

Onchan District Commissioners

Statement of Accounts

For the year ended 31 March 2011

Onchan District Commissioners

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Onchan District Commissioners

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 "Accounting for entities subject to the Audit Act 2006" ("the SORP").

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 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 set 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.

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.

Net expenditure is met from the following sources:

- Income from the General Rate Fund
- Government grants
- Other income

The income and expenditure account for the year shows a surplus of £242,217 (2010 (restated): £16,937), however once the other movements on the general fund have been taken into account, as detailed below, the overall movement in the General Fund shows a surplus of £40,058 (2010: £158,291), compared to a budgeted deficit of £78,491 (2010: £132,380).

This is due to some general under spends during the year.

Movement on the General Fund Balance

This relates to amounts which are included in the income and expenditure account but do not relate to the general fund, and items excluded from the income and expenditure account which relate to the general fund.

Primarily the movements relate to the depreciation cost in the year, income and expenditure on other funds, gains or loss on sale of fixed assets, expenditure on fixed assets which are funded from the general fund, movements on the pension liabilities, and the inclusion of capital repayments on loans and finance leases which are met by the general fund.

Housing Revenue Account

The Housing Revenue Account ("HRA") shows the income and expenditure on Authority housing. This shows an operating deficit of £402,309 (2010 (restated) surplus: £75,397). After taking account of capital repayment of loans of £294,091 (2010: £277,715), depreciation, impairments and fixed assets paid out of the housing funds, there is a surplus of £258,256 (2010: £26,484) which has been transferred to the housing related reserves.

Capital Expenditure

Total capital expenditure in the year was £437,025 (2010: £473,801) all of which relates to the purchase of fixed assets.

General Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 266p (2010: 266p) in the £ on a rateable value of £766,628 (2010: £762,496) during the year. Rate arrears at the year end were £13,074 (2010: £9,903) and this represents 0.6% (2010: 0.5%) of the rates levied for the year.

Investments and Borrowing

The Authority borrowed £282,965 (2010: £0) during the year to finance capital programmes. The borrowings are by the way of an overdraft, which will be converted into a loan once the current capital project has been completed.

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Explanatory Foreword (continued)

Reserves

The Authority has been able to increase its general reserves from £963,560 at 31 March 2010 to £1,003,618 at 31 March 2011. This has been achieved through a combination of planned contributions and an under spending in the year. These resources are retained to cover planned and potential expenditure, including support of the capital programme, debt repayment and as a buffer against anticipated financial risks.

Pensions Liability

The SORP requires the Commissioners to disclose certain information within the Financial Statements and this appears in note 25 to the Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Pensions Scheme that is attributable to Onchan District Commissioners.

This is the difference between future liabilities and assets, as valued at 31 March 2011, and amounts to £1,572,000 (2010: £3,027,000). No current provision exists to meet this deficit which will be addressed by future contributions to the Pension Fund.

Prior year adjustment

The authority had a valuation of its fixed assets as at 31 March 2010 which was undertaken during the year.

As a result the carrying value of these assets have been restated in the comparative figures, along with the creation of a revaluation reserve being the net uplift in the carrying value of the assets at that date. In addition a depreciation charge has been included in prior years to comply with the SORP.

The effect of this on the comparative figures was to increase fixed assets by £38,361,301; decrease the capital adjustment account by £4,040,526; and create a revaluation reserve of £42,401,827.

The adjustment also increased the depreciation charge in the Income and Expenditure account by £31,618 and in the Housing Revenue account by £249,634; and created an impairment of fixed assets in the Income and Expenditure account of £58,912. The Transfers to the Capital Adjustment account in the Statement of Movement on the General Fund Balance and Statement of Movement on the Housing Revenue Account increased by £90,530 and £249,634 respectively. There was no net effect on the general fund balance.

Onchan District Commissioners

Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings as at 31 March 2010.

The accounts have been drawn up in accordance with the Isle of Man Statement of Recommended Practice 2007 "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 accounting policies 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. Operational assets are those used by the Authority in the delivery of services or in pursuit of its strategic or service objectives. Non-operational assets are those held but not directly occupied, used or consumed for those purposes. The depreciation rates are detailed in Note 2 to the financial statements.

Valuations

Asset valuations have been carried out in accordance with guidelines established by CIPFA and RICS, and in accordance with the SORP.

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, plant and equipment, historical costs have been used as a proxy for valuation; 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 the historical cost 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.

Routine revaluations will be carried out at intervals of not more than five years, although major changes in value are recorded as they occur.

Depreciation

Depreciation is provided on all assets with a finite useful life, other than investment properties. Where depreciation is provided for, assets are being depreciated by applying the straight line method to Balance Sheet values over periods reflecting their estimated useful lives.

No depreciation is provided on freehold land.

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.

Onchan District Commissioners

Statement of Accounting Policies (continued)

Disposals

Income from the disposal of fixed assets is accounted for on an accruals basis. Capital receipts are held in the Usable Capital Receipts Reserve until such time as they are used to finance other capital expenditure, when they are credited to the Capital Adjustment Account.

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. Grants and contributions from other organisations have been treated in the same way as Government grants.

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 customers and 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 work 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. In all cases the Authority adopts a prudent approach to avoid overstating its resources.

Value added tax

Value Added Tax is included in the 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.

