

# **Castletown Town Commissioners**

## **Statement of Accounts**

**For the year ended 31 March 2014**

# 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 2014. 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 2014 the deficit for the year amounted to £77,034 (2013 deficit: £242,349). 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 2014, the surplus amounted to £93,029 (2013 surplus: £82,971) therefore as at 31 March 2014 the authority had general fund reserves of £381,066 (2013: £288,037).

### **Housing Revenue Account**

The Housing Revenue Account shows the income and expenditure on Authority housing. For the year ended 31 March 2014, the deficit amounted to £58,570, (2013 deficit: £134,424). 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 2012/13 and 2013/14, there is no deficiency requirement.

### **Capital Expenditure**

Total capital expenditure in the year was £465,613 and was funded as follows:

Housing maintenance reserve - £40,736  
Overdraft - £380,135  
General revenue account - £13,469  
Housing revenue account - £31,273

# 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 (2013:320p) in the £ with a rateable value of £245,192 (2013: £244,448) at the year end.

Total rates debtors were £77,681 (2013: £66,241) although of this amount £49,985 (2013: £31,980) was due from Treasury at the year end. Prior year rates were recovered totalling £15,439 (2013:£22,539). A provision of £25,328 (2013: £30,889) has been made in respect of doubtful rates debtors. In addition, an amount of £596 (2013: £513) was deemed to be irrecoverable and was written off the Treasury system.

### **Reserves**

The Authority's general revenue reserves have increased from £288,037 at 31 March 2013 to £381,066 at 31 March 2014.

### **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 2014, and amounts to £1,046,000 (2013: £818,000) an increase of £228,000 on the previous year. No current provision exists to meet this deficit, which will be addressed by future contributions to the Pension Fund.

The increase is due to changes in actuarial assumptions including a change in the discount rate used and an increase in life expectancy.

# Castletown Town Commissioners

## Statement of Accounting Policies

### **Basis of preparation**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with United Kingdom generally accepted accounting principles.

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 2013 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.

# Castletown Town Commissioners

## 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.

### **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.
- 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.

# Castletown Town Commissioners

## Statement of Accounting Policies (continued)

### **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 2013/14 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 2014 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 2014:-

- Health and safety
- Fire safety

(Signed) 

(Chairman)

(Signed) 

(Responsible Finance Officer)

Dated 6/10/14

# Castletown Town Commissioners

## **REPORT OF THE INDEPENDENT AUDITORS, GRANT THORNTON LIMITED, TO THE COMMISSIONERS OF CASTLETOWN TOWN COMMISSIONERS**

We have audited the financial statements of Castletown Town Commissioners for the year ended 31 March 2014 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 auditors**

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. 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 2014 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 AUDITORS, GRANT THORNTON LIMITED, TO THE COMMISSIONERS OF CASTLETOWN TOWN COMMISSIONERS (CONTINUED)

### 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*

PO Box 307

Exchange House

54-62 Athol Street

Douglas

Isle of Man

IM99 2BE

Date: *7 October 2014*

# Castletown Town Commissioners

## Income and Expenditure Account

For the year ended 31 March 2014

<b>Statement of net expenditure</b>	<i>Notes</i>	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>2013/14 Net Expenditure £</b>	<b>2012/13 Net Expenditure £</b>
Continuing operations:					
Office administration and general expenses		216,219	79,928	136,291	135,958
Miscellaneous properties		34,093	18,560	15,533	42,558
Sanitation		269,647	32,329	237,318	188,733
Plant and works depot		13,325	17,500	(4,175)	(2,473)
Streets and roads		32,778	56,983	(24,205)	(23,053)
Amenities, services, library, Town Hall		226,119	15,022	211,097	218,182
Southern Local Authorities Swimming Pool Board		6,036	-	6,036	5,992
Depreciation charge for the year		123,156	-	123,156	168,751
Impairment provision		-	-	-	36,030
Net current service cost of pension scheme		8,000	-	8,000	(1,000)
Loss on curtailment		4,000	-	4,000	-
Housing Revenue Income and Expenditure Account		<u>987,493</u>	<u>1,185,967</u>	<u>(198,474)</u>	<u>(135,269)</u>
<b>Net cost of services</b>		<b>1,920,866</b>	<b>1,406,289</b>	<b>514,577</b>	<b>634,409</b>
(Profit)/loss on sale of fixed assets				(7,920)	16,641
Interest payable and finance charges				275,122	289,213
Interest and investment income				(720)	(564)
Pensions interest cost and return on pension assets	26			<u>27,000</u>	<u>24,000</u>
<b>Net operating expenditure</b>				<b>808,059</b>	<b>963,699</b>
<b>Sources of finance</b>					
Income from the General Rate Fund				<u>731,025</u>	<u>721,350</u>
<b>Deficit for the year</b>				<u><u>(77,034)</u></u>	<u><u>(242,349)</u></u>

