

Onchan District Commissioners
Year ended 31 March 2018

Onchan District Commissioners

Statement of Accounts

For the year ended 31 March 2018

Onchan District Commissioners

Year ended 31 March 2018

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Onchan District Commissioners

Year ended 31 March 2018

Members, Officers and Advisors

Onchan District Commissioners' registered address is:

Onchan District Commissioners,
Hawthorn Villa,
79 Main Road,
Onchan, Isle of Man,
IM3 1RD

The Commissioners are the local authority for the district of Onchan. The local authority's primary duties are rate setting and collection, social and elderly person's housing, domestic refuse disposal, commercial refuse disposal, street lighting, street sweeping, building regulation and search services, commercial and garage lets, public parks, public amenity areas, public convenience, public library, community centre and byelaw enforcement.

The Local Authority Board of Onchan District Commissioners is made up of seven elected representatives. Their term of appointment operates from May 2016 until April 2020. The Board members for the year ended 31 March 2018 were:

Mr M Macfarlane (Chairman)
Mr A Allen (Deputy Chairman)
Mr J Cherry (Lead Member for Properties & Amenities)
Mr D Crellin (Lead Member for Environmental & Technical Services)
Mr R Turton (Lead Member for Finance & General Purposes)
Mr C Quirk
Miss K Williams

The Commissioners have appointed three Lead Members to oversee the local authority's functions. The elected representatives with delegated responsibility for prescribed function areas are detailed above.

The Commissioners' Chief Executive is Mrs L Radcliffe (appointed 12 November 2018), the Deputy Clerk during the year was Mr T Craig (resigned 22 November 2018) and the Responsible Finance Officer is Mrs S Johnson (appointed 11 June 2018).

The Commissioners internal auditor is Alexander Elliott and the external auditor is Grant Thornton Ltd. Their Registered Addresses are as follows:

Alexander Elliott
Media House
Cronkbourne
Douglas
IM4 4SB

Grant Thornton Limited
Exchange House
54/62 Athol Street
Douglas
IM1 1JD

Onchan District Commissioners

Year ended 31 March 2018

Explanatory Foreword

Introduction

This Statement provides a summary of Onchan District Commissioners financial performance for the year ended 31 March 2018. This is the second year of the current Board's four year term of office and their main objectives are:

- Improve the management of the Commissioners' finances to reduce the impact of inflationary costs on the rate payers of Onchan;
- Promote commercial innovation, events and regeneration to attract investment and visitors to Onchan;
- Improve the town centre environment and facilities on offer to residents, businesses and visitors;
- Improve the corporate governance of the Commissioners' services through restructuring resources and the development of policies and procedures;
- Improve the management of projects from their inception to the delivery of their benefits;
- Reduce the operating costs and waiting time for the provision of social housing.

The individual accounts within the Statement are as follows:

The **Comprehensive Income and Expenditure Statement** 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 Movement on Reserves** 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. It also shows all movements on each reserve in the year.

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 **Housing Revenue Income and Expenditure note** (now included as a note to the accounts) is a note 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 **General Rate Account** (now included within the notes to the accounts) shows the transactions of the Authority as a charging authority in respect of rates income.

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.

Comprehensive 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 comprehensive income and expenditure account for the year shows a deficit of £872,845 (2017: deficit of £1,344,643), 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 £111,496 (2017: surplus of £4,812), compared to a budgeted deficit of £3,156 (2017: deficit £76,620). During the year savings were made particularly in terms of salaries due to short term staff changes.

Statement of Movement on Reserves

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, reversing income and expenditure account movements on the pension liabilities, and the inclusion of capital repayments on loans which are met by the general fund.

Housing Revenue Income and Expenditure note

This note shows the income and expenditure on Authority housing. This shows an operating deficit of £399,910 (2017: deficit of £509,399). The housing maintenance reserve is now showing negative reserves of £265,653 (2017: positive £184,574).

Capital Expenditure

Total capital expenditure in the year was £813,068 (2017: £747,974), 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 312p (2017: 310p) in the £ on a rateable value of £796,646 (2017: £795,622) during the year. Rate arrears at the year end were £20,994 (2017: £19,391) and this represents 0.8% (2017: 0.8%) of the rates levied for the year.