Onchan District Commissioners

Statement of Accounting Policies (continued)

Pension costs

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

The 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 operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise; and the financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

Reserves

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

- **General Fund**
Represents accumulated surpluses on past activities and is available to mitigate the potential risks of increased expenditure to be charged to future years' accounts and to assist in organisational development.
- **Housing Maintenance Reserve and Elderly Persons Housing Maintenance Reserve**
Representing the unspent allowance for repairs on the Commissioners' housing stock
- **Community Facilities Fund**
Representing the unspent allowance to fund community facilities in the elderly persons' complexes.
- **Elderly Persons Housing Heating Reserve**
Representing the balance on the heating charges at the year end to cover heating costs in the elderly persons' housing.
- **Usable Capital Receipts**
These are amounts of capital receipts received to be used to finance future capital expenditure.
- **Earmarked Reserves**
These are amounts which have been earmarked to cover expenditure in specific areas.

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**
Amounts set aside from capital receipts or revenue resources to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.
- **Pensions Reserve**
Amount set aside to match the liability in respect of the Commissioners' participation in the Isle of Man Local Government Pension Scheme.
- **Revaluation Reserve**
Representing principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.

Onchan District Commissioners

Statement of Accounting Policies (continued)

Provisions

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

Exceptional items, extraordinary items and prior year adjustments

Exceptional items and extraordinary items are included in the cost of the relevant service or on the face of the Income and Expenditure Account, as appropriate. Prior year adjustments arising from natural corrections associated with estimates used in the accounts are accounted for in the year in which they are recognised. Material adjustments arising from changes in accounting policies or fundamental errors are accounted for by restating preceding year comparative figures and opening balances on reserves. Appropriate disclosures are made where relevant.

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.

Onchan District Commissioners

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

The Responsible Financial Officer's responsibilities

The Responsible Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in 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 these 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;
- complied with the SORP.

The Responsible Financial Officer has also:

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

The Responsible Financial Officer should sign and date the statement of accounts, stating that it presents fairly the financial position of the body at the accounting date and its income and expenditure for the year ended 31 March 2011.

Statement of Internal Control

Introduction

Regulation 8 of the Accounts and Audit Regulations 2007 requires the Authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement on internal control within the Authority's statement of accounts.

This statement is made by the Onchan District 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 is considered to be the key aspect of the internal control and corporate governance environment:

- **Board meetings**

The Board meets three times a month and consists of a Chairman and 6 other Board members. The Board receive reports from the Authority's Officers on operational matters and ensure that the work of the Chief Executive, Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Board.

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.

Further evidence as to the effectiveness of internal controls and corporate governance arrangements is provided by reports issued during the year by the external and internal Auditors.

Statement of Internal Control (continued)

Review of internal financial control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Authority. In particular, the system includes:

- comprehensive budgeting systems;
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecasts;
- clearly defined capital expenditure guidelines; and
- as appropriate, formal project management disciplines.

The authority has engaged an independent external party to provide an internal audit of the authority's systems and controls, covering the areas agreed by the Commissioners and management. The Internal Auditor reports their findings to the Commissioners.


No unacceptable areas of risk were identified in their report covering the year ended 31 March 2011.

Our 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, as described above; and
- the external auditors in their annual audit letter and other reports.

Report on internal control and corporate governance environment

Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage rather than eliminate the risk of failure to achieve objectives. They can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that the Authority's internal control and corporate governance arrangements are adequate and operated effectively during the year ended 31 March 2011.

(Signed)  _____

J Kelly (Chairman)

(Signed)  _____

P M Hulme (Chief Executive)

(Dated) 31 October 2011

Independent Auditors' Report to the Commissioners of Onchan District

We have audited the financial statements of Onchan District 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

The financial statements do not comply with the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ('the SORP') as operational properties held by the authority were not valued on the correct basis as at 31 March 2009, being the lower of net current replacement cost or net realisable value in existing use. As a result of this the depreciation charged on these properties in respect of the comparative period ended 31 March 2010 has not been calculated on the correct basis.

Independent Auditors' Report to the Commissioners of Onchan District (continued)

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

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

31 October 2011

Onchan District Commissioners

Income and Expenditure Account for the year ended 31 March 2011

Statement of net expenditure	Gross expenditure £	Income £	2010/11 Net income/ (expenditure) £	2009/10 Net income/ (expenditure) £ (Restated)
Continuing operations:				
Finance and general purposes	(862,188)	187,088	(675,100)	(508,403)
Maintenance	(36,990)	–	(36,990)	(7,747)
Works and cleansing	(967,286)	549,076	(418,210)	(428,838)
Leisure and amenities	(705,431)	87,079	(618,352)	(691,306)
Government assisted	(37,100)	124,034	86,934	87,771
Pension costs - past service gain	738,000	–	738,000	–
Net (cost) of General Fund services	(1,870,995)	947,277	(923,718)	(1,548,523)
Housing Income and Expenditure Account	(1,851,536)	2,086,895	235,359	728,045
Net income from/(cost of) services	(3,722,531)	3,034,172	(688,359)	(820,478)
Gain/(Loss) on disposal of fixed assets			175	(13,769)
Interest payable and similar charges			(892,113)	(911,940)
Interest and investment income			4,521	1,457
Pension interest cost & expected return on pension assets			(75,000)	(107,000)
Net operating expenditure			(1,650,776)	(1,851,730)
Sources of finance				
Income from the General Rate Fund			1,892,993	1,868,667
Net surplus/(deficit) for the year			242,217	16,937

The notes on pages 25 to 39 form part of these financial statements.