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 2014

	2013/14 £	2012/13 £
<b>Deficit for the year on the income and expenditure account</b>	<b>(77,034)</b>	<b>(242,349)</b>
<b>Amounts included in the Income and Expenditure account but required by statute to be excluded when determining the Movement on the General Fund Balance</b>		
Reversal of net charges made for retirement benefits in accordance with FRS 17	39,000	23,000
Depreciation charge for the year	123,156	168,751
Impairment charge	-	36,030
(Profit)/loss on sale of fixed assets	(7,920)	16,641
<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year</b>		
Revenue contribution to capital assets	(13,469)	(25,730)
Capital loan repayments for the year	(28,972)	(27,603)
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</b>		
Transfer to housing maintenance reserve	(302)	(193)
Transfer to housing revenue account	58,570	134,424
	<u>93,029</u>	<u>82,971</u>
General Fund Balance brought forward	288,037	205,066
<b>General Fund Balance carried forward</b>	<b><u><u>381,066</u></u></b>	<b><u><u>288,037</u></u></b>

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



# Castletown Town Commissioners

## Housing Revenue Income and Expenditure Account for the year ended 31 March 2014

	2013/14 £	2013/14 £	2012/13 £	2012/13 £
<b>Income</b>				
Dwelling rents and rates		1,185,967		1,067,219
<b>Expenditure</b>				
Repairs and maintenance	214,426		175,862	
Rates	158,615		156,745	
Insurance and computer costs	18,836		15,783	
Administration allowance	62,829		62,829	
Depreciation charge for the year	532,787		520,731	
		<u>(987,493)</u>		<u>(931,950)</u>
<b>Surplus for the year on the Housing revenue income and expenditure account before interest</b>		<b>198,474</b>		<b>135,269</b>
Interest payable and similar charges		<u>(257,044)</u>		<u>(269,693)</u>
<b>Deficit for the year on the Housing revenue income and expenditure account</b>		<b><u>(58,570)</u></b>		<b><u>(134,424)</u></b>

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

# Castletown Town Commissioners

## Statement of the Movement on the Housing Revenue Account Balance for the year ended 31 March 2014

	2013/14 £	2012/13 £
<b>Deficit for the year on the HRA income and expenditure account</b>	<b>(58,570)</b>	<b>(134,424)</b>
<b>Amounts included in the Housing Revenue Income and Expenditure account but required by statute to be excluded when determining the Movement on the Housing Revenue Account Balance</b>		
Depreciation charge for the year	532,787	520,731
<b>Amounts not included in the Housing Revenue Income and Expenditure Account but required by statute to be included when determining the Movement on the Housing Revenue Account Balance for the year</b>		
Contribution towards capital assets	(31,273)	(35,172)
Capital loan repayments	(291,077)	(256,442)
Surplus for the year before transfers to reserves	<u>151,867</u>	<u>94,693</u>
<b>Transfers to or from the Housing Revenue Account Balance that are required to be taken into account when determining the Movement on the Housing Revenue Account Balance for the year</b>		
Transfers to housing maintenance account	(6,397)	(39,324)
Housing Revenue Account Balance brought forward	<u>145,470</u> 69,850	<u>55,369</u> 14,481
<b>Housing Revenue Account Balance carried forward</b>	<u><u>215,320</u></u>	<u><u>69,850</u></u>

