have increased from £151,511 at 31 March 2010 to £255,985 at 31 March 2011.

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 Pension Scheme that is attributable to Castletown Town Commissioners.

This is the difference between future liabilities and assets, as valued at 31st March 2011, and amounts to £603,000 (2010:£1,058,000) a decrease of £455,000 on the previous year. No current provision exists to meet this deficit, which will be addressed by future contributions to the Pension Fund.

The significant fall is due in part to positive asset returns and falling long term expectations. In addition the deficit has fallen further due to the pension increase change from RPI (Retail Price Index) to CPI (Consumer Price Index) which has resulted in a significant past service gain of £257,000.

Valuations

As disclosed in note 1 to the financial statements, at 31 March 2011, the Land and Buildings owned by the Commissioners were revalued resulting in an increase in valuation of £1,823,997.

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Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings as at 1 April 2011.

The accounts have been drawn up 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 2007 as representing proper accounting practices. Key principles 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.

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.

During the year, the Commissioners decided to increase the rate of depreciation in respect of office furniture from 5% to 25% as this better reflects the useful economic life of such assets. This increases depreciation for the period and increases the deficit on the Income and Expenditure account by £27,088. There is no effect on the general fund surplus for the year.

This is a change in estimation technique and hence no prior year adjustment is required.

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Statement of Accounting Policies (continued)

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.

Stock

Stocks have been valued at the lower of cost and net realisable value. During the period, immaterial items previously classified as stock, have been reclassified as fixed assets.

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.

Housing Deficiency

Housing deficiency is accounted for on an accruals basis and represents an amount due in respect of the shortfall in housing income over housing receipts in the year in accordance with the housing deficiency scheme operated by the Department of Social Care.

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.

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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 Local Government Pension 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 2010/11 contributions being based on the results of the review as at 31 March 2010. 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.

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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 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 Authority Pension 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.

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Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

The Responsible Financial Officer's responsibilities

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

We certify that the accounts set out on pages 13 to 32 of this Statement present fairly the financial position of the Authority at 31 March 2011 and its income and expenditure for the year ending on that date.

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Statement of Internal Control

Introduction

Regulation 8 of the Accounts and Audit Regulations 2007 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 a small number of high risk observations which are highlighted below and also 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 2011.

The following improvements have been identified to address internal control weaknesses:

- A review of the risk factors in the area of health and safety and also fire safety.

(Signed) J.H.V. Ludford

(Chairman)

(Dated) 20/02/12

Castletown Town Commissioners

INDEPENDENT AUDITOR'S REPORT TO CASTLETOWN TOWN COMMISSIONERS

We have audited the financial statements of Castletown Town Commissioners for the year ended 31 March 2011 which comprise the income and expenditure account, statement of the movement on the general fund balance, housing revenue income and expenditure account, statement of the movement on the housing revenue account balance, statement of total recognised gains and losses, the balance sheet, the cash flow statement, the general rate fund, the related notes and the statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice as directed by the Isle of Man Treasury as relevant to local authorities ("SORP").

This report is made solely to the 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 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 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 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 of the financial statements

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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

In the preceding year, included within Operational assets - Land and Property were certain operational assets which were reported at insurance reinstatement value, not at the lower of net current replacement cost or net realisable value in existing use as required by section 3.97 of the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP"). Operational land and properties were valued appropriately on 31 March 2011.

In the preceding year, included within Operational assets - Land and Property were certain non-operational investment property assets which were not separately reported and were not carried at the lower of net current replacement cost or net realisable value as required by section 3.98 of the SORP and were depreciated, contrary to section 3.117 of the SORP. Non-operational investment property assets were valued appropriately on 31 March 2011.

In the current and preceding year, due to the incorrect valuation methodology as stated above, depreciation has not been correctly calculated as required by section 3.112 of the SORP. Freehold Land has also been depreciated in both the current and preceding periods, contrary to section 3.117 of the SORP.