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Year ended 31 March 2018

Explanatory Foreword (continued)

Investments and Borrowing

The Authority borrowed £275,000 (2017: £1,125,893) during the year to finance capital programmes.

Reserves

The Authority has increased its general reserves from £896,906 at 31 March 2017 to £1,008,402 at 31 March 2018.

Pensions Liability

The standard requires the Commissioners to disclose certain information within the Financial Statements and this appears in Note 17 to the Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Superannuation Scheme that is attributable to Onchan District Commissioners.

This is the difference between future liabilities and assets, as valued at 31 March 2018, and amounts to £3,480,000 (2017: £3,535,000). No current provision exists to meet this deficit which will be addressed by future contributions to the Pension Fund.

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

The Responsible Financial Officer's responsibilities

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

In preparing this Statement of Accounts, the Responsible Financial Officer has:

- selected suitable accounting policies and then applied them consistently; and
- made judgements and estimates that were reasonable and prudent.

The Responsible Financial Officer has also:

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

Onchan District Commissioners

Year ended 31 March 2018

Independent auditor's report to the Members of Onchan District Commissioners

Opinion

We have audited the financial statements of Onchan District Commissioners (the “authority”) for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure account, the Statement of the Movement on Reserves, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related Notes to the Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the authority’s affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Accounts and Audit Regulations 2018 made under the Audit Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the authority’s Members, as a body, in accordance with section 6 of the Audit Act 2006. Our audit work has been undertaken so that we might state to the authority’s Members 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’s Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Onchan District Commissioners

Year ended 31 March 2018

Independent auditor's report to the Members of Onchan District Commissioners – (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Responsible Financial Officers use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Responsible Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Responsible Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages 2 to 37, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Onchan District Commissioners

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Independent auditor's report to the Members of Onchan District Commissioners – (continued)

Responsibilities of Responsible Financial Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, the Responsible Financial Officer is responsible for the preparation of the Statement of Accounts and for being satisfied that they give a true and fair view, and for such internal control as the Responsible Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Responsible Financial Officer is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the authority intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Grant Thornton Limited

Douglas
Isle of Man

Date: 19.02.2019

Onchan District Commissioners

Year ended 31 March 2018

Statement of Internal Control

Introduction

Regulation 6 of the Accounts and Audit Regulations 2018 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 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 Authority and the Responsible Financial Officer

The Authority controls strategy, policy and key financial and operational matters within the organisation. In addition, it is the Authority's responsibility to ensure that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Authority.

The Authority 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 Authority.

In discharging this responsibility, the Authority 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 on-going 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.

Onchan District Commissioners

Year ended 31 March 2018

Statement of Internal Control – (continued)

- **Authority meetings**

The Authority meets every other week and consists of a Chairman and 6 other Authority members. The Authority receives reports from the Authority's Officers on operational matters and ensures that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Authority.

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 Authority. During the year ended 31 March 2018, the Authority has reviewed staff resources and ensured they are running efficiently to strengthen its internal finance control and corporate governance procedures to enhance the oversight of the authority's financial affairs.

Report on internal control, risk management 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 operate effectively during the year ended 31 March 2018.

During the year ended 31 March 2018 a general internal audit review of all aspects of the operation was undertaken, there were a number of moderate risks identified to be discussed with the board and plans are to be put in place to mitigate these in the future. Two high risk observations were made during the review, one in relation to the appointment of a new Clerk and RFO and the other which has been raised as high in all authorities in relation to the new General Data Protection Regulations legislation.

The RFO has met with the Authority to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor. The audit identified the following to address the high risk findings:

1. A new Chief Executive is to be put in place as soon as practical (the new Chief Executive was appointed on 12 November 2018).
2. The new General Data Protection Regulations which were scheduled to come into operation on 24 May 2018 will require improved document management procedures. This must include:
 - (a) legal consent where required has been obtained to hold data,
 - (b) data is secure and readily retrievable when required; and
 - (c) data is destroyed with the consent of the Public Record Office when it is no longer required.