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2014

	2013/14 £	2012/13 £
<b>Deficit on the income and expenditure account for the year</b>	<b>(77,034)</b>	<b>(242,349)</b>
Actuarial losses on Pension Fund Assets and Liabilities	(189,000)	(104,000)
Other gains and losses	9,650	(8)
<b>Total recognised gains and losses for the year</b>	<u><u>(256,384)</u></u>	<u><u>(346,357)</u></u>

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

# Castletown Town Commissioners

## Balance Sheet

As at 31 March 2014

	<i>Notes</i>	2014 £	2013 £
<b>Fixed assets</b>			
Tangible fixed assets	<i>1 + 2</i>	32,577,155	32,772,028
Chains of office		724	762
		<u>32,577,879</u>	<u>32,772,790</u>
<b>Current assets</b>			
Debtors	<i>5</i>	169,278	94,423
Cash at bank and short term investments	<i>6</i>	981,774	776,863
		<u>1,151,052</u>	<u>871,286</u>
<b>Current liabilities</b>			
Bank overdraft		(462,984)	(59,648)
Short-term borrowing	<i>11</i>	(337,466)	(320,070)
Creditors	<i>7</i>	(108,801)	(78,850)
		<u>(909,251)</u>	<u>(458,568)</u>
<b>Net current assets</b>		<b>241,801</b>	<b>412,718</b>
		<u>32,819,680</u>	<u>33,185,508</u>
<b>Total assets less current liabilities</b>			
<b>Long-term liabilities</b>			
Liability relating to defined benefit pension scheme	<i>26</i>	(1,046,000)	(818,000)
Long-term borrowing	<i>11</i>	(4,891,722)	(5,229,166)
		<u>26,881,958</u>	<u>27,138,342</u>
<b>Total assets less liabilities</b>			
<b>Financed by:</b>			
Revaluation reserve	<i>9</i>	23,556,975	23,964,382
Accumulated surpluses	<i>9</i>	850,044	645,582
Pensions reserve	<i>9/26</i>	(1,046,000)	(818,000)
Usable capital receipts	<i>9</i>	131,494	131,494
Capital adjustment account	<i>9</i>	3,389,445	3,214,884
		<u>26,881,958</u>	<u>27,138,342</u>

The financial statements were approved and authorised for issue by the Authority on 6/10/14 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 2014

Revenue activities	£	2013/14 £	£	2012/13 £
<b>Cash outflows</b>				
Cash paid to and on behalf of employees	(400,798)		(433,018)	
Other operating cash payments	(842,277)	(1,243,075)	(732,620)	(1,165,638)
<b>Cash inflows</b>				
Rents	1,204,706		1,042,917	
Rate receipts	711,019		729,536	
Other operating cash receipts	156,571	2,072,296	133,724	1,906,177
<b>Net cash inflow from revenue activities</b>		<b>829,221</b>		<b>740,539</b>
<b>Returns on Investments and servicing of finance</b>				
<b>Cash outflows</b>				
Interest paid	(276,656)		(288,583)	
<b>Cash inflows</b>				
Interest received	720		564	
		<b>(275,936)</b>		<b>(288,019)</b>
<b>Capital activities</b>				
<b>Cash outflows</b>				
Purchase of fixed assets	(444,161)		(61,727)	
<b>Cash inflows</b>				
Proceeds on sale of fixed assets	12,500		-	
		<b>(431,661)</b>		<b>(61,727)</b>
<b>Net cash inflow before financing</b>		<b>121,624</b>		<b>390,793</b>
<b>Management of liquid resources</b>				
Decrease/ (increase) in short term deposits		35,896		(39)
<b>Financing</b>				
<b>Cash outflows</b>				
Repayments of amounts borrowed	(320,049)		(284,045)	
<b>Cash inflows</b>				
New loans raised	-		460,500	
		<b>(320,049)</b>		<b>176,455</b>
		<b>(284,153)</b>		<b>176,416</b>
<b>Net (decrease)/ increase in cash</b>		<b>(162,529)</b>		<b>567,209</b>