Onchan District Commissioners

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

	2010/11 £	2009/10 £ (Restated)
Surplus/(deficit) for the year on the income and expenditure account	242,217	16,937
Amounts included in the income and expenditure account but to be excluded when determining the Movement on the General Fund Balance		
Depreciation and impairment of fixed assets	254,208	395,045
Net charges made for retirement benefits	(648,000)	21,000
(Gain)/Loss on disposal of fixed assets	(175)	13,769
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		
Loan funds principal repayments	(171,908)	(162,614)
Loan funds principal repayments received - Drainage loan	49,573	46,701
Fixed assets financed out of general fund	(87,914)	(106,241)
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)/from Housing Revenue Account	402,309	(75,397)
Transfers to Earmarked Reserves	(252)	9,091
Transfer to Community Facilities Fund	—	—
Increase in General Fund Balance	40,058	158,291
General Fund Balance brought forward	963,560	805,269
General Fund Balance carried forward	1,003,618	963,560

The notes on pages 25 to 39 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 £ (Restated)
Income			
Dwelling rents including rates	1,619,297		1,593,639
Charges for services and facilities	104,560		104,178
Contributions towards expenditure including Housing Deficiency Payments	<u>363,038</u>		<u>379,802</u>
Total income		2,086,895	2,077,619
Expenditure			
Repairs and maintenance	(385,320)		(503,733)
Supervision and management	(242,944)		(343,072)
Rents, rates, taxes and other charges	(268,616)		(243,974)
Depreciation and impairment of fixed assets	<u>(954,656)</u>		<u>(258,795)</u>
		<u>(1,851,536)</u>	<u>(1,349,574)</u>
Net cost of HRA services as included in the whole authority Income and Expenditure Account		235,359	728,045
HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		—	—
Net cost of HRA services		235,359	728,045
<i>HRA share of the operating income and expenditure included in the whole authority income and expenditure account</i>			
Interest payable and similar charges		(638,836)	(653,101)
Interest and investment income		<u>1,168</u>	<u>453</u>
Surplus/(deficit) for the year on HRA services		<u>(402,309)</u>	<u>75,397</u>

The notes on pages 25 to 39 form part of these financial statements.

Onchan District Commissioners

Statement of the Movement on the Housing Revenue Account Balance for the year ended 31 March 2011

	2010/11 £	2009/10 £ (Restated)
Surplus/(deficit) for the year on the HRA income and expenditure account	(402,309)	75,397
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 and impairment of fixed assets	954,656	258,795
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		
Loans funds principal repayments	(294,091)	(277,715)
Fixed assets financed out of housing revenue account	–	(29,993)
Transfers to or from the Housing Revenue Account that are required to be taken into account when determining the Movement on the Housing Revenue Account Balance for the year		
Transfer (to)/from Community Facilities Fund	7,273	60,202
Transfer to Housing Maintenance Reserve	(258,474)	(47,134)
Transfer (to)/from EPC Housing Maintenance Reserve	5,830	(39,552)
Transfer to EPC Heating Reserve	(12,885)	–
	–	–
Housing Revenue Account Balance brought forward	–	–
Housing Revenue Account Balance carried forward	–	–

The notes on pages 25 to 39 form part of these financial statements.

Onchan District Commissioners

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

	Note	2010/11 £	2009/10 £ (Restated)
Surplus/(deficit) on the income and expenditure account for the year		242,217	16,937
Actuarial gains and losses on pension fund assets and liabilities	25	807,000	(1,729,000)
Unrealised surplus on revaluation of properties		—	42,401,827
Restatement of fixed asset		—	125,992
Total recognised gains and losses for the year		1,049,217	<u>40,815,756</u>
Prior year adjustment	26	38,361,301	
Total gains and losses recognised since last annual report		39,410,518	

Onchan District Commissioners

Balance Sheet as at 31 March 2011

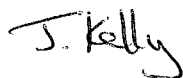
	Notes	2011 £	2011 £	2010 £ (Restated)	2010 £ (Restated)
Fixed assets					
Tangible fixed assets					
Operational assets					
– Dwellings	1	48,189,589		48,786,585	
– Other land and buildings	1	4,859,608		4,904,470	
– Vehicles, plant, furniture and equipment	1	271,350		341,678	
– Infrastructure assets	1	397,844		448,067	
– Community assets	1	180,185		197,018	
			53,898,576		54,677,818
Non-operational assets					
– Investment properties	1	3,535,000		3,535,000	
			3,535,000		3,535,000
			57,433,576		58,212,818
Long-Term Debtor					
	9		1,378,677		1,431,071
Current assets					
Debtors					
Cash at bank	10	448,420		667,538	
		1,672,074		1,064,998	
			2,120,494		1,732,536
Current liabilities					
Short-term borrowing					
Creditors	15	491,279		465,999	
Bank overdraft	11	381,950		202,066	
		307,465		59,245	
			1,180,694		727,310
Net current assets					
			939,800		1,005,226
Total assets less current liabilities					
			59,752,053		60,649,115
Long-term liabilities					
Long-term borrowing					
Pension liabilities	15	14,529,445		15,020,724	
	25	1,572,000		3,027,000	
			16,101,445		18,047,724
Total assets less liabilities					
			43,650,608		42,601,391

Onchan District Commissioners

Balance Sheet (continued) as at 31 March 2011

	Notes	2011 £	2010 £ (Restated)
Financed by:			
Capital Adjustment Account	13	1,453,411	1,708,691
Pensions Reserve	13	(1,572,000)	(3,027,000)
Earmarked Reserves	13	46,157	45,905
General Fund	13	1,003,618	963,560
Housing Maintenance Reserve	13	658,568	463,594
Elderly Persons Housing Maintenance Reserve	13	66,195	8,525
Community Facilities Fund	13	29,016	36,289
Elderly Persons Housing Heating Reserve	13	12,885	—
Revaluation Reserve	13	41,952,758	42,401,827
		<u>43,650,608</u>	<u>42,601,391</u>

