

Malew Parish Commissioners

Statement of Accounts

For the year ended 31 March 2017

Malew Parish Commissioners

<i>Contents</i>	<i>Page</i>
Explanatory Foreword	1 - 3
Statement of Accounting Policies	4 - 7
Statement of Responsibilities for the Statement of Accounts	8
Statement of Internal Control	9 - 10
Independent Chartered Accountant's review report	11 - 12
Income and Expenditure Account	13
Statement of the Movement on the General Fund Balance	14
Housing Revenue Income and Expenditure Account	15
Statement of Movement on the Housing Revenue Account Balance	16
Statement of Total Recognised Gains and Losses	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Cash Flow Statement	19
General Rate Fund	20
Notes to the Financial Statements	21- 30
Reconciliation of Detailed Income and Expenditure Account to Statement of Movement on the General Fund Balance	31

Malew Parish Commissioners

Explanatory Foreword

Introduction

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

The individual accounts within the Statement are as follows:

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

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 the 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.

Malew Parish 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.

Net expenditure is met from income from the General Rate Fund, rental income, refuse charges and other miscellaneous income.

For the year ended 31 March 2017, the deficit amounted to £23,190 (2016 surplus: £28,754).

Statement of the Movement on the General Fund Balance

As described on page 1, this statement is the basis on which the Authority's rate is set. For the year ended 31 March 2017, the surplus amounted to £54,863 (2016 deficit: £118,460). During the prior year the Authority spent £88,425 on new street lighting, £25,330 on replacement refuse wagon engine and lifters and also suffered increased refuse disposal costs.

Housing Revenue Income and Expenditure Account

The Housing Revenue Account shows the result for the year in respect of income and expenditure on Authority housing.

Statement on the Movement on the Housing Revenue Account Balance

This statement shows the result on the Housing Revenue Income and Expenditure Account adjusted for the additional amounts as required by Statute and non-statutory proper practices. Deficiency payments are received from Department of Social Care covering any deficit when required, however for the years ended 31 March 2016 and 2017, no deficiency was required. A surplus of £27,540 (2016: surplus £9,084) was transferred to the Housing Reserve Account.

Capital Expenditure

Total capital expenditure in the year totalled £108,876 (2016: £136,398), funded from general revenue reserve and bank loans. Capital works totalling £103,344 were incurred in respect of the Village Hall but as there is no indication of an increase in value, these amounts have been impaired in the year. £16,588 of the cost was met from Revenue monies and the remainder will be borrowed in 2017/18.

General Rate Fund and Refuse Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 175p in the £ (2016: 175p). Total rates arrears were £12,323 (2016: £7,732). Prior year rates were recovered totalling £3,055 (2016: £6,184) and the Commissioners have written back £230 (2016 written off: £753) of old arrears.

Investments and Borrowing

During the year, or in the prior year, no external investments or borrowings were made. Post year end the Commissioners will borrow £97,597 to fund the Village Hall capital works.

Malew Parish Commissioners

Explanatory Foreword (continued)

Reserves

The Authority's general revenue reserves have increased from £116,716 at 31 March 2016 to £171,579 at 31 March 2017.

Pensions Liability

Accounting standards require 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 Malew Parish Commissioners.

This is the difference between future liabilities and assets, as valued at 31 March 2017, and amounts to £452,000 (2016: £375,000) an increase of £77,000 (2016 fall: £64,000).

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

Malew Parish Commissioners

Statement of Accounting Policies

Basis of preparation

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

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

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

Key principles of the SORP are set out below.

Tangible fixed assets

Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

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, equipment and wheelie bins, 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.

Malew Parish Commissioners

Statement of Accounting Policies (continued)

Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land and non-operational property. 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. Assets acquired under finance leases are depreciated over the lease period if this is shorter than their estimated useful life.

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 clear consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Income and Expenditure Account. When not associated with a clear consumption of economic benefits, it will be recognised in the Statement of Total Recognised Gains and Losses until the carrying amount reaches its depreciated historical cost and taken to the Revaluation Reserve. Thereafter any decrease will be taken to the Income and Expenditure Account.

In respect of non operational investment properties, revaluation adjustments are not taken to the profit and loss account but are taken to the statement of total recognised gains and losses, unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged in the profit and loss account of the period

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.