(Signed) 

(Chairman)

(Signed) 

(Responsible Finance Officer)

(Dated) 18 February 2019

Onchan District Commissioners

Year ended 31 March 2018

Comprehensive Income and Expenditure Statement

for the year ended 31 March 2018

	Note s	Expenditure	Income	2018 Net	2017 Net
		£	£	£	restated £
Finance and general purposes		(962,802)	192,147	(770,655)	(822,231)
Works and cleansing		(1,128,001)	363,232	(764,769)	(727,501)
Leisure and amenities		(728,394)	95,409	(632,985)	(941,603)
Government assisted		(34,649)	63,679	29,030	30,469
Net cost of General Fund services		(2,853,846)	714,467	(2,139,379)	(2,460,866)
Housing services	7	(2,909,944)	2,510,034	(399,910)	(509,399)
Deficiency receivable		-	-	-	-
Net cost of services		(5,763,790)	3,224,501	(2,539,289)	(2,970,265)
Income from the General Rate Fund	6			2,342,944	2,303,091
Interest receivable and other income				492	3,402
Interest payable and similar charges				(773,290)	(812,473)
Pension interest cost				(93,000)	(126,000)
Gain/(Loss) on disposal of fixed assets				(7,316)	4,602
Surplus/deficit on provision of services				(1,069,459)	(1,597,643)
Other Comprehensive Income and Expenditure					
Revaluation adjustment				(20,386)	-
Remeasurement of net pension liability	17			217,000	253,000
Total comprehensive income and expenditure				(872,845)	(1,344,643)

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Year ended 31 March 2018

Statement of Movement on Reserves for the year ended 31 March 2018

	General fund	Capital adjustment account	Revaluation reserve	Housing maintenance reserve	Pensions reserve	Earmarked reserves
	£	£	£	£	£	£
Total comprehensive income and expenditure	(1,069,459)	-	(20,386)	-	217,000	-
Depreciation and impairment of fixed assets	280,837	(1,019,186)	(522,387)	1,260,736	-	-
Net charges made for retirement benefits	162,000	-	-	-	(162,000)	-
Gain/loss on disposal of fixed assets	7,301	(7,301)	-	-	-	-
Loan fund principal repayments	(242,303)	963,253	-	(720,950)	-	-
Loan fund principal repayments received	75,423	(75,423)	-	-	-	-
Fixed assets financed from General Fund	(93,890)	93,890	-	-	-	-
Proceeds on sale of assets	999	(999)	-	-	-	-
Transfer to/from Housing Revenue Account	990,588	-	-	(990,588)	-	-
Transfer between reserves	-	-	-	575	-	(575)
	<u>111,496</u>	<u>(45,766)</u>	<u>(542,773)</u>	<u>(450,227)</u>	<u>55,000</u>	<u>(575)</u>
Balance brought forward	896,906	98,300	42,203,517	184,574	(3,535,000)	113,607
Balance carried forward	<u>1,008,402</u>	<u>52,534</u>	<u>41,660,744</u>	<u>(265,653)</u>	<u>(3,480,000)</u>	<u>113,032</u>

Onchan District Commissioners

Year ended 31 March 2018

Statement of Movement on Reserves for the year ended 31 March 2017

Total comprehensive income and expenditure (restated)	General fund £	Capital adjustment account £	Revaluation reserve £	Housing maintenance reserve £	Pensions reserve £	Earmarked reserves £
	(1,597,643)	-	-	-	253,000	-
Depreciation and impairment of fixed assets	548,128	(1,149,487)	(492,778)	1,094,137	-	-
Net charges made for retirement benefits	221,000	-	-	-	(221,000)	-
Gain/loss on disposal of fixed assets	(4,602)	4,602	-	-	-	-
Loan fund principal repayments	(250,870)	920,616	-	(669,746)	-	-
Loan fund principal repayments received	70,889	(70,889)	-	-	-	-
Fixed assets financed from General Fund	(109,541)	109,541	-	-	-	-
Transfer to/from Housing Revenue Account	1,127,582	-	-	(1,127,582)	-	-
Transfer between reserves	(131)	-	-	(7,462)	-	7,593
	4,812	(185,617)	(492,778)	(710,653)	32,000	7,593
Balance brought forward	892,094	283,917	42,696,295	895,227	(3,567,000)	106,014
Balance carried forward	896,906	98,300	42,203,517	184,574	(3,535,000)	113,607