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 2014

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

	2013/14	2012/13
	£	£
Net deficit for the year on general fund income and expenditure account	(77,034)	(242,349)
Depreciation	655,944	689,483
Impairment charge	-	36,030
Interest paid	276,656	288,583
Interest received	(720)	(564)
Pension results for year	39,000	23,000
(Profit)/loss of sale of fixed assets	(7,920)	16,641
Increase in debtors	(74,855)	(28,739)
Increase/(decrease) in creditors	18,150	(41,546)
Net cash inflow from revenue activities	<u>829,221</u>	<u>740,539</u>

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

	2013/14	2012/13
	£	£
Net debt at 1 April	(4,832,021)	(5,222,814)
Movement in net debt:		
Decrease/ (increase) in short term deposits	(35,896)	39
(Increase)/decrease in cash in the period	(162,529)	567,209
Inflow from decrease in debt financing	320,048	(176,455)
Net debt at 31 March	<u>(4,710,398)</u>	<u>(4,832,021)</u>

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

	Balance at 31 March 2013	Cash movement	Non Cash Movements	Balance at 31 March 2014
	£	£	£	£
Cash in hand	740,967	240,807	-	981,774
Overdraft	(59,648)	(403,336)	-	(462,984)
	<u>681,319</u>	<u>(162,529)</u>	<u>-</u>	<u>518,790</u>
Short term investments	35,896	(35,896)	-	-
Net debt:				
Due within one year	(320,070)	320,048	(337,444)	(337,466)
Due after one year	(5,229,166)	-	337,444	(4,891,722)
Total net debt	<u>(4,832,021)</u>	<u>121,623</u>	<u>-</u>	<u>(4,710,398)</u>

The Authority's liquid resources comprise of deposit accounts that cannot be accessed within 24 hours.

# Castletown Town Commissioners

## General Rate Fund

as at 31 March 2014

	£	2014 £	£	2013 £
Total rates levied for the year		777,134		769,068
<i>Add:</i>				
Due from Treasury re prior year	31,980		39,021	
Arrears brought forward	34,261		43,825	
		<u>66,241</u>		<u>82,846</u>
		843,375		851,914
<i>Less:</i>				
Discounts	(30,465)		(29,376)	
Exempt and unoccupied properties	(15,644)		(18,095)	
Refunds	-		(247)	
Collection charge	(7,970)		(7,906)	
		<u>(54,079)</u>		<u>(55,624)</u>
Rates written off		(596)		(513)
		<u>788,700</u>		<u>795,777</u>
<b>Total rates collectable</b>		<b>788,700</b>		<b>795,777</b>
Rates received in the year:				
Current year rates	663,600		667,976	
Arrears collected	15,439		22,539	
Balance from Treasury re previous year	31,980		39,021	
		<u>711,019</u>		<u>729,536</u>
<b>Total rates received in the year</b>		<b>711,019</b>		<b>729,536</b>
<b>Balances outstanding carried forward:</b>				
Due from Treasury re current year	49,985		31,980	
Arrears - current year	9,470		13,488	
- previous years	18,226		20,773	
		<u>77,681</u>		<u>66,241</u>
		<u>788,700</u>		<u>795,777</u>

# Castletown Town Commissioners

## Notes to the financial statements

(forming part of the financial statements for the year ended 31 March 2014)