The financial statements were approved and authorised for issue by the Authority on 31 October 2011 and were signed on their behalf by:



J Kelly
Chairman



T M G Reed
Responsible Financial Officer

Onchan District Commissioners

Cash Flow Statement for the year ended 31 March 2011

Revenue activities	Notes	2010/11 £	2010/11 £	2009/10 £
Cash outflows				
Cash paid to and on behalf of employees		(1,535,470)		(1,741,017)
Other operating cash payments		(1,500,694)		(1,389,122)
			(3,036,164)	(3,130,139)
Cash inflows				
Rents (after rebates)		1,933,251		1,547,366
Rate receipts		1,897,757		1,869,358
Grants from Central Government		470,876		379,802
Cash received for goods and services		803,130		1,030,987
			5,105,014	4,827,513
Net cash inflow/outflow from revenue activities	1		2,068,850	1,697,374
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid		(885,214)		(911,940)
			(885,214)	(911,940)
Cash inflows				
Interest received		4,521		1,457
			4,521	1,457
Net servicing of finance			(880,693)	(910,483)
Capital activities				
Cash outflows				
Purchase of fixed assets		(370,880)		(473,801)
			(370,880)	(473,801)
Cash inflows				
Sale of fixed assets		7,578		11,877
			7,578	11,877
Net Capital activities			(363,302)	(461,924)
Net cash inflow/(outflow) before financing	2		824,855	324,967

Onchan District Commissioners

Cash flow statement (continued) for the year ended 31 March 2011

	<i>Notes</i>	2010/11 £	2010/11 £	2009/10 £
Management of Liquid resources				
Net (increase)/decrease in short term deposits		(380,696)		-
		<hr/>	(380,696)	<hr/>
Financing				
Cash outflows				
Repayments of amounts borrowed		(465,999)		(440,329)
Repayment of bonds		-		(213,900)
		<hr/>	(465,999)	<hr/>
Cash inflows				
New loans raised		-		-
Bonds matured		-		-
		<hr/>	-	<hr/>
Net cash (inflow)/ outflow from financing			(846,695)	(654,229)
Net increase/(decrease) in cash	3		(21,840)	(329,262)

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

Onchan District Commissioners

Notes to the Cash Flow Statement for the year ended 31 March 2011

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

	2010/11 £	2009/10 £ (Restated)
Net surplus/(deficit)	242,217	16,937
Depreciation and impairment	1,208,864	653,840
(Gain)/Loss on disposal of fixed assets	(175)	13,769
Appropriations to pension reserve	(648,000)	21,000
Interest paid	885,214	911,940
Interest received	(4,521)	(1,457)
(Increase)/decrease in debtors	271,512	148,700
Increase/(decrease) in creditors	113,739	(67,355)
	<u>2,068,850</u>	<u>1,697,374</u>

2. Reconciliation of the movement in net debt

	2010/11 £	2010/11 £	2009/10 £
Net debt at 1 April		(14,480,970)	(14,805,937)
Movement in net debt:			
(Increase)/decrease in cash in the period	(21,840)		(329,262)
Inflow/(outflow) from increase/(decrease) in debt financing	465,999		654,229
Inflow/(outflow) from movement in liquid resources	380,696		-
		<u>824,855</u>	<u>324,967</u>
Net debt at 31 March		<u>(13,656,115)</u>	<u>(14,480,970)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 1 April 2010 £	Cash movement £	Balance at 31 March 2011 £
Cash in hand	1,064,998	226,380	1,291,378
Cash overdrawn	(59,245)	(248,220)	(307,465)
	<u>1,005,753</u>	<u>(21,840)</u>	<u>983,913</u>
Short term deposits	-	380,696	380,696
Net debt:			
Due within one year	(465,999)	(25,280)	(491,279)
Due after one year	(15,020,724)	491,279	(14,529,445)
Total net debt	<u>(14,480,970)</u>	<u>824,855</u>	<u>(13,656,115)</u>

Onchan District Commissioners

General Rate Fund as at 31 March 2011

	2011 £	2011 £	2010 £	2010 £
Total rates levied for the year		2,029,523		2,028,239
<i>Add:</i>				
Arrears brought forward	9,903		8,080	
Advances brought forward	<u>(19,336)</u>		<u>(16,821)</u>	
		(9,433)		(8,741)
<i>Less:</i>				
Discounts	(74,479)		(71,364)	
Exempt and unoccupied properties	(62,051)		(75,977)	
Parish allowance	-		(12,231)	
Arrears written off	<u>-</u>		<u>-</u>	
		<u>(136,530)</u>		<u>(159,572)</u>
Total rates collectable		<u>1,883,560</u>		<u>1,859,926</u>
 Rates received in the year:				
Current year rates	1,865,360		1,841,943	
Arrears collected	5,126		8,080	
Advances collected	<u>27,271</u>		<u>19,336</u>	
Total rates received in the year		1,897,757		1,869,359
 Balances outstanding carried forward:				
Arrears	13,074		9,903	
Advances	<u>(27,271)</u>		<u>(19,336)</u>	
		<u>(14,197)</u>		<u>(9,433)</u>
		<u>1,883,560</u>		<u>1,859,926</u>