Castletown Town Commissioners

Qualified opinion on financial statements

In our opinion, except for the effects of the matters described in the basis for qualified audit opinion paragraph, the financial statements:

- give a true and fair view of the state of the authority's affairs as at 31 March 2011 and of its result for the year then ended;
- have been prepared in accordance with the requirements of the SORP; and
- have been prepared in accordance with the Accounts and Audit Regulations 2007 made under the Audit Act 2006.

Matters on which we are required to report by exception

Except for the effect on the financial statements of the matters referred to in the basis for qualified opinion, 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.

PKF (Isle of Man) LLC

PKF (Isle of Man) LLC
Douglas, Isle of Man

Date: *21 February 2012*

Castletown Town Commissioners

Income and Expenditure Account

For the year ended 31 March 2011

Statement of net expenditure	Notes	Gross Expenditure	Gross Income	2010/11 Net Expenditure	2009/10 Net Expenditure Restated
		£	£	£	£
Continuing operations:					
Office administration and general expenses		219,867	78,426	141,441	124,286
Miscellaneous properties		22,550	14,055	8,495	3,586
Sanitation		244,197	32,594	211,603	198,099
Plant and works depot		19,520	4,065	15,455	21,168
Streets and roads		34,331	61,459	(27,128)	(26,250)
Amenities, services, library, Town Hall		222,096	18,036	204,060	242,401
Southern Local Authorities Swimming Pool Board		5,957	-	5,957	5,557
Depreciation charge for the year		94,031	-	94,031	105,855
Write off of deferred charges		-	-	-	4,387
Loan capital repayments and interest		(20,038)	-	(20,038)	(50,323)
Net current service cost of pension scheme		-	2,000	(2,000)	(23,000)
Past service gains of pension schemes		-	257,000	(257,000)	-
Housing Revenue Income and Expenditure Account		<u>1,182,219</u>	<u>967,911</u>	<u>214,308</u>	<u>237,665</u>
Net cost of services		2,024,730	1,435,546	589,184	843,431
Interest payable and finance charges				293,660	310,850
Interest and investment income				(487)	(113)
Pensions interest cost and return on pension assets	26			<u>28,000</u>	<u>41,000</u>
Net operating expenditure				910,357	1,195,168
Sources of finance					
Income from the General Rate Fund				<u>702,856</u>	<u>625,382</u>
Deficit for the year				<u>(207,501)</u>	<u>(569,786)</u>

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

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Statement of the Movement on the General Fund Balance for the year ended 31 March 2011

	2010/11	2009/10
	£	restated £
Deficit for the year on the income and expenditure account	(207,501)	(569,786)
Amounts included in the Income and Expenditure account but to be excluded when determining the Movement on the General Fund Balance		
Reversal of net charges made for retirement benefits in accordance with FRS 17	80,000	76,000
Pensions in the year	(54,000)	(58,000)
Past service gains	(257,000)	-
Depreciation charge for the year	94,031	105,855
Movement in deferred charges and loans receivable	-	11,592
Amounts not included in the Income and Expenditure Account but to be included when determining the Movement on the General Fund Balance for the year		
Revenue contribution to capital assets	(47,871)	(16,661)
Capital loan payments received	30,016	-
Capital loan repayments for the year	(57,618)	(27,272)
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 to housing maintenance reserve	(168)	-
Transfer from housing revenue account	487,930	518,259
Transfer from usable capital receipts	36,655	-
	<u>104,474</u>	<u>39,987</u>
General Fund Balance brought forward	151,511	111,524
General Fund Balance carried forward	<u><u>255,985</u></u>	<u><u>151,511</u></u>

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

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Housing Revenue Income and Expenditure Account for the year ended 31 March 2011