Malew Parish Commissioners

Statement of Accounting Policies (continued)

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

Value Added Tax

Value Added Tax is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Overheads

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

Pension costs

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

Malew Parish Commissioners

Statement of Accounting Policies (continued)

Pension Costs (continued)

The operating costs of providing retirement benefits to employees are recognised in the accounting periods 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 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 Reserve: set up to hold surplus monies received from an allowance of housing rents less repair expenditure incurred.

Housing Revenue Account: set up to hold surplus monies of housing rents over expenditure incurred.

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.

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

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 financing transactions.

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

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

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.

Malew Parish 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;
- 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;
- complied with the SORP.

The Responsible Finance 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.

We certify that the accounts set out on pages 13 to 30 of this Statement present fairly the financial position of the Authority at 31 March 2017 and its income and expenditure for the year ending on that date.

Malew Parish 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 the Malew Parish 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 Finance 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 Finance 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 4 other Board members. The Board receive reports from the Authority's Officers on operational matters and ensure that the work of the Responsible Finance Officer and other senior officers supports the strategy and policy approved by the Board.

Malew Parish Commissioners

Statement of Internal Control (continued)

Internal control and corporate governance environment (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 the Responsible Finance Officer within the Authority
- the work of the internal auditors as described above, and
- the external auditors in their annual audit letter and other reports.

The internal auditor concluded that there was one high risk observations in relation to health and safety. In addition a number of medium risk observations were identified.

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 Authority's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2017.

(Signed) *S.A. Barrett*

(Chairman)

Dated *11/01/17*

(Signed) 

(Responsible Finance Officer)

Malew Parish Commissioners

INDEPENDENT CHARTERED ACCOUNTANT'S REVIEW REPORT TO THE COMMISSIONERS OF MALEW PARISH COMMISSIONERS

Report on the Financial Statements

We have reviewed the accompanying financial statements of Malew Parish Commissioners for the year ended 31 March 2017 that comprise the statement of accounting policies, the income and expenditure account, statement of the movement on the general fund balance, the housing revenue account, the statement of the movement on the housing revenue account, the statement of total recognised gains and losses, balance sheet, the cash flow statement, the general rate fund and the related notes for the year then ended 31 March 2017. 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.

Responsible Financial Officer's Responsibility for the Financial Statements

As explained more fully in the Statement of Responsibilities, the Responsible Financial Officer is responsible for the preparation of for the Statement of Accounts, including the financial statements which give a true and fair view.

Accountant's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the reviewer becomes aware of matters that cause the reviewer to believe the financial statements as a whole may be materially misstated.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Malew Parish Commissioners

INDEPENDENT CHARTERED ACCOUNTANT'S REVIEW REPORT TO THE COMMISSIONERS OF MALEW PARISH COMMISSIONERS - CONTINUED

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements have not been prepared:

- So as to give a true and fair view of the financial affairs of the authority for the year ended 31 March 2017, and comply with the requirements of any other statutory provision applicable to them, and;
- In compliance with any regulations under section 12 of the Act, and any directions under section 13, which are applicable to them.



Grant Thornton Limited
Chartered Accountants
Douglas, Isle of Man

Date: 6 OCTOBER 2017

Malew Parish Commissioners

Income and Expenditure Account for the year ended 31 March 2017

	Gross Expenditure £	Gross Income £	2016/17 Net Expenditure £	2015/16 Net Expenditure £
Continuing operations:				
Finance and general purposes	222,736	7,274	215,462	212,581
Property	13,968	97,887	(83,919)	(78,605)
Works and development	26,970	-	26,970	28,871
Parks and leisure	29,379	-	29,379	26,672
Refuse disposal	356,613	90,855	265,758	302,947
Depreciation charge	44,948	-	44,948	40,677
Impairment	103,344	-	103,344	-
Net current service cost of pension scheme	10,000	-	10,000	15,000
Housing Revenue Income and Expenditure Account	24,632	39,452	(14,820)	(16,366)
Net cost of services	832,590	235,468	597,122	531,777
Interest payable and finance charges			36,594	39,527
Interest and investment income			(255)	(542)
Loss on disposal of assets			-	7,050
Pensions interest cost and return on pension assets			4,000	1,000
Net operating expenditure			637,461	578,812
Sources of finance				
Income from the General Rate Fund			614,271	607,566
Net (deficit)/surplus for the year			(23,190)	28,754

The notes on pages 21 to 30 form part of these financial statements.