Onchan District Commissioners

Notes

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

1 Tangible fixed assets

Operational assets	Dwellings £	Other land and buildings £	Vehicles, plant and equipment £	Infrastructure assets £	Community assets £	Total £
Value						
At 31 March 2010 as previously reported	15,370,324	3,250,833	1,662,683	502,226	367,568	21,153,634
Prior year adjustment per note 26	33,416,261	1,914,848	(34,850)	–	–	35,296,259
At 31 March 2010 (restated)	48,786,585	5,165,681	1,627,833	502,226	367,568	56,449,893
Additions in the year	349,111	63,816	24,098	–	–	437,025
Disposals in the year	–	(8,029)	(120,810)	–	–	(128,839)
Transfers	–	–	(7,190)	7,190	–	–
Impairment	(335,048)	–	–	–	–	(335,048)
Restatement	–	–	–	–	–	–
At 31 March 2011	48,800,648	5,221,468	1,523,931	509,416	367,568	56,423,031
Depreciation						
At 31 March 2010 as previously reported	–	512,454	1,313,521	54,159	170,550	2,050,684
Prior year adjustment per note 26:						
•Adjusted depreciation at 31 March 2009	3,315,327	367,776	(27,366)	–	–	3,655,737
•Additional depreciation charge 2009-10	249,634	31,618	–	–	–	281,252
•Revaluation	(3,564,961)	(650,637)	–	–	–	(4,215,598)
At 31 March 2010 (restated)	–	261,211	1,286,155	54,159	170,550	1,772,075
Charge for the year	611,059	102,873	92,828	50,223	16,833	873,816
Disposals in the year	–	(2,224)	(119,212)	–	–	(121,436)
Transfers	–	–	(7,190)	7,190	–	–
Restatement	–	–	–	–	–	–
At 31 March 2011	611,059	361,860	1,252,581	111,572	187,383	2,524,455
Net book value						
At 31 March 2011	48,189,589	4,859,608	271,350	397,844	180,185	53,898,576
At 31 March 2010 (restated)	48,786,585	4,904,470	341,678	448,067	197,018	54,677,818

Onchan District Commissioners

Notes (continued)

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

1 Tangible fixed assets (continued)

Non-operational assets	Investment Properties £
Cost	
At 31 March 2010	806,894
as previously reported	
Prior year adjustment per note 26	2,728,106
	<hr/>
At 31 March 2010 (restated)	3,535,000
Additions in the year	–
Transfers	–
Restatement	–
	<hr/>
At 31 March 2011	3,535,000
	<hr/>
Depreciation	
At 31 March 2010	58,327
as previously reported	
Prior year adjustment per note 26:	
•Adjusted depreciation at 31 March 2009	44,625
•Additional depreciation charge 2009-10	–
•Revaluation	(102,952)
	<hr/>
At 31 March 2010 (restated)	–
Charge for the year	–
Transfers	–
Restatement	–
	<hr/>
At 31 March 2011	–
	<hr/>
Net book value	
At 31 March 2011	3,535,000
	<hr/> <hr/>
At 31 March 2010 (restated)	3,535,000
	<hr/> <hr/>

Onchan District Commissioners

Notes (continued)

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

1 Tangible fixed assets (continued)

Valuation of fixed assets

The Authority plans to revalue its fixed assets every five years. A valuation was carried out as at 31 March 2010 by the Authority's external valuer, Chrystals Commercial, Chartered Surveyors of Douglas, Isle of Man. The valuation was carried out in accordance with the RICS Valuations Standards (May 2011 Edition); International Financing Reporting Standards-based Code of Practice on Valuation of Local Authority Assets; RICS Valuation Standards Appendix 6 – Minimum Content of Valuation reports and the SORP.

Dwellings are valued on a basis that reflects their use for social housing. The vacant possession value of dwellings at 31 March 2010 was £81,103,500 compared to the balance sheet value at 31 March 2011 of £48,189,589 (2010: £48,786,585). The difference in value at each date represents the economic cost to the authority of providing social housing at less than open market rents.

The basis for valuation is set out in the statement of accounting policies. Assets have been valued as follows:

Operational assets	Dwellings £	Other land and buildings £	Vehicles, plant and equipment £	Infrastructure £	Community assets £	Total £
Valued at historical cost	138,546	209,875	271,350	397,844	180,185	1,197,800
Valued at current value in use						
31 March 2010	48,051,043	4,649,733	–	–	–	52,700,776
	<u>48,189,589</u>	<u>4,859,608</u>	<u>271,350</u>	<u>397,844</u>	<u>180,185</u>	<u>53,898,576</u>

2 Depreciation methodologies

Depreciation is provided on all assets with a finite useful life, other than investment properties. Depreciation is calculated, using the straight line method, on Balance Sheet values over periods reflecting the following estimated useful lives:

		Years
Dwellings	Buildings	50
Other Land and Buildings	Buildings	15 - 50
	Improvements	10
	Public Conveniences	15
Vehicles, Plant & Equipment		5 – 10
Community Assets	Excluding land	10
Infrastructure Assets	Excluding land	10

Freehold land is not depreciated.

Onchan District Commissioners

Notes (continued)

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

3 Assets held

Operational assets	Number at 31 March 2010 (restated)	Changes 2010/11	Number at 31 March 2011
Dwellings			
Houses, Flats and Bungalows	394	—	394
Sheltered accommodation	100	—	100
Other Land and Buildings			
Car parks	3	—	3
Depots	3	—	3
Public Conveniences	3	—	3
Public Halls	1	—	1
Public Offices	1	—	1
Recreational properties	1	—	1
Sports Stadium	1	—	1
Vehicles, Plant and Equipment			
Vehicles	19	(4)	15
Infrastructure Assets			
Street Lights	898	—	898
Community Assets			
Parks and open spaces	9	—	9
Non-Operational assets			
Investment properties			
Retail properties	13	—	13
Garages (general fund)	138	—	138

The figures have been fully reconciled at the year end and this has resulted in small amendments to the opening figures.