### 1. Tangible fixed assets

	Land and Buildings	Street Lighting	Office Furniture	Motor Vehicles Plant and Equipment	Total
	£	£	£	£	£
<b>Cost/Value</b>					
At 1 April 2013	37,088,948	270,750	126,471	263,605	37,749,774
Additions in the year	452,138	11,033	2,442	-	465,613
Disposals in year	-	-	(114,329)	(51,545)	(165,874)
<b>At 31 March 2014</b>	<b>37,541,086</b>	<b>281,783</b>	<b>14,584</b>	<b>212,060</b>	<b>38,049,513</b>
<b>Depreciation</b>					
At 1 April 2013	4,632,883	76,348	118,791	149,724	4,977,746
Charge for the year	590,787	18,786	4,686	41,647	655,906
Disposals for the year	-	-	(114,329)	(46,965)	(161,294)
<b>At 31 March 2014</b>	<b>5,223,670</b>	<b>95,134</b>	<b>9,148</b>	<b>144,406</b>	<b>5,472,358</b>
<b>Net book value</b>					
<b>At 31 March 2014</b>	<b>32,317,416</b>	<b>186,649</b>	<b>5,436</b>	<b>67,654</b>	<b>32,577,155</b>
At 31 March 2013	32,456,065	194,402	7,680	113,881	32,772,028

### 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 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

The Authority has reviewed the values of assets in all categories, including those professionally valued at 31 March 2011 and does not consider there to be any material change as at 31 March 2014.

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2014)

### 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 2013	Changes 2013/14	Number at 31 March 2014
<b>Operational assets</b>			
<b>Dwellings</b>	258	-	258
<b>Other Land and Buildings</b>			
Car parks	5	-	5
Depots	2	-	2
Public Conveniences	2	-	2
Public Halls	1	-	1
Public Offices	1	-	1
Miscellaneous properties	1	-	1
Parks and open spaces	1	-	1
<b>Vehicles, Plant and Equipment</b>			
Vehicles	10	(2)	8
<b>Community Assets</b>			
Parks and open spaces	5	-	5
<b>Non-Operational assets</b>			
Garages (general fund)	32	-	32
Recreational properties	1	-	1
Parks and open spaces	1	-	1

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

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



# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2014)

### 3. Capital expenditure and financing

	2013/14 £	2012/13 £
<b>Capital investment</b>		
Operational assets	454,580	55,535
Infrastructure	11,033	6,192
	<u>465,613</u>	<u>61,727</u>
<b>Sources of finance</b>		
	£	£
Isle of Man bank overdraft	380,135	-
Contribution from general revenue account	13,469	25,730
Housing revenue account	31,273	35,172
Contribution from housing maintenance reserve	40,736	825
	<u>465,613</u>	<u>61,727</u>

### 4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2014 are listed below:

	31 March 2014 £	31 March 2013 £
Housing	654,882	18,346
	<u>654,882</u>	<u>18,346</u>

The capital commitments at the year end represent kitchen refurbishment projects.

### 5. Debtors

	2014 £	2013 £
Amounts falling due in one year:		
Government departments	10,419	32
Rates	52,353	35,352
Housing rents	2,564	2,502
Sundry debtors and prepayments	15,121	33,813
Value Added Tax	88,821	22,724
	<u>169,278</u>	<u>94,423</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 2014)

### 6. Cash

The cash in hand figure (including short term investments) at 31 March 2014 was £981,774 (2013: £776,863). 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

	2014 £	2013 £
Housing rents	3,121	4,226
Trade creditors	20,259	19,877
Sundry creditors and accruals	85,326	48,173
Government departments	95	6,574
	<u>108,801</u>	<u>78,850</u>

### 8. Provisions

The Authority has provided against trade debtors of £Nil (2013: £Nil) and doubtful debts of £25,328 in respect of rates arrears (2013: £30,889). In addition, trade debtors of £Nil (2013: £Nil) were written off and an amount of £596 (2013: £513) was deemed to be irrecoverable and was written off the Treasury system.