	2010/11	2010/11	2009/10	2009/10
	£	£	£	£
Income			restated	restated
Dwelling rents	941,399		883,075	
Contributions towards expenditure including Housing Deficiency Payments	26,512		57,173	
Total income		967,911		940,248
Expenditure				
Repairs and maintenance	174,292		162,903	
Rates	149,969		139,385	
Insurance and computer costs	16,264		-	
Administration allowance	58,790		56,358	
Depreciation charge for the year	782,904		782,107	
Expenditure on Housing assets	-		37,160	
		(1,182,219)		(1,177,913)
Deficit for the year on the Housing revenue income and expenditure account before interest		(214,308)		(237,665)
Interest payable and similar charges		(273,622)		(280,594)
Deficit for the year on the Housing revenue income and expenditure account		(487,930)		(518,259)

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 2011

	2010/11 £	2009/10 £ restated
Deficit for the year on the HRA income and expenditure account	(487,930)	(518,259)
Amounts included in the Housing Revenue Income and Expenditure account but to be excluded when determining the Movement on the Housing Revenue Account Balance		
Depreciation charge for the year	782,904	782,107
Amounts not included in the Housing Revenue Income and Expenditure Account but to be included when determining the Movement on the Housing Revenue Account Balance for the year		
Contribution to capital assets	(1,780)	(9,349)
Capital loan repayments	(224,172)	(213,430)
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 housing maintenance account	(69,022)	(41,069)
Housing Revenue Account Balance brought forward	-	-
Housing Revenue Account Balance carried forward	-	-

Statement of Total Recognised Gains and Losses for the year ended 31 March 2011

	2010/11 £	2009/10 £
Deficit on the income and expenditure account for the year	(207,501)	(569,786)
Actuarial surpluses/(losses) on Pension Fund Assets and Liabilities	224,000	(529,000)
Revaluation gain	1,823,997	-
Overstatement of drainage debtor	(20,689)	-
Other gains and losses	(3,190)	-
Total recognised gains and losses for the year	1,816,617	(1,098,786)

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

Castletown Town Commissioners

Balance Sheet

As at 31 March 2011

	Notes	2011 £	2010 restated £
Fixed assets			
Tangible fixed assets	1 + 2	33,345,792	32,308,104
Chairs of office		844	887
		<u>33,346,636</u>	<u>32,308,991</u>
Current assets			
Stock		-	11,258
Debtors	5	62,134	173,515
Cash at bank	6	749,561	546,120
		<u>811,695</u>	<u>730,893</u>
Current liabilities			
Short-term borrowing	11	(262,258)	(252,720)
Creditors	7	(125,015)	(86,395)
		<u>(387,273)</u>	<u>(339,115)</u>
Net current assets		<u>424,422</u>	<u>391,778</u>
Total assets less current liabilities		<u>33,771,058</u>	<u>32,700,769</u>
Long-term liabilities			
Liability relating to defined benefit pension scheme	26	(603,000)	(1,058,000)
Long-term borrowing	11	(5,372,782)	(5,664,110)
Total assets less liabilities		<u>27,795,276</u>	<u>25,978,659</u>
Financed by:			
Revaluation reserve	9	24,779,198	23,560,201
Accumulated surpluses	9	509,027	335,363
Pensions reserve	9/26	(603,000)	(1,058,000)
Usable capital receipts	9	232,224	254,207
Capital adjustment account	9	2,877,827	2,886,888
		<u>27,795,276</u>	<u>25,978,659</u>

The financial statements were approved and authorised for issue by the Authority on 20/2/11 and were signed on their behalf by:

J.M.V. Ledford-Brooks
Chairman

RFO

Romer

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 2011

Revenue activities	2010/11		2009/10	
	£	£	£	£
Cash outflows				
Cash paid to and on behalf of employees	(435,609)		(446,127)	
Other operating cash payments	(570,211)	(1,005,820)	(680,944)	(1,127,071)
Cash inflows				
Rents	954,995		885,064	
Deficiency grant received	65,873		-	
Other operating cash receipts	790,892	1,811,760	838,230	1,723,294
Net cash inflow from revenue activities		805,940		596,223
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid		(296,222)		(308,282)
Cash inflows				
Interest received		486		254
		(295,736)		(308,028)
Capital activities				
Cash outflows				
Purchase of fixed assets	(81,283)		(446,122)	
		(81,283)		(446,122)
Net cash inflow /(outflow) before financing		428,921		(157,927)
Management of liquid resources				
(Increase) in short term deposits		(24)		-
Financing				
Cash outflows				
Repayments of amounts borrowed	(281,790)		(240,702)	
				(240,702)
Cash inflows				
Loan monies received	69,371		-	
Bank loans taken out in year	-	(212,419)	-	-
		(212,443)		(240,702)
Net increase /(decrease) in cash		216,478		(398,629)