Onchan District Commissioners

Year ended 31 March 2018

Balance Sheet

as at 31 March 2018

	Notes	2018		2017
		£	£	restated £
Fixed assets				
Tangible fixed assets – operational	1	53,692,475		53,710,731
Tangible fixed assets – non operational	1	4,279,000		5,017,937
		<u>57,971,475</u>		<u>58,728,668</u>
Long Term Debtor	2	907,806		987,687
Current assets				
Debtors	3	436,321	352,432	
Cash at bank		1,028,692	1,995,058	
		<u>1,465,013</u>	<u>2,347,490</u>	
Current liabilities				
Short-term borrowing	5	944,730	957,604	
Creditors	4	642,126	745,579	
		<u>1,586,856</u>	<u>1,703,183</u>	
		(121,843)		644,307
		<u>58,757,438</u>		<u>60,360,662</u>
Long-term liabilities				
Long-term borrowing	5	16,188,379	16,863,758	
Net Pension liabilities	17	3,480,000	3,535,000	
		<u>(19,668,379)</u>	<u>(20,398,758)</u>	
Total assets less liabilities		<u>39,089,059</u>		<u>39,961,904</u>
Reserves:				
General fund		1,008,402	896,906	
Capital adjustment account		52,534	98,300	
Revaluation reserve		41,660,744	42,203,517	
Housing maintenance reserves		(265,653)	184,574	
Pension reserve		(3,480,000)	(3,535,000)	
Earmarked reserves		113,032	113,607	
		<u>39,089,059</u>	<u>39,961,904</u>	

The financial statements were approved by the Authority on 18 February 2019 and were signed on their behalf by:



Chairman



RFO

Onchan District Commissioners

Year ended 31 March 2018

Cash Flow Statement

for the year ended 31 March 2018

	Notes	£	2018 £	2017 £
Net deficit on provision of services		(1,069,459)		(1,597,643)
Adjustments to net surplus on provision of services for non-cash movements				
	11	1,634,244		1,937,521
Adjustments for items included in net deficit on provision of services that are investing and financing activities		773,549		809,632
Net cash flows from Operating Activities			1,338,334	1,149,510
Net cash flows from Investing Activities	12	(918,813)		75,814
Net cash flows from Financing Activities	13	(1,386,379)		(533,466)
			(2,305,192)	691,858
Net (increase) or decrease in cash and cash equivalents			(966,858)	691,858
Cash & cash equivalents at the beginning of the reporting period	14		1,438,252	746,394
Cash & cash equivalents at the end of the reporting period			471,394	1,438,252

Onchan District Commissioners

Year ended 31 March 2018

Statement of Accounting Policies

1. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland [Section 1A]' ('FRS 102'), and with the Audit Act 2006 and the Accounts and Audit Regulations 2018. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain land and buildings as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102 and Accounts and Audit Regulations 2018. Refer to note 20 for an explanation of the transition.

The financial statements are presented in Sterling (£) to the nearest £.

2. Going concern

After reviewing the budget of the Authority, the board have a reasonable expectation that the Authority has adequate resources including the continuation of support from Central Government, to continue in operational existence for the foreseeable future.

3. Income

(a) Rates receivable

Rates income for the year credited to the Comprehensive Statement of Income and Expenditure is the accrued income for the year, adjusted for discounts, exempt and uninhabitable properties.

(b) Rentals

Rent revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for the services rendered.

(c) Housing deficiency

Housing deficiency is accounted for on an accruals basis and represents amounts due for the period in respect of the shortfall in housing income over housing expenditure in the year in accordance with the housing deficiency scheme operated by the Department of Infrastructure.

4. Accruals of income and expenditure

The accounts of the authority are maintained on an accruals basis: activity is accounted for in the year that it takes place.

5. 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.

6. Tangible fixed assets

Tangible fixed assets have physical substance and are held by the authority for the provision of services or for administrative purposes on a continuing basis.

a) Recognition

Expenditure on the acquisition or creation of tangible fixed assets and subsequent expenditure that adds to, replaces part of, or services tangible fixed assets, is capitalised on an accruals basis where:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the authority, and
- The cost can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense to the relevant service when it is incurred.

Statement of Accounting Policies (Continued)

6. Tangible fixed assets – continued

b) Measurement (Valuation Bases)

All assets are initially measured at cost. The initial cost includes all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Borrowing costs are not capitalised.