4 Housing fixed assets

The dwellings consist of the authority's housing stock.

Onchan District Commissioners

Notes (continued)

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

5 Housing stock

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

	2010/11	2009/10
	No.	No.
Houses, flats and bungalows	394	394
Elderly Persons Housing – Sheltered Accommodation Units	100	100
	<u>494</u>	<u>494</u>

Changes in the housing stock are detailed below:

	2010/11	2009/10
	£	£
		(Restated)
Stock at 1 April 2010	48,786,585	11,726,079
Additions	349,111	156,163
Transfers	–	172,755
Revaluation	–	36,981,222
Depreciation	(611,059)	(249,634)
Impairment	(335,048)	–
Stock at 31 March 2011	<u>48,189,589</u>	<u>48,786,585</u>

6 HRA capital expenditure

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

	2010/11	2009/10
	£	£
Borrowings	349,111	156,163
	<u>349,111</u>	<u>156,163</u>

7 Capital expenditure and financing

	2010/11	2009/10
	£	£
Capital investment		
Operational assets	437,025	473,801
	<u>437,025</u>	<u>473,801</u>
Sources of finance		
Bank borrowings	349,111	143,708
Payments from reserves	87,914	330,093
	<u>437,025</u>	<u>473,801</u>

The borrowings are by the way of an overdraft, which will be converted into a loan once the current capital project has been completed.

Onchan District Commissioners

Notes (continued)

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

8 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	897,657	40,000
	<u>897,657</u>	<u>40,000</u>

9 Long-Term Debtors

	Balance at 1 April 2010 £	Debts repaid £	Transferred to less than one year £	Balance at 31 March 2011 £
Due from Isle of Man Water and Sewerage Authority	1,431,071	(49,573)	(2,821)	1,378,677
	<u>1,431,071</u>	<u>(49,573)</u>	<u>(2,821)</u>	<u>1,378,677</u>

The debtor is repayable over periods between 15 and 25 years. The interest charged is between 5.85% and 6.15%.

10 Debtors

	2011 £	2010 £
Debtors:		
Amounts falling due in one year (net of bad debt provisions):		
Government departments	193,023	483,448
Other local authorities	55,678	34,889
Ratepayers	5,799	9,903
Housing rents	18,117	69,796
Sundry debtors and prepayments	87,646	43,709
VAT	88,157	25,793
	<u>448,420</u>	<u>667,538</u>

Debtor balances are shown net of provisions for bad or doubtful debts. Details of these provisions are given in note 12.

Onchan District Commissioners

Notes (continued)

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

11 Creditors

	2011 £	2010 £
Government departments	43,418	25,768
Other local authorities	606	–
Ratepayers	27,271	19,336
Housing rents	45,399	44,624
Sundry creditors and accruals	265,256	65,405
Provision for redundancies	–	46,933
	<u>381,950</u>	<u>202,066</u>

12 Provisions

The Authority maintains the following provisions for bad or doubtful debts:

	2011 £	2010 £
Ratepayers	7,275	–
Housing rents	18,391	–
Sundry debtors and prepayments	19,657	37,376
	<u>45,323</u>	<u>37,376</u>

These provisions are included within the debtors in note 10.

Onchan District Commissioners

Notes (continued)

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

13 Reserves

Capital reserves and accounts

	Revaluation Reserve	Capital Adjustment account
	£	£
Balance at 1 April 2010 as previously reported	–	5,749,217
Prior year adjustment per Note 26	42,401,827	(4,040,526)
	<hr/>	<hr/>
Balance at 1 April 2010 (restated)	42,401,827	1,708,691
Net surplus/(deficit) for year	–	–
Capital expenditure met by earmarked reserves	–	–
Appropriations (to)/from revenue	–	(704,349)
Depreciation	(449,069)	449,069
	<hr/>	<hr/>
Balance at 31 March 2011	<u>41,952,758</u>	<u>1,453,411</u>

Revenue reserves

	Pensions reserve	General fund	Earmarked reserves
	£	£	£
Balance at 1 April 2010	(3,027,000)	963,560	45,905
Net surplus for year	–	40,058	–
Appropriations (to)/from revenue	648,000	–	252
Capital expenditure	–	–	–
Actuarial gains/(losses) from pensions	807,000	–	–
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2011	<u>(1,572,000)</u>	<u>1,003,618</u>	<u>46,157</u>

	Housing maintenance reserve	EPH maintenance reserve	Community facilities fund	EPH heating reserve
	£	£	£	£
Balance at 1 April 2010	463,594	8,525	36,289	–
Net surplus for year	–	–	–	–
Appropriations (to)/from revenue	258,474	(5,830)	(7,273)	12,885
Capital expenditure	–	–	–	–
Transfers	(63,500)	63,500	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2011	<u>658,568</u>	<u>66,195</u>	<u>29,016</u>	<u>12,885</u>

Onchan District Commissioners

Notes (continued)

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

13 Reserves (continued)

Earmarked reserves comprise:

The following earmarked reserves and their movement in the year are detailed below:

	Balance at 1 April 2010	Receipts in year	Expenditure in year	Balance at 31 March 2011
	£	£	£	£
Property repair fund	27,483	86	–	27,569
Office equipment fund	9,910	31	–	9,941
Crosh Pobble fund	504	2	–	506
Community centre	747	1	–	748
Equipment replacement fund	356	–	–	356
Youth development fund	735	225	(100)	860
Lady Taverners' playground fund	6,170	7	–	6,177
	<u>45,905</u>	<u>352</u>	<u>(100)</u>	<u>46,157</u>