Malew Parish Commissioners

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

	2016/17 £	2015/16 £
Net (deficit)/surplus for the year on the income and expenditure account	(23,190)	28,754
Amounts included in the income and expenditure account but required by statute to be excluded when determining the Movement on the General Fund Balance		
Reversal of net charges made for retirement benefits	14,000	16,000
Depreciation charge for the year	44,948	40,677
Impairment of assets	103,344	-
Loss on disposal of assets	-	7,050
Amounts not included in the Income and Expenditure account but required by statute to be included when determining the Movement on the General Fund Balance for the year		
Revenue contribution to capital assets	(22,122)	(125,443)
Capital repayments	(47,297)	(69,164)
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		
Surplus on housing revenue account	(14,820)	(16,334)
	<u>54,863</u>	<u>(118,460)</u>
General Fund Balance brought forward	<u>116,716</u>	<u>235,176</u>
General Fund Balance carried forward	<u>171,579</u>	<u>116,716</u>

The notes on pages 21 to 30 form part of these financial statements.

Malew Parish Commissioners

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

	<i>Notes</i>	2016/17	2015/16
		£	£
Income			
Dwelling rents	23	39,451	38,492
Expenditure			
Repairs and maintenance	6,522	5,610	
Administration allowance	2,169	2,220	
Depreciation	15,940	14,296	
		<u>24,631</u>	<u>22,126</u>
		14,820	16,366
Interest payable and similar charges		-	(32)
Surplus for the year on the HRA income and expenditure account		<u>14,820</u>	<u>16,334</u>

The notes on pages 21 to 30 form part of these financial statements.

Malew Parish Commissioners

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

	2016/17 £	2015/16 £
Surplus for the year on the HRA income and expenditure account	14,820	16,334
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the Housing Revenue Account Balance for the year		
Revenue contribution to capital assets	-	(10,955)
Depreciation	15,940	14,296
Capital repayments	-	(10,591)
	<hr/>	<hr/>
Surplus for the year before transfers to reserves	30,760	9,084
Transfers to or from the Housing Revenue Account Balance that are required to be taken into account when determining the Movement on the Housing Revenue Account Balance for the year		
Transfers to/from housing maintenance account	(3,220)	-
	<hr/>	<hr/>
	27,540	9,084
Housing Reserve Account Balance brought forward	33,407	24,323
	<hr/>	<hr/>
Housing Reserve Account Balance carried forward	60,947	33,407
	<hr/> <hr/>	<hr/> <hr/>

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

	<i>Notes</i>	2016/17 £	2015/16 £
(Deficit)/surplus on the income and expenditure account for the year		(23,190)	28,754
Revaluation of property		-	85,641
Actuarial (losses)/gains on Pension Fund Assets and Liabilities	26	(63,000)	80,000
		<hr/>	<hr/>
Total recognised gains and losses for the year		(86,190)	194,395
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 21 to 30 form part of these financial statements

Malew Parish Commissioners

Balance Sheet

As at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible fixed assets	1	3,491,295	3,546,651
Current assets			
Debtors	5	61,994	62,904
Cash at bank	6	306,774	278,454
		<u>368,768</u>	<u>341,358</u>
Current liabilities			
Short-term borrowing	11	(50,179)	(47,297)
Creditors	7	(148,661)	(120,120)
		<u>(198,840)</u>	<u>(167,417)</u>
Net current assets		169,928	173,941
		<u>169,928</u>	<u>173,941</u>
Total assets less current liabilities		3,661,223	3,720,592
		<u>3,661,223</u>	<u>3,720,592</u>
Long-term liabilities			
Liability relating to defined benefit pension scheme	26	(452,000)	(375,000)
Long-term borrowing	11	(587,902)	(638,081)
		<u>(1,039,902)</u>	<u>(1,013,081)</u>
Total assets less liabilities		2,621,321	2,707,511
		<u>2,621,321</u>	<u>2,707,511</u>
Financed by:			
Revaluation reserve	8	1,327,236	1,341,062
Accumulated surpluses	9	235,746	150,123
Pensions reserve	8	(452,000)	(375,000)
Usable capital receipts	8	24,948	24,948
Capital adjustment account	8	1,485,391	1,566,378
		<u>1,327,236</u>	<u>1,341,062</u>
		<u>235,746</u>	<u>150,123</u>
		<u>(452,000)</u>	<u>(375,000)</u>
		<u>24,948</u>	<u>24,948</u>
		<u>1,485,391</u>	<u>1,566,378</u>
		<u>2,621,321</u>	<u>2,707,511</u>