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 2011

1. Reconciliation of net deficit to net cash inflow from revenue activities

	2010/11	2009/10
	£	restated £
Net deficit for the year on general fund income and expenditure account	(207,501)	(569,786)
Depreciation	876,934	887,963
Interest paid	296,222	308,282
Interest received	(486)	(254)
Past service gain	(257,000)	-
Pension results for year	26,000	18,000
Write off deferred charges	-	4,130
(Increase)/decrease in stock	-	(14)
(Increase)/decrease in debtors	21,321	(15,437)
Increase/(decrease) in creditors	50,450	(36,661)
Net cash inflow from revenue activities	<u>805,940</u>	<u>596,223</u>

2. Reconciliation of the movement in net debt

	2010/11	2009/10
	£	£
Net debt at 1 April	(5,396,573)	(5,238,646)
Movement in net debt:		
Cash used to increase investments	24	-
Increase/(decrease) in cash in the period	216,478	(398,629)
Inflow from decrease in debt financing	281,790	240,702
Net debt at 31 March	<u>(4,898,281)</u>	<u>(5,396,573)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2010 restated £	Cash movement £	Balance at 31 March 2011 £
Cash in hand	510,341	203,417	713,758
Overdraft	(25,863)	13,061	(12,802)
	<u>484,478</u>	<u>216,478</u>	<u>700,956</u>
Short term investments	35,779	24	35,803
Net debt:			
Due within one year	(252,720)	(9,538)	(262,258)
Due after one year	(5,664,110)	291,328	(5,372,782)
Total net debt	<u>(5,396,573)</u>	<u>498,292</u>	<u>(4,898,281)</u>

Castletown Town Commissioners

General Rate Fund

as at 31 March 2011

	<i>Notes</i>	2011	2010
	£	£	£
Total rates levied for the year		760,772	675,170
<i>Add:</i>			
Due from Treasury re prior year	3,093		11,336
Arrears brought forward	<u>31,583</u>		<u>31,410</u>
		<u>34,676</u>	<u>42,746</u>
<i>Less:</i>			
Discounts	(29,101)		(27,387)
Exempt and unoccupied properties	(28,657)		(13,892)
Refunds	(157)		(2,894)
Sundry write offs/adjustments	-		(5,614)
Collection charge	<u>(7,288)</u>		<u>(6,881)</u>
		<u>(65,203)</u>	<u>(56,668)</u>
Total rates collectable		<u>730,245</u>	<u>661,248</u>
Rates received in the year:			
Current year rates	654,729		609,959
Arrears collected	6,362		5,277
Balance from Treasury re previous year	<u>3,093</u>		<u>11,336</u>
Total rates received in the year		664,184	626,572
Balances outstanding carried forward:			
Due (to)/ from Treasury re current year	(753)		3,093
Arrears - current year	41,594		11,063
- previous years	<u>25,220</u>		<u>20,520</u>
		<u>66,061</u>	<u>34,676</u>
		<u>730,245</u>	<u>661,248</u>

Castletown Town Commissioners

Notes

(forming part of the financial statements for the year ended 31 March 2011)