14 Analysis of net assets employed

	2011 £	2010 £ (Restated)
General Fund	6,868,388	5,979,626
Housing revenue account	36,782,220	36,621,765
	<u>43,650,608</u>	<u>42,601,391</u>

15 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:		
Commercial loans	15,020,724	15,486,723
Total	<u>15,020,724</u>	<u>15,486,723</u>
Analysis of loans by maturity:		
Less than 1 year	491,279	465,999
Between 1 and 2 years	526,584	491,279
Between 2 and 5 years	1,754,038	1,661,880
Between 5 and 10 years	3,283,949	3,220,087
More than 10 years	8,964,874	9,647,478
Total outstanding	<u>15,020,724</u>	<u>15,486,723</u>

The outstanding loans are secured by a letter of comfort from the Isle of Man Treasury and are repayable over periods between 10 and 28 years. The interest charged on these loans is between 4.25% and 6.31%.

Onchan District Commissioners

Notes (continued)

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

16 Members' allowances

During 2010/11 the Authority paid £6,420 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2010: £6,330).

17 Employees' remuneration

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

Remuneration Band	2010/11 Number of Employees		2009/10 Number of Employees	
	Total	Leavers in year	Total	Leavers in year
£50,000 – £74,999	2	–	2	–

18 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.

The Authority received housing deficiency grants from the Department of Social Care, and was also reimbursed for Road Sweeping by the Department of Infrastructure and for Drainage expenditure by the Isle of Man Water and Sewerage Authority.

All Members 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.

Members of the Authority – no related party disclosures arose in relation to members, other than the allowances detailed in note 16.

19 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		
• For the current year	10,400	9,500
• For previous years	1,088	–
Fees payable with regard to non-audit services carried out by the appointed auditor	3,300	29,860

20 Total rateable value

The total rateable value at the year end was £766,628 (2010: £762,496) and rates were levied at 266p (2010: 266p) in the £.

Onchan District Commissioners

Notes (continued)

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

21 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.

22 Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 0.7% of the maximum rent for the year (2010 – 1.2%).

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 is shown as follows:

	2010/11 £	2009/10 £
Elderly Persons Housing	<u>363,038</u>	<u>379,802</u>
	<u>363,038</u>	<u>379,802</u>

24 Rent arrears

	2010/11 £	2009/10 £
Rent arrears (excluding provision for doubtful debts)	36,508	39,530
Rent arrears as a percentage of gross rent income	<u>2.1%</u>	<u>2.3%</u>

Arrears written off during the year amounted to £0 (£0 in 2009/10).

Onchan District Commissioners

Notes (continued)

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

25 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 Pension Scheme administered by Douglas Borough Council in accordance with the 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 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 LLP, 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	31 March 2009 % per annum
Rate of increase in salaries	5.1%	5.3%	4.6%
Rate of increase in pensions	2.8%	3.8%	3.1%
Expected return on assets	6.7%	6.9%	6.2%
Rate for discounting scheme liabilities	5.5%	5.5%	6.9%

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 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 31 March 2010. The actuary used this valuation as the basis for the calculations.

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	4,426,000	4,249,000
Present value of scheme liabilities	(5,998,000)	(7,276,000)
Net pensions asset/(liability)	<u>(1,572,000)</u>	<u>(3,027,000)</u>

Onchan District Commissioners

Notes (continued)

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

25 Pensions (continued)

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

	2010/11 £	2009/10 £
Net cost of service		
Current service cost	222,000	153,000
Losses on curtailments	13,000	–
Past service (cost)/gains	(738,000)	–
Net operating expenditure	<u>(503,000)</u>	<u>153,000</u>
Pension interest cost & expected return on pension assets		
Expected return on employer assets	(299,000)	(192,000)
Interest on pension scheme liabilities	374,000	299,000
	<u>75,000</u>	<u>107,000</u>
Amounts to be met from government grants and taxation	<u><u>(428,000)</u></u>	<u><u>260,000</u></u>

The net deficit on the scheme has decreased from £3,027,000 to £1,572,000. An analysis of the movement during the year is shown below:

	2010/11 £	2009/10 £
Net pension liability at the beginning of the year	(3,027,000)	(1,277,000)
Current service cost	(222,000)	(153,000)
Past service (cost)/gains	738,000	–
Losses on curtailments	(13,000)	–
Employer contributions	220,000	239,000
Interest cost	(374,000)	(299,000)
Expected return on employer assets	299,000	192,000
Actuarial gains/(losses)	807,000	(1,729,000)
Net pension liability at the end of the year	<u><u>(1,572,000)</u></u>	<u><u>(3,027,000)</u></u>

The split of the fair value of the employer assets as at 31 March 2011 is show below. The asset values are at bid value as required under the SORP.

	Long term expected rate of return 2011	2010/11 £	Long term expected rate of return 2010	2009/10 £	Long term expected rate of return 2009	2008/09 £
Fair value of employer assets						
Equities	7.5%	2,965,000	7.8%	2,762,000	7.0%	1,642,000
Bonds	4.9%	974,000	5.0%	1,105,000	5.6%	1,015,000
Properties	5.5%	354,000	5.8%	340,000	4.9%	117,000
Cash	4.6%	133,000	4.8%	42,000	4.0%	222,000
Total		<u><u>4,426,000</u></u>		<u><u>4,249,000</u></u>		<u><u>2,996,000</u></u>

Onchan District Commissioners

Notes (continued)

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

26 Prior year adjustment

The authority had a valuation of its fixed assets as at 31 March 2010 undertaken during the year.