The financial statements were approved and authorised for issue by the Authority on 4/10/17 and were signed on their behalf by:

Chairman *S. A. Brewer*

RFO 

The notes on pages 21 to 30 form part of these financial statements

Malew Parish Commissioners

Cash Flow Statement for the year ended 31 March 2017

Revenue activities	£	2016/17 £	£	2015/16 £
Cash outflows				
Cash paid to and on behalf of employees	(257,041)		(256,197)	
Other operating cash payments	(391,173)	(648,214)	(426,144)	(682,341)
Cash inflows				
Rents	39,442		38,492	
Rates receipts	604,573		599,077	
Other operating cash receipts	193,354	837,369	174,020	811,589
Net cash inflow from revenue activities		189,155		129,248
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid	(38,144)	(38,144)	(40,432)	(40,432)
Cash inflows				
Interest received	255	255	542	542
		(37,889)		(39,890)
Capital activities				
Cash outflows				
Purchase of fixed assets	(75,649)		(136,398)	
Cash inflows				
Sale of assets		(75,649)		(136,398)
Net cash inflow/(outflow) before financing		75,617		(47,040)
Financing				
Cash outflows				
Repayments of amounts borrowed		(47,297)		(79,755)
Net increase/(decrease) in cash		28,320		(126,795)

Malew Parish Commissioners

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

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

	2016/17 £	2015/16 £
Net (deficit)/surplus for the year on general fund income and expenditure account	(23,190)	28,754
Impairment	103,344	-
Depreciation	60,888	54,972
Loss on sale of assets	-	7,050
Interest paid	38,144	40,432
Interest received	(255)	(542)
Decrease/(increase) in debtors	910	(26,464)
(Decrease)/increase in creditors	(4,688)	9,046
Pension appropriations	14,000	16,000
Net cash inflow from revenue activities	<u>189,153</u>	<u>129,248</u>

2. Reconciliation of the movement in net debt

	£	2016/17 £	£	2015/16 £
Net debt at 1 April		(406,924)		(359,884)
Movement in net debt:				
(Decrease)/increase in cash in the period	28,320		(126,795)	
Inflow from decrease in debt financing	<u>47,297</u>	<u>75,617</u>	<u>79,755</u>	<u>(47,040)</u>
Net debt at 31 March		<u>(331,307)</u>		<u>(406,924)</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2016 £	Cash movement £	Non Cash Movements £	Balance at 31 March 2017 £
Cash in hand	278,454	28,320	-	306,774
Net debt:				
Due within one year	(47,297)	47,297	(50,179)	(50,179)
Due after one year	(638,081)	-	50,179	(587,902)
Total net debt	<u>(406,924)</u>	<u>75,617</u>	<u>-</u>	<u>(331,307)</u>

Malew Parish Commissioners

General Rate Fund

For the year ended 31 March 2017

	2017		2016
	£	£	£
Total rates levied for the year	648,166		637,454
<i>Add:</i>			
Due from Treasury re prior year	7,127		3,920
Arrears brought forward	7,732	14,859	9,893
			13,813
		663,025	651,267
<i>Less:</i>			
Discounts	(26,793)		(27,247)
Exempt and unoccupied properties	(7,103)		(2,641)
Collection fee	(6,574)		(6,690)
		(40,470)	(36,578)
Rates adjustments by Treasury		230	(753)
		622,785	613,936
Rates received in the year:			
Current year rates	594,391		588,973
Arrears collected	3,055		6,184
Balance from Treasury re previous year	7,127		3,920
		604,573	599,077
Balances outstanding carried forward:			
Due from Treasury re current year	5,889		7,127
Arrears - current year	7,415		4,776
- previous years	4,908		2,956
		18,212	14,859
		622,785	613,936