Subsequent to initial recognition, assets are then carried on the Balance Sheet using the following measurement bases:

- Infrastructure and Community assets – depreciated historic cost (or a nominal value where the historic cost is not known)
- Assets under construction – historic cost
- Social Housing and all other tangible fixed assets are measured at current value which is determined as the amount that would be paid for the asset in its existing use (“existing use value” – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate.

For non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for current value.

c) Revaluation

A class of assets included in the Balance Sheet at current value (fair value for Surplus assets) may be revalued on a rolling basis provided revaluation of the class of assets is completed within five years. The valuations are undertaken with sufficient regularity to ensure that their carrying amount is not materially different from current value (fair value for Surplus assets). All valuations are undertaken by a qualified valuer, using a professional valuer contracted to the authority.

Short-life assets, such as vehicles and computer equipment are not revalued but are measured at depreciated historic cost as a proxy for fair value.

Short-life assets, such as vehicles and computer equipment are not revalued but are measured at depreciated historic cost as a proxy for fair value.

Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. When assets are subject to revaluation losses they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

d) Impairment

Assets are subject to an annual impairment review at the end of each financial year for evidence of reductions in value. Where indications exist and the reduction is material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Onchan District Commissioners

Year ended 31 March 2018

Statement of Accounting Policies (Continued)

6. Tangible fixed assets – continued

d) Impairment - continued

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

e) Depreciation

Depreciation is provided for on all Tangible Fixed Assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight-line basis by allocating the cost (or re-valued amount) of the asset over the number of years that the asset is expected to be of useful benefit as follows:

Dwellings	Buildings	50
Other Land and Buildings	Buildings	15 - 50
	Improvements	10
	Public Conveniences	15
Vehicles, Plant & Equipment		3 – 10
Community Assets	Excluding land	10
Infrastructure Assets	Excluding land	10

Freehold land is not depreciated.

The useful life of an asset is estimated on a realistic basis and is regularly reviewed as part of the revaluation process. Where the useful life of a fixed asset is revised, depreciation is charged over the revised life of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

f) 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.

7. Investment Property

Investment properties are those that are used solely to earn rentals or for capital appreciation purposes. Properties that are used to facilitate the delivery of services are not Investment properties.

Investment properties are measured initially at cost and subsequently at fair value. The assets are not depreciated but are subject to five yearly revaluation reviews according to market conditions at the year-end. All valuations are undertaken by a qualified valuer, using a professional valuer. Gains and losses on revaluation and disposal are posted to the Comprehensive Income and Expenditure Statement. These gains and losses are reversed out in the Statement of Movement on Reserves to the Capital Adjustment Account and the Capital Receipts Reserve.

Onchan District Commissioners

Year ended 31 March 2018

Statement of Accounting Policies (Continued)

8. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

9. Government Grants and Contributions

Government grants and other third party contributions / donations are accounted for on an accruals basis and recognised when the conditions attached to the payments have been met and there is reasonable assurance that they will be received.

a) Revenue Grants

Amounts due to the authority are credited to the Comprehensive Income and Expenditure Statement when the conditions attached to the grants or contributions are satisfied. Amounts advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or non-specific Grant Income.

b) Housing Deficiency

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

10. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

11. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

12. Employee benefits

The authority provides a range of benefits to employees, including paid holiday arrangements and a defined benefit pension plan.

(a) Short term benefits

Short term benefits, including holiday pay, are recognised as an expense in the period in which the service is received.

(b) Defined benefit pension plan

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. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

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. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the authority's defined benefit obligation at the end of the reporting date less the fair value of the plan assets attributable to the authority's members at the reporting date.

Statement of Accounting Policies (Continued)

12. Employee benefits (continued)

The defined benefit obligation is calculated using the projected unit credit method. Annually the administering authority engages independent actuaries to calculate the obligation of the authority. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Comprehensive Income and Expenditure Statement. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net pension liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

13. Provisions

Provisions are made for any liability of uncertain timing where there is a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year that the obligation arises and are based on the best estimate of the amount that is likely to settle the obligation.

14. 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 Reserve: 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 and Elderly Persons Housing Maintenance Reserve: set up to hold surplus monies received from housing rents less expenditure incurred.

Community Facilities Fund: Representing the unspent allowance to fund community facilities in the elderly persons' housing 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.