1. Tangible fixed assets

	Land and Buildings	Street Lighting	Office Furniture	Motor Vehicles Plant and Equipment	Total
	£	£	£	£	£
Cost/Value					
At 1 April 2010	34,546,133	191,597	141,311	210,641	35,089,682
Additions in the year	31,883	17,220	11,891	20,289	81,283
Transfers from stock	-	-	9,299	-	9,299
Revaluations	1,823,997	-	-	-	1,823,997
At 31 March 2011	36,402,013	208,817	162,501	230,930	37,004,261
Depreciation					
At 1 April 2010	2,639,643	38,949	27,062	75,924	2,781,578
Charge for the year	821,370	8,493	33,860	13,168	876,891
At 31 March 2011	3,461,013	47,442	60,922	89,092	3,658,469
Net book value					
At 31 March 2011	32,941,000	161,375	101,579	141,838	33,345,792
At 31 March 2010	31,906,490	152,648	114,249	134,717	32,308,104

Valuation of fixed assets

The Authority plans to revalue its fixed assets every five years. Valuations were carried out by Chrystals Commercial, the Authority's valuer as at 31 March 2011. 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	356,000	28,275,000	4,310,000	32,941,000

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

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.

Plant and equipment – 5% per annum reducing balance basis

Motor vehicles – 20% per annum reducing balance basis

Street lighting – 5% per annum reducing balance basis

Office furniture – 25% per annum reducing balance basis

As disclosed fully in the accounting policies section, depreciation on office furniture has been increased to 25% from 5% to better reflect the useful economic life of such assets. This increases depreciation for the period and increases the deficit on the Income and Expenditure account by £27,088. There is no effect on the general fund surplus for the year.

2. Assets held

Operational assets	Number at 31 March 2010 Restated	Changes 2010/11	Number at 31 March 2011
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	10	1	11
Community Assets			
Parks and open spaces	5	-	5
Non-Operational assets			
Garages (general fund)	25	-	25
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. Categories have also been reviewed and brought forward figures amended slightly where appropriate.

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 (continued)

(forming part of the financial statements for the year ended 31 March 2011)

3. Capital expenditure and financing

	2010/11 £	2009/10 £
Capital investment		
Operational assets	64,063	445,714
Infrastructure	17,220	-
	<u>81,283</u>	<u>445,714</u>
Sources of finance		
Isle of Man bank overdraft	9,900	-
Contribution from general fund	47,871	25,602
Usable capital receipts funds held	21,732	420,112
Contribution from housing revenue account	1,780	-
	<u>81,283</u>	<u>445,714</u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2011 are listed below:

	31 March 2011 £	31 March 2010 £
Housing	469,960	-
Street lighting	-	35,173
	<u>469,960</u>	<u>35,173</u>

5. Debtors

	2011 £	2010 £
Amounts falling due in one year:		
Government departments	3,773	107,933
Ratepayers	35,864	34,675
Housing rents	2,125	1,722
Trade debtors	9,702	22,950
Value Added Tax	10,670	6,235
	<u>62,134</u>	<u>173,515</u>

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

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

6. Cash

The cash in hand figure at 31 March 2011 was £749,561 (2010: £546,120). 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

	2011	2010
	£	Restated £
Bank overdraft	12,802	25,863
Housing rents	4,131	4,185
Trade creditors	31,857	3,911
Sundry creditors and accruals	59,207	52,436
Government departments	17,018	-
	<u>125,015</u>	<u>86,395</u>

8. Provisions

The Authority has provided against doubtful debts of £30,951 in respect of rates arrears (2010: £Nil).

9. Capital reserves and accounts

	Pension Reserve	Usable capital receipts	Revaluation reserve	Capital adjustment account
	£	£	£	£
Balance at 1 April 2010	(1,058,000)	254,207	23,560,201	2,886,688
Depreciation charge	-	-	(605,000)	-
Movement in the year	455,000	(21,983)	-	-
Transfer from/(to) other reserves	-	-	-	(8,861)
Revaluation	-	-	1,823,997	-
Balance at 31 March 2011	<u>(603,000)</u>	<u>232,224</u>	<u>24,779,198</u>	<u>2,877,827</u>

Revenue reserves

	Housing maintenance Account	General revenue account	Total
	£	£	£
Balance at 1 April 2010	183,852	151,511	335,363
Net surplus for year	69,190	104,474	173,664
Balance at 31 March 2011	<u>253,042</u>	<u>255,985</u>	<u>509,027</u>