Malew Parish Commissioners

Notes to the Financial Statements

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

1. Tangible fixed assets

	Land and Property £	Street lighting £	Equipment and Wheelie Bins £	Total £
Cost/valuation				
At 31 March 2016	3,385,000	88,425	300,503	3,773,928
Additions in the year	103,344	-	5,532	108,876
Impairment in year	(103,344)	-	-	(103,344)
At 31 March 2017	3,385,000	88,425	306,035	3,779,460
Depreciation				
At 31 March 2016	-	-	227,277	227,277
Charge for the year	34,900	5,895	20,093	60,888
At 31 March 2017	34,900	5,895	247,370	288,165
Net book value				
At 31 March 2017	3,350,100	82,530	58,665	3,491,295
At 31 March 2016	3,385,000	88,425	73,226	3,546,651

Valuation of land and property

The Authority has included land and property at valuation. Valuations were carried out by Chrystal Commercial R.C.I.S, Chartered Surveyors in March 2016 who are external to the authority. The basis for valuation is set out in the statement of accounting policies. Assets have been valued as follows:

	Operational Social housing dwellings £	Operational Specialised property £	Operational Non Specialised property £	Non Operational property £	Infra- structure & Community assets £	Total £
Valuation as at 31 March 2016	1,067,000	1,423,000	495,000	400,000	Nominal	3,385,000

Included within the above valuation is land valued at £1,340,000.

Depreciation methodologies

Depreciation is provided on property, equipment and wheelie bins as they have a finite useful life. Depreciation is calculated, using the straight line method, on cost, over periods reflecting the following estimated useful lives:

- Equipment and Wheelie Bins - 10 years
- Property - 50 years
- Computer equipment - 5 years
- Street lighting - 15 years

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

2. Assets held

Operational assets	Number at 31 March 2016	Net Changes 2016/2017	Number at 31 March 2017
Dwellings:			
Standard dwellings	8	-	8
Other Land and Buildings	3	-	3
Depots and warehouses	1	-	1
Public Halls	1	-	1
Public Offices	1	-	1
Refuse and sundry vehicles	6	-	6
Community assets:			
Parks and open spaces	2	-	2

The Commissioners also purchased a small parcel of land in 2013, at the entrance to Balthane Industrial Estate for a nominal amount.

3. Capital expenditure and financing

	2016/17 £	2015/16 £
Capital investment		
Operational assets	108,876	136,398
Sources of finance		
Funded from general revenue and housing reserves	22,122	136,398
Cash reserves to be financed by bank loan in 2017/18	86,754	-

4. Capital commitments

There were no commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2016. As at 31 March 2017, the Commissioners had commitments totalling £10,841 in respect of final Village hall work.

5. Debtors

	2017 £	2016 £
Amounts falling due in one year (net of bad debt provisions):		
Government departments	5,889	7,127
Ratepayers	12,324	7,732
Sundry debtors	31,044	36,279
Prepayments	12,737	11,766
	<u>61,994</u>	<u>62,904</u>

At the year end a provision of £9,540 (2016: £7,580) has been made against doubtful refuse debts.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

6. Cash

The cash in hand figure at 31 March 2017 was £306,774 (2016: £278,454). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 18 to 19.

7. Creditors

	2017 £	2016 £
Sundry creditors and accruals	148,661	120,120
	<u>148,661</u>	<u>120,120</u>

8. Reserves

	Pensions reserve £	Revaluation reserve £	Capital adjustment account £	Usable capital receipts £
Balance at 1 April 2016	(375,000)	1,341,062	1,566,378	24,948
Movement in year	(77,000)	(13,826)	(80,987)	-
Balance at 31 March 2017	<u>(452,000)</u>	<u>1,327,236</u>	<u>1,485,391</u>	<u>24,948</u>

9. Accumulated surpluses

	General Revenue account £	Housing Revenue account £	Housing maintenance reserve £	Total £
Balance at 1 April 2016	116,716	33,407	-	150,123
Net surplus for year	54,863	27,540	3,220	85,623
Balance at 31 March 2017	<u>171,579</u>	<u>60,947</u>	<u>3,220</u>	<u>235,746</u>

10. Analysis of net assets employed

	2017 £	2016 £
General Fund	1,506,095	1,607,104
Housing revenue account	1,115,226	1,100,407
	<u>2,621,321</u>	<u>2,707,511</u>

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

11. Borrowings

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

	2017	2016
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	<u>638,081</u>	<u>685,378</u>
Analysis of loans by maturity:		
Less than 1 year	50,179	47,297
Between 1 and 2 years	52,816	50,179
Between 2 and 5 years	175,401	166,701
Between 5 and 10 years	359,685	341,679
Over 10 years	-	79,522
Total outstanding	<u>638,081</u>	<u>685,378</u>

In recent years the authority has taken out IOM Bank Loan finance to fund long term capital projects. Each of these loans are unsecured and repayable over a period between 10 and 20 years. The loans are either variable rate or fixed term loans. The interest charged on the fixed term loan is 5.52% and on the variable term loan is 0.45% above Bank base rate. During the prior year, the variable loan was repaid.