Earmarked Reserves: These are amounts which have been earmarked to cover expenditure in specific areas.

Onchan District Commissioners

Year ended 31 March 2018

Statement of Accounting Policies (Continued)

14. Reserves - continued

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 capital financing transactions.

Pensions reserve: The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits.

Statement of Accounting Policies (Continued)

Significant Judgements and Estimates

(a) Judgements

In applying the accounting policies set out above the authority has had to make assumptions and form judgements about transactions which are complex in nature and where there is uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- The Authority operates a rolling 5 year revaluation programme for assets held on the Balance Sheet at revalued amount. This means that not all assets are revalued formally every year. However a desktop review is undertaken of the assets that were not formally revalued during the year, taking into account factors such as changes to building cost indices since the asset's last revaluation and the impact of revaluations in year for similar assets. As a result it is judged that the potential difference in value that would result from formal revaluation is not material in the context of the overall carrying value of the assets, and therefore the risk of material misstatement to the Balance Sheet is low.
- Property, Plant and Equipment assets are judged to be held for their service potential rather than future resale value and therefore the Authority does not allocate residual values to assets when calculating depreciation. This could lead to the potential overstatement of depreciation and the understatement of asset carrying values in the Balance Sheet. The calculation of depreciation, however, does not affect the amount to be collected from Government in terms of deficiency.
- The Authority has judged that amounts held on deposit or invested for periods of less than three months are sufficiently liquid as to be classed as cash equivalents. Judgement is also required as to whether the primary purpose of holding such investments is for meeting short term cash commitments (in which case the investment is classified as a cash equivalent) or for investment return (in which case the investment remains classified as a short term investment).

(b) Estimates

The authority is required to disclose those estimates and assumptions which it has made in the preparation of its accounts for which there is the potential for a material adjustment within the next financial year.

- Pension Liability - The estimation of the net pension liability depends on a number of complex and inter-related actuarial assumptions and judgements, i.e. the rate of inflation, rate of increase in salaries, age of retirement, rate of increase in pensions, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide expert advice about the assumptions to be applied. As a result there is inevitably some uncertainty concerning the value of the net pension liability in the financial statements. Changes in the assumptions can give rise to major changes in the liability within the year and across years, i.e. actuarial gains and losses.

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements

1. Tangible fixed assets

Operational assets	Dwellings £	Other land and buildings £	Vehicles, plant and equipment £	Infrastructure £	Community assets £	Total £
Cost or valuation						
At 31 March 2017	50,178,171	5,114,284	1,109,754	671,267	367,568	57,441,044
Additions in the year	46,296	-	63,900	29,988	-	140,184
Disposals in the year	-	-	(15,000)	(6,515)	-	(21,515)
Revaluations	-	-	-	-	-	-
Transfers	1,361,819	-	-	-	-	1,361,819
Impairments	(507,819)	-	-	-	-	(507,819)
At 31 March 2018	51,078,467	5,114,284	1,158,654	694,740	367,568	58,413,713
Depreciation						
At 31 March 2017	1,505,832	591,770	861,534	485,224	285,953	3,730,313
Charge for the year	757,717	78,523	104,224	67,676	800	1,008,940
Disposals	(4,800)	-	(9,000)	(4,215)	-	(18,015)
At 31 March 2018	2,258,749	670,293	956,758	548,685	286,753	4,721,238
Net book value						
At 31 March 2018	48,819,718	4,443,991	201,896	146,055	80,815	53,692,475
At 31 March 2017	48,672,339	4,522,514	248,220	186,043	81,615	53,710,731

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

1. Tangible fixed assets - continued

<i>Non-Operational assets</i>	Assets under construction	Investment Properties	Total
	£	£	£
Cost or valuation			
At 31 March 2017	688,935	4,329,000	5,017,935
Additions in the year	672,884	-	672,884
Revaluations	-	(50,000)	(50,000)
Transfers	(1,361,819)	-	(1,361,819)
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	-	4,279,000	4,279,000
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 31 March 2017	-	-	-
Charge for the year	-	-	-
Disposals in the year	-	-	-
Reversal of depreciation on revalued assets	-	-	-
Transfers	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 March 2018	-	4,279,000	4,279,000
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	688,935	4,329,000	5,017,935
	<u> </u>	<u> </u>	<u> </u>

Post year end a property included within investment properties above sold for £75,000, hence the asset has been written down to its realisable value.