As a result the carrying value of these assets have been restated in the comparative figures, along with the creation of a revaluation reserve to meet the uplift in the carrying value of the assets at that date.

The effect on the prior year figures is to increase/(decrease) fixed assets by the following amounts:

- Dwellings £33,416,261
- Other Land and Buildings £2,166,091
- Investment Properties £2,786,433
- Vehicles, plant and equipment £(7,484)

In addition as at 31 March 2010 a Revaluation Reserve has been created with a balance of £42,401,827 and the Capital Adjustment Account decreased by £4,040,526. The opening balance of the Capital Adjustment Account in the prior year figures has been decreased by £3,700,362 to account for depreciation on building assets up to 31 March 2009 which has not previously been charged.

The depreciation charge has been included in prior years to comply with the SORP in respect of 2009/10, this increased the depreciation charge in the Income and Expenditure account by £31,618 and in the Housing Revenue account by £249,634; and created an impairment of fixed assets in the Income and Expenditure account of £58,912. The Transfers to the Capital Adjustment account in the Statement of Movement on the General Fund Balance and Statement of Movement on the Housing Revenue Account increased by £90,530 and £249,634 respectively. There was no net effect on the general fund balance.

Detailed Income and Expenditure Account

for the year ended 31 March 2011

	2011 £	2011 £	2010 £ (Restated)	2010 £ (Restated)
Finance and general purposes				
Employment costs	628,138		519,233	
Establishment costs	84,646		84,684	
Operating costs	77,002		88,074	
Legal, professional and bank costs	46,719		74,610	
Vehicle costs	2,573		–	
Policy and general costs	23,110		13,734	
	<u> </u>	(862,188)	<u> </u>	(780,335)
Administrative recoveries	104,657		104,159	
Building Regulation fees, Search fees, commissions, miscellaneous	82,431		167,773	
	<u> </u>	187,088	<u> </u>	<u>271,932</u>
		(675,100)		(508,403)
		<u> </u>		<u> </u>
Maintenance				
Employment costs	36,990		31,508	
Establishment costs	–		6,228	
Operating costs	–		52	
Vehicle costs	–		4,208	
	<u> </u>	(36,990)	<u> </u>	(41,996)
Cost recoveries	–		34,249	
	<u> </u>	<u> </u>	<u> </u>	<u>34,249</u>
		(36,990)		(7,747)
		<u> </u>		<u> </u>

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £ (Restated)	2010 £ (Restated)
Works and cleansing				
<i>Street lighting, seats and signs</i>				
Employment costs	—		865	
Establishment costs	41,355		41,168	
Operating costs	91,581		117,994	
	<u> </u>	(132,936)	<u> </u>	(160,027)
<i>Miscellaneous land and properties</i>				
Employment costs	—		2,275	
Establishment costs	27,857		20,339	
	<u> </u>		<u> </u>	
	(27,857)		(22,614)	
Commercial rents	184,638		149,810	
Garage rents	67,303		72,479	
	<u> </u>		<u> </u>	
	251,941		222,289	
	<u> </u>	224,084	<u> </u>	199,675
<i>Refuse collection</i>				
Employment costs	335,076		333,576	
Establishment costs	88,467		90,585	
Operating costs	279,276		257,963	
Vehicle costs	103,674		60,701	
	<u> </u>		<u> </u>	
	(806,493)		(742,825)	
Income	297,135		274,339	
	<u> </u>		<u> </u>	
	297,135		274,339	
	<u> </u>	(509,358)	<u> </u>	(468,486)
		<u> </u>		<u> </u>
		(418,210)		(428,838)
		<u> </u>		<u> </u>

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £ (Restated)	2010 £ (Restated)
Leisure and amenities				
<i>Library</i>				
Employment costs	85,857		84,036	
Establishment costs	20,574		13,911	
Operating costs	20,887		20,524	
	<u>(127,318)</u>		<u>(118,471)</u>	
Income	<u>2,556</u>	(124,762)	<u>3,062</u>	(115,409)
<i>Parks, glens, open spaces etc</i>				
Employment costs	297,258		329,897	
Establishment costs	184,293		260,766	
Operating costs	49,965		17,335	
Vehicle costs	8,477		6,640	
	<u>(539,993)</u>		<u>(614,638)</u>	
Income from attractions and events	57,426		53,543	
Sundry Income	536		694	
	<u>57,962</u>	(482,031)	<u>54,237</u>	(560,401)
<i>Youth and community centre</i>				
Employment costs	13,245		12,937	
Establishment costs	24,577		23,840	
Operating costs	298		267	
	<u>(38,120)</u>		<u>(37,044)</u>	
Income	<u>26,561</u>		<u>21,548</u>	
	<u>26,561</u>	(11,559)	<u>21,548</u>	(15,496)
		<u>(618,352)</u>		<u>(691,306)</u>

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
Government Assisted				
<i>Sewers and Pumping Station</i>				
Employment costs	12,896		87,763	
Establishment & Operating costs	6,196		28,914	
Vehicle costs	1,134		4,045	
	<u>(20,226)</u>		<u>(120,722)</u>	
Communication fees	4,500		12,000	
Government reimbursement	102,660		196,493	
	<u>107,160</u>		<u>208,493</u>	
		86,934		87,771
<i>Road Sweeping</i>				
Employment costs	15,079		18,572	
Operating costs	991		6,186	
Administration Charge	804		400	
	<u>(16,874)</u>		<u>(25,158)</u>	
Government reimbursement	16,874		25,158	
	<u>16,874</u>		<u>25,158</u>	
		<u>-</u>		<u>-</u>
		86,934		87,771