### 9. Capital reserves and accounts

	Pension reserve £	Usable capital receipts £	Revaluation reserve £	Capital adjustment account £
Balance at 1 April 2013	(818,000)	131,494	23,964,382	3,214,884
Depreciation charge	-	-	(407,407)	-
Movement in the year	(228,000)	-	-	174,561
Transfer from other reserves	-	-	-	-
Balance at 31 March 2014	<u>(1,046,000)</u>	<u>131,494</u>	<u>23,556,975</u>	<u>3,389,445</u>

### Accumulated surpluses

	Housing revenue account £	Housing maintenance Account £	General revenue account £	Total £
Balance at 1 April 2013	69,850	287,695	288,037	645,582
Net surplus for year	145,470	6,397	93,331	245,198
Transfer from/(to) other reserves	-	302	(302)	-
Expenditure in year	-	(40,736)	-	(40,736)
Balance at 31 March 2014	<u>215,320</u>	<u>253,658</u>	<u>381,066</u>	<u>850,044</u>

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2014)

### 10. Analysis of net assets employed

	2014	2013
	£	£
General revenue account	3,489,158	4,067,403
Housing revenue account	23,392,800	23,070,939
	<u>26,881,958</u>	<u>27,138,342</u>

### 11. Borrowings

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

	2014	2013
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	5,229,188	5,549,236
Analysis of overdraft and loans by maturity:		
Less than 1 year	337,466	320,070
Between 1 and 2 years	353,331	337,466
Between 2 and 5 years	1,142,178	1,107,146
Between 5 and 10 years	1,905,221	2,041,592
More than 10 years	1,490,992	1,742,962
Total outstanding	<u>5,229,188</u>	<u>5,549,236</u>

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%. During the prior year, the authority took out a variable rate loan, interest being charged at 1.25% above 3 month LIBOR.

Any monies borrowed on temporary overdraft facilities incurs interest at 1.25% 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 2014)

### 13. Members' allowances

During 2013/14 the Authority paid £6,200 (2012/13:£6,350) 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	2013/14 Number of Employees Leavers in year	Total	2012/13 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 2013/14 the Authority incurred the following fees relating to external audit and inspection:

	2013/14 £	2012/13 £
Fees payable with regard to external audit services carried out by the appointed auditor	8,400	8,400

### 17. Total rateable value

The total rateable value of the Town at 31 March 2014 is £245,192 (2013: £244,448) at the year end with a 320p rate being charged (2013: 320p).

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2014)

### 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 £
<b>Gross valuation</b>	
At 31 March 2013	32,070,216
Additions in the year	452,138
Revaluation in the year	-
	<hr/>
<b>At 31 March 2014</b>	<b>32,522,354</b>
	<hr/>
<b>Depreciation</b>	
At 31 March 2013	4,149,151
Charge for the year	532,787
Disposals in the year	-
	<hr/>
<b>At 31 March 2014</b>	<b>4,681,938</b>
	<hr/>
<b>Net Book Value</b>	
At 31 March 2014	27,840,416
	<hr/>
At 31 March 2013	27,921,065
	<hr/>

The authority's social housing dwellings were revalued as at 31 March 2011 on a basis that reflects their use for social housing.

The vacant possession value of dwellings at 31 March 2011 was £47,125,000 compared to the balance sheet value of £28,275,000.

The difference in value at each date represents the economic cost to the Government of providing social housing at less than open market rents. No charges for impairment were necessary in either 2012/13 or 2013/14. Depreciation is charged on these assets in accordance with the methodologies in note 1.

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2014)

### 20. HRA capital expenditure

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

	2013/14	2012/13
	£	£
Isle of Man Bank overdraft	380,135	-
Housing maintenance reserve	40,736	825
Housing revenue account	31,273	35,172
	<u>452,144</u>	<u>35,997</u>

### 21. Housing maintenance account

	2013/14	2012/13
	£	£
Balance at 1 April 2013	287,695	249,003
Underspend in year transferred to reserve	6,397	39,324
Interest received	302	193
Capital spend in year	(40,736)	(825)
	<u>253,658</u>	<u>287,695</u>

### 22. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids of £6,735 (2013: £4,416), represent 0.63% of the rental debit for the year, compared to 0.41% in 2012/13.

### 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:

	2013/14	2012/13
	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 2013/14.

# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2014)

### 25. Rent arrears

	2013/14	2012/13
	£	£
Rent arrears	2,564	2,502
Rent arrears as a percentage of gross rent income	0.24%	0.23%

Arrears written off during the year amounted to £Nil (£Nil in 2012/13).