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 assets and liabilities

No such amounts exist at the Balance Sheet date or at 31 March 2016.

13. Post balance sheet events

There have been no events since the date the balance sheet was produced that would require adjustment of the financial statements or disclosure in the notes to the accounts.

14. Members' allowances

During 2016/17 the Authority paid £2,735 (2015/16: £3,448) to its Members in respect of their attendance at meetings, undertaking duties and responsibilities.

15. Employees' remuneration

There were no employees whose remuneration, excluding pension contributions, was £50,000 or more in either the current or prior year.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

16. 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. It also provides funding in the form of grants and prescribes the terms of many transactions that the Commissioners has with other parties ie housing rents.

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.

Related party transactions and balances with the above parties are disclosed within the relevant notes to the financial statements.

No related party disclosures arose in relation to officers.

17. Assurance review

During 2016/17 the Authority incurred the following fees relating to independent examination:

	2016/17	2015/16
	£	£
Fees payable with regard to assurance review services	2,350	2,500

18. Total rateable value

The total rateable value of the Parish at 31 March 2017 is £369,290 (2016: £365,578) with a 175p rate being charged (2016:175p).

19. 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.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

20. Housing fixed assets

	Dwellings £
Gross valuation	
At 31 March 2016	1,067,000
Additions	-
Revaluation	-
At 31 March 2017	<u>1,067,000</u>
Depreciation	
At 31 March 2016	-
Charge for the year	15,940
At 31 March 2017	<u>15,940</u>
Net book value	
At 31 March 2017	<u>1,051,060</u>
At 31 March 2016	<u>1,067,000</u>

Authority Dwellings are valued on a basis that reflects their use for social housing. These assets were revalued during the year ended 31 March 2016. The vacant possession value of dwellings at 31 March 2016 was £1,600,000 compared to the balance sheet value of £1,067,000.

The difference in value represents the economic cost to the Government of providing social housing at less than open market rents.

21. HRA capital expenditure

Capital expenditure totalling £Nil was paid from housing reserve in the year (2016: £10,955).

22. Housing maintenance reserve

	2016/17 £	2015/16 £
Balance at 1 April 2016	-	-
Transfer from/(to) housing revenue account	3,219	-
Balance at 31 March 2017	<u>3,219</u>	<u>-</u>

23. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids of £Nil (2016: £Nil) represent 0% of the rental debit for the year, compared to 0% in 2015/16.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

24. Housing stock

The housing stock of dwellings at 31 March 2017 was made up as follows:

	2016/17	2015/16
	No	No
Houses and bungalows	<u>8</u>	<u>8</u>

There were no changes to housing stock in the year.

25. Rent arrears

There were rent arrears of £Nil as at 31 March 2017 (2016: £Nil).

26. Pensions

As part of the terms and conditions of employment of its employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make these payments. The Authority participates in the Local Government 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 contributions £37,434 (2016: £35,356) has been charged to the Income and Expenditure Account. The Authority must also disclose its share of the assets and liabilities related to the scheme for its employees. The assets and liabilities of the Scheme as at 31 March 2017 were valued by the Fund's actuaries, Hymans Robertson, using the projected unit method, which assesses the future liabilities of the Scheme discounted to their present value. The main financial assumptions used in the calculations are:

Assumptions	31 March 2017	31 March 2016
	% per annum	% per annum
Rate of increase in salaries	3.2%	3.7%
Rate of increase in pensions	2.4%	2.2%
Rate for discounting scheme liabilities	2.5%	3.5%
Expected return on assets	2.5%	4.7%

The actuary has also adopted a set of demographic assumptions that are consistent with those used for the Pension Scheme at the last triennial valuation on 31st March 2016. The actuary used this valuation as the basis for the calculations. The assets in the Isle of Man Local Government Superannuation Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Superannuation Scheme Accounts.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