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

10. Analysis of net assets employed

	2011	2010 restated
	£	£
General revenue account	4,731,500	2,299,757
Housing revenue account	23,063,776	24,337,707
	<u>27,795,276</u>	<u>25,978,659</u>

11. Borrowings

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

	2011	2010
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	<u>5,635,040</u>	<u>5,916,830</u>
Analysis of loans by maturity:		
Less than 1 year	262,258	252,720
Between 1 and 2 years	276,437	265,966
Between 2 and 5 years	915,832	882,192
Between 5 and 10 years	1,784,279	1,743,228
More than 10 years	<u>2,396,234</u>	<u>2,772,724</u>
Total outstanding	<u>5,635,040</u>	<u>5,916,830</u>

In recent 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 and are fixed term loans. The interest charged on these loans varies between 4.36% and 5.95%.

Any monies borrowed on temporary overdraft facilities now incur interest at 1% 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.

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

13. Members' allowances

During 2010/11 the Authority paid £5,570 (2010:£6,290) 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	2010/11	Total	2009/10
		Number of Employees Leavers in year		Number of Employees Leavers in year
£50,000 - £74,999	-	-	-	-

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 - no related party disclosures arose in relation to officers.

16. Audit fees

During 2010/11 the Authority incurred the following fees relating to external audit and inspection:

	2010/11	2009/10
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	7,950	7,500

17. Total rateable value

The total rateable value of the Town at 31 March 2011 is £238,855 (2010: £222,266) at the year end with a 320p rate being charged (2010: 305p).

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

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

	Operational assets
	Dwellings restated
	£
Gross valuation	
At 31 March 2010	31,284,288
Additions in the year	31,883
Revaluation in the year	67,110
At 31 March 2011	31,383,281
Depreciation	
At 31 March 2010 as previously stated	1,920,779
Prior year adjustment	404,598
At 31 March 2010 (restated)	2,325,377
Charge for the year	782,904
Disposals in the year	-
At 31 March 2011	3,108,281
Net Book Value	
At 31 March 2011	28,275,000
At 31 March 2010 (restated)	28,958,911

Depreciation in respect of housing stock amounted to £782,904 (2010 restated: £782,107). An error was made in terms of the disclosure in the brought forward depreciation within this note. There was no overall effect on the disclosure of net assets in previous years.

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

20. HRA capital expenditure

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

	2010/11	2009/10
	£	£
Isle of Man Bank overdraft	9,900	-
Usable capital receipts reserve	21,983	419,704
	<u>31,883</u>	<u>419,704</u>

21. Housing maintenance account

	2010/11	2009/10
	£	£
Balance at 1 April 2010	183,852	142,642
Movement in year	69,190	41,210
Balance at 31 March 2011	<u>253,042</u>	<u>183,852</u>

22. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids of £3,172 (2010: £1,863, represent 0.25% of the rental debit for the year, compared to 0.25% in 2009/10.

23. Housing deficiency grant

Housing deficiency grant is paid from central government to meet the shortfall which might be incurred by the Authority. The amount of deficiency receivable/(repayable) is shown as follows:

	2010/11	2009/10
	£	£
Deficiency repayable at year end re 2010/11	(21,487)	-
Deficiency receivable at year end re 2009/10	-	57,173
Deficiency repayable at year end re 2008/09	-	(39,300)
	<u>(21,487)</u>	<u>17,873</u>

During the year £48,000 (2010: £Nil) was received in respect of housing deficiency.

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

24. Housing stock

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

	2010/11 No's	2009/10 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 2010/11.

25. Rent arrears

	2010/11 £	2009/10 £
Rent arrears	2,125	1,721
Rent arrears as a percentage of gross rent income	<u>0.27%</u>	<u>0.23%</u>

Arrears written off during the year amounted to £Nil (£Nil in 2009/10).