### 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 £53,000, (2013: £58,000) 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 2014 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 2014	31 March 2013
	% per annum	% per annum
Rate of increase in salaries	3.9%	5.1%
Rate of increase in pensions	2.6%	2.8%
Rate for discounting scheme liabilities	4.1%	4.5%
Rate of expected return on assets	5.8%	5.0%

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 FRS17 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 2014)

### 26. Pensions (continued)

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

	31 March 2014 £	31 March 2013 £
Estimated employer assets	2,084,000	1,907,000
Present value of scheme liabilities	<u>(3,130,000)</u>	<u>(2,725,000)</u>
Net pensions liability	<u>(1,046,000)</u>	<u>(818,000)</u>

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

	31 March 2014 £	31 March 2013 £
Equities	1,396,000	1,354,000
Bonds	375,000	381,000
Property	250,000	153,000
Cash	<u>63,000</u>	<u>19,000</u>
Estimated employer assets	<u>2,084,000</u>	<u>1,907,000</u>

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

	2013/14 £	2012/13 £
<b>Net cost of service</b>		
Current service cost	61,000	57,000
<b>Net operating expenditure</b>		
Interest cost	122,000	114,000
Expected return on employer assets	(95,000)	(90,000)
<b>Actual amount charged against rate income for LGPS contributions in the year</b>		
Employers contributions payable to the Scheme	(53,000)	(58,000)



# Castletown Town Commissioners

## Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2014)

### 26. Pensions (continued)

The net deficit on the scheme has increased from £818,000 to £1,046,000. An analysis of the movement during the year is shown below:

	2013/14 £	2012/13 £
<b>Net pension liability at the beginning of the year</b>	<b>(818,000)</b>	(691,000)
Current service cost	(61,000)	(57,000)
Employer contributions	53,000	58,000
Expected net return on employer assets	(27,000)	(24,000)
Actuarial losses	(189,000)	(104,000)
Losses on curtailments	(4,000)	–
<b>Net pension liability at the end of the year</b>	<b>(1,046,000)</b>	(818,000)

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:

	2013/14		2012/13	
	£	Actuarial gain/loss as % of assets/ liabilities	£	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	2,084,000		1,907,000	
Total present value of liabilities	(3,130,000)		(2,725,000)	
Difference between the actual and expected return on assets	34,000	1.63%	125,000	6.58%
Actuarial (losses)/gains recognised in the statement	(189,000)	6.04%	(104,000)	3.82%

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

	31 March 2014 £	31 March 2013 £
<b>Breakdown of the expected return on assets by category</b>		
Equities	6.6%	5.7%
Bonds	3.5%	2.9%
Property	4.8%	3.9%
Cash	3.7%	3.0%

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 2014)*

### **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 2014 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.

### **28. Post Balance Sheet events**

Subsequent to the year end, the authority has incurred expenditure in respect of damage to the Sea Wall within the Town at a total cost of approximately £121,000. This will be financed through bank borrowings of £100,000 and £21,000 from the General revenue account.

# Castletown Town Commissioners

## Detailed Income and Expenditure Account for the year ended 31 March 2014

		2014		2013
Summary of account	£	£	£	£
Rates account		731,025		721,350
Miscellaneous properties		(15,533)		(42,558)
Bank interest		418		371
		<u>715,910</u>		<u>679,163</u>
Less:				
Office administration and general expenses	136,291		135,958	
Sanitation	237,318		188,733	
Plant and works depot	(4,175)		(2,473)	
Street and roads	(24,205)		(23,053)	
Amenities, services, library, Town Hall etc	211,097		218,182	
Southern Local Authorities Swimming Pool Board	6,036		5,992	
Revenue contribution to assets	13,469		25,730	
Capital repayments	28,972		27,603	
Loan interest	18,078		19,520	
		<u>(622,881)</u>		<u>(596,192)</u>
Surplus for the year		93,029		82,971
Add: Accumulated surplus brought forward		288,037		205,066
<b>Balance carried forward</b>		<u><u>381,066</u></u>		<u><u>288,037</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 2014