26. Pensions (continued)

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

	31 March 2017 £	31 March 2016 £
Fair value of employer assets	1,021,000	814,000
Present value of funded scheme liabilities	(1,473,000)	(1,189,000)
Net pensions liability	<u>(452,000)</u>	<u>(375,000)</u>

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

	31 March 2017 £	31 March 2016 £
Equities	601,000	464,000
Bonds	256,000	220,000
Property	129,000	130,000
Cash	35,000	-
Estimated employer assets	<u>1,021,000</u>	<u>814,000</u>

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

	2016/17 £	2015/16 £
Net cost of service		
Current service cost	47,000	51,000
Employer contributions	(37,000)	(36,000)
	<u>10,000</u>	<u>15,000</u>
Net operating expenditure		
Interest cost	42,000	40,000
Expected return on employer assets	(38,000)	(39,000)
	<u>4,000</u>	<u>1,000</u>

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

26. Pensions (continued)

The net deficit on the scheme has increased from £375,000 to £452,000. An analysis of the movement during the year is shown below:

	2016/17	2015/16
	£	£
Net pension liability at the beginning of the year	(375,000)	(439,000)
Current service cost	(47,000)	(51,000)
Employer contributions	37,000	36,000
Expected net return on employer assets	(4,000)	(1,000)
Actuarial (losses)/gains	(63,000)	80,000
Net pension liability at the end of the year	(452,000)	(375,000)

The recommended financial assumptions used in the report also include the following information:

Breakdown of the expected return on assets by category	2016/17	2015/16
	£	£
Equities	5.7%	5.6%
Bonds	2.0%	3.0%
Property	3.7%	3.8%
Cash	2.5%	2.5%

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

	2016/17		2015/16	
	£	Actuarial gain/loss as % of assets/liabilities	£	Actuarial gain/loss as % of assets/liabilities
Value of assets at end of year	1,021,000		814,000	
Total present value of liabilities	1,473,000		1,189,000	
Difference between the actual and expected return on assets	103,000	10.09%	(42,000)	5.16%
Actuarial gains/(losses) recognised in the statement	(63,000)	4.28%	80,000	6.73%

The above figures have been provided by the actuaries to the Isle of Man Government 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.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

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

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 2017 would also have an impact on the capital value of the pension fund assets.

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

27. Investments

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.

Malew Parish Commissioners

Reconciliation of Detailed Income and Expenditure Account to Statement of Movement on the General Fund Balance for the year ended 31 March 2017

Income	2017		2016	
	£	£	£	£
Rates Receivable		614,271		607,566
Bank Interest	255		542	
Search fees	2,440		2,860	
Village hall hire	16,012		13,278	
Refuse collection	90,856		69,011	
Lease of office	81,875		82,061	
Administration allowance	2,169		2,220	
Miscellaneous	2,665		150	
		<u>196,272</u>		<u>170,122</u>
Total income		810,543		777,688
Expenditure				
Clerk's salary and expenses	66,654		66,104	
Street lighting	26,970		28,870	
Refuse collection	283,091		305,968	
Rate collection charges	6,574		6,690	
Office expenses	108,009		111,614	
Accountancy fees	5,479		4,420	
Assurance review	2,350		2,500	
Internal audit fees	2,800		2,800	
Insurance	16,104		15,674	
Village hall expenses	13,968		16,734	
Public areas and grounds	6,986		8,250	
Transferred services	12,824		8,539	
Members' expenses	2,735		3,448	
Election expenses	1,856		-	
Loan capital repayments	47,297		69,164	
Loan interest	35,837		38,730	
Legal and professional fees	1,936		679	
Swimming pool contribution	9,310		9,079	
Civic amenity site	73,523		65,991	
Bank charges	757		765	
Miscellaneous	6,510		2,463	
Toilets	258		803	
Rates written back	(230)		753	
Bad debt provision	1,960		667	
Assets purchased by revenue	22,122		125,443	
		<u>755,680</u>		<u>896,148</u>
Total expenditure		755,680		896,148
Surplus/(deficit) for the year		54,863		(118,460)
Balance brought forward		<u>116,716</u>		<u>235,176</u>
Balance carried forward		171,579		116,716