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 Local Government Pension Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2003. 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 contributions £54,000, (2010: £56,923) 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 2011 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 2011 % per annum	31 March 2010 % per annum
Rate of increase in salaries	5.1%	5.3%
Rate of increase in pensions	2.8%	3.8%
Rate for discounting scheme liabilities	5.5%	5.5%
Rate of expected return on assets	6.7%	6.9%

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

26. Pensions (continued)

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 2010.

The actuary used this valuation as the basis for the FRS17 calculations. The assets in the Isle of Man Local Government Pension Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Pension Scheme Accounts.

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

	31 March 2011	31 March 2010
	£	£
Estimated employer assets	1,665,000	1,387,000
Present value of scheme liabilities	<u>(2,268,000)</u>	<u>(2,445,000)</u>
Net pensions liability	<u>(603,000)</u>	<u>(1,058,000)</u>

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

	31 March 2011	31 March 2010
	£	£
Equities	1,116,000	901,000
Bonds	366,000	361,000
Property	133,000	111,000
Cash	<u>50,000</u>	<u>14,000</u>
Estimated employer assets	<u>1,665,000</u>	<u>1,387,000</u>

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

	2010/11	2009/10
	£	
Net cost of service		
Past service gain	257,000	-
Current service cost	52,000	35,000
Net operating expenditure		
Interest cost	124,000	105,000
Expected return on employer assets	(96,000)	(64,000)
Actual amount charged against rate income for LGPS contributions in the year		
Employers contributions payable to the Scheme	54,000	58,000

Castletown Town Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

26. Pensions (continued)

The net deficit on the scheme has decreased from £1,058,000 to £603,000. An analysis of the movement during the year is shown below:

	2010/11	2009/10
	£	£
Net pension liability at the beginning of the year	(1,058,000)	(511,000)
Current service cost	(52,000)	(35,000)
Employer contributions	54,000	58,000
Expected net return on employer assets	(28,000)	(41,000)
Actuarial gains/ (losses)	224,000	(529,000)
Past service gains	257,000	-
	<u>(603,000)</u>	<u>(1,058,000)</u>

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

	2010/11		2009/10	
	£	Actuarial gain/loss as % of assets/ liabilities	£	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	1,665,000	-	1,387,000	-
Total present value of liabilities	(2,268,000)	-	(2,445,000)	-
Difference between the actual and expected return on assets	7,000	0.42%	289,000	20.8%
Actuarial (losses)/gains recognised in the statement	224,000	9.88%	(529,000)	21.6

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

	31 March 2011	31 March 2010
	£	£
Breakdown of the expected return on assets by category		
Equities	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%

The above figures have been provided by the actuaries to the Isle of Man Government Pension 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 (continued)

(forming part of the financial statements for the year ended 31 March 2011)

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 2011 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. Post Balance Sheet Events

Post year end, certain employees of the Authority were awarded a 1.5% increase in wages, backdated to 1 April 2010. This has not been included in the accounts because it was not indicative of a condition that existed at the balance sheet date, at which point the level of the pay award was unknown. The backdated pay will be accounted for in the year ended 31 March 2012.

In addition, Whitley Council backdated pay is payable to manual staff in relation to a further one off pay award, that will again be accounted for in the year ended 31 March 2012.

28. Comparative figures

Certain comparative figure disclosures have been amended within the financial statements.

The disclosure of prior year fixed assets by category has been amended following the valuation carried out in the year.

In addition the split of net assets employed has also been amended to correctly classify the split of general and housing net assets.

Depreciation disclosures in respect of housing had been incorrectly disclosed in previous years, this has now been amended in note 19 to the accounts. As a result £404,598 of total additional depreciation in respect of the years ended 2008, 2009 and 2010 has been reclassified to housing from other land and buildings. This has no effect on the net assets employed overall. Housing net assets employed have reduced by £404,598, whilst general revenue reserves have increased by the same figure.

The authority's bank overdrafts have been shown under current liabilities, rather than being deducted from cash at bank and in hand. There is no overall effect on the net assets of the authority in this respect.

Finally, certain comparative figures have been restated within the cashflow statement to correctly disclose the cashflow movements for that year. There is no overall effect on the net assets of the authority.