	£	2014 £	£	2013 £
<b>Miscellaneous properties</b>				
Rents and rates including garages	16,643		13,418	
Wayleaves	1,917		3,571	
		<u>18,560</u>		<u>16,989</u>
<i>Less: expenses</i>				
Repairs	29,284		55,899	
Rates	1,982		991	
Insurance	2,827		2,657	
		<u>(34,093)</u>		<u>(59,547)</u>
		<u>(15,533)</u>		<u>(42,558)</u>
<b>Other income</b>				
Bank Interest		<u>418</u>		<u>371</u>
<b>Office administration and general office expenses</b>				
Salaries, office wages, NIC etc	149,128		144,814	
Telephone	4,652		4,408	
Audit fees	8,490		8,737	
Professional fees	25,171		27,928	
Printing and stationery	3,737		3,043	
Postage	1,340		1,402	
Computer charges	6,761		5,721	
Election expenses	-		5,145	
Bank charges	5,357		4,342	
Sundries	2,377		78	
Rate collection charges	7,970		7,906	
Commissioners allowances	6,200		6,350	
Bad debts – write off	597		513	
Bad debts – provision	(5,561)		(8,111)	
		<u>216,219</u>		<u>212,276</u>
<i>Less: income</i>				
Sandfield complex	7,596		6,472	
Housing revenue administration charge	62,829		62,829	
Miscellaneous	9,503		7,017	
		<u>(79,928)</u>		<u>(76,318)</u>
		<u>136,291</u>		<u>135,958</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 2014

	£	2014 £	£	2013 £
<b>Sanitation</b>				
Refuse collection – wages & sundries	240,501		184,176	
Refuse vehicle expenses	13,782		17,764	
Maintenance of public conveniences	15,364		16,981	
		<u>269,647</u>		218,921
<i>Less receipts:</i>				
Collection of trade refuse		<u>(32,329)</u>		<u>(30,188)</u>
		<u>237,318</u>		<u>188,733</u>
<b>Plant and works depots</b>				
Repair, maintenance and running expenses		13,325		12,301
<i>Less: income</i>				
Plant and works costs recovered		<u>(17,500)</u>		<u>(14,774)</u>
		<u>(4,175)</u>		<u>(2,473)</u>
<b>Street and roads</b>				
Car parks	159		1,079	
Street cleaning – agency basis	32,619		34,715	
		<u>32,778</u>		35,794
<i>Less: income</i>				
Government grants	36,848		39,162	
Car parking spaces	20,135		19,685	
		<u>(56,983)</u>		<u>(58,847)</u>
		<u>(24,205)</u>		<u>(23,053)</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 2014

		2014		2013
	£	£	£	£
<b>Amenities, services, library, Town Hall etc</b>				
<b>Bowling green and tennis courts</b>				
Wages, NHI and sundry costs	8,280		17,890	
<i>Less: income</i>				
Bowls and tennis receipts	(6,129)		(4,537)	
		<b>2,151</b>		13,353
<b>Public Library</b>				
Wages, NHI, books and sundry costs	43,915		45,890	
<i>Less: income</i>				
Subscriptions and miscellaneous sales	(2,859)		(3,632)	
		<b>41,056</b>		42,258
<b>Civic Centre</b>				
Wages, NHI and sundry costs	32,461		25,864	
<i>Less: income</i>				
Hire of rooms	(6,034)		(6,388)	
		<b>26,427</b>		19,476
<b>Parks</b>				
Wages, NHI and sundry costs		<b>69,295</b>		75,746
<b>Public Lighting</b>				
Street lighting		<b>36,737</b>		38,231
<b>Public Seats</b>				
Repairs, maintenance and provision of new seats		<b>1,425</b>		1,836
<b>Publicity, public ceremonials, etc</b>		<b>34,006</b>		27,282
		<b>211,097</b>		218,182
<b>Southern Local Authorities Swimming Pool Board</b>				
Contribution towards deficiency		<b>6,036</b>		5,992

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