Valuation of fixed assets

The Authority plans to fully revalue its fixed assets every five years. Valuations have been carried out by Chrystals Commercial, Chartered Surveyors who are the Authority's external valuer as at 31 March 2015.

A supplementary valuation for the Marion Road site included within Dwellings, was performed as at 31 March 2018. The supplemental valuation in 2018 resulted in an downwards revaluation of £507,819. In addition, a further property has been impaired by £50,000 to reflect its value being the proceeds received on sale post year end.

The basis for valuation is set out in the statement of accounting policies.

Historical cost of revalued fixed assets

Included within the above are assets with historical cost as follows:

Land and property - £18,645,218 (2017: £17,740,122)

Included within land and property are social housing land and property with a historical cost of £16,340,104 (2017: £15,435,008).

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

1. Tangible fixed assets - continued

Assets held

	Number at 31 March 2017	Changes In year	Number at 31 March 2018
Operational assets			
Dwellings:			
Houses, flats and bungalows	400	8	408
Sheltered accommodation	100	-	100
Other Land and Buildings:			
Car parks	4	-	4
Depots	2	-	2
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	16	-	16
Infrastructure Assets:			
Street lights	922	1	923
Community Assets:			
Parks and open spaces	9	-	9
Non-operational assets			
Investment properties			
Retail properties	19	-	19
Garages (general fund)	138	-	138

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

2. Long-Term Debtors

	Balance at 1 April 2017	Debts repaid	Transferred to less than one year	Balance at 31 March 2018
	£	£	£	£
Due from Manx Utilities	987,687	(75,423)	(4,458)	907,806
	<u>987,687</u>	<u>(75,423)</u>	<u>(4,458)</u>	<u>907,806</u>

The debtor is repayable over periods between 15 and 25 years. The interest charged is between 6.10% and 6.40%.

3. Debtors and prepayments

	2018 £	2017 £
Amounts falling due in one year (net of bad debt provisions):		
Government departments	149,402	75,454
Other local authorities	17	1,024
Ratepayers	3,064	2,066
Housing & Garage rents	53,425	25,054
Sundry debtors and prepayments	173,794	145,911
VAT	56,619	102,923
	<u>436,321</u>	<u>352,432</u>

Debtor balances are shown net of provisions for bad or doubtful debts as follows:

	2018 £	2017 £
Ratepayers	17,930	17,325
Housing rents	40,454	32,237
Sundry debtors	52,173	57,018
	<u>110,557</u>	<u>106,580</u>

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

4. Creditors

	2018	2017
	£	£
Government departments	125,317	113,497
Other local authorities	27,368	13,965
Ratepayers	21,320	19,514
Housing & Garage rents	65,183	61,880
Sundry creditors and accruals	402,938	536,723
	<u>642,126</u>	<u>745,579</u>

5. Long term borrowing

Loans outstanding may be analysed as follows:

	2018	2017
	£	£
<i>Falling due within one year:</i>		
Commercial loans	944,730	957,604
Total falling due within one year	<u>944,730</u>	<u>957,604</u>
<i>Falling due after more than one year:</i>		
Commercial loans	16,188,379	16,863,758
Total falling due after more than one year	<u>16,188,379</u>	<u>16,863,758</u>
Total loan term borrowing	<u>17,133,109</u>	<u>17,821,362</u>

In past years, the Authority has taken out IOM Bank Loan finance to fund long term capital projects.

Each of the outstanding loans are secured by a letter of comfort or guarantee from the Isle of Man Treasury and are repayable over periods between 10 and 29 years. The interest charged on these loans is between 1.25% and 6.56% for the Isle of Man Bank loans.

During recent years, new borrowings have been taken out with HSBC Bank. Such loans are unsecured, repayable between 10 and 30 years and are variable rate loans.

Any monies borrowed on temporary overdraft facilities with HSBC incur interest at 0.95% above base rate. Such loans have been sanctioned on a loan by loan basis by both Treasury and the Department of Infrastructure and/or the Department of Social Care and are secured by way of a Letter of Comfort issued by Treasury.

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

6. General Rate Account

	2018 £	2017 £
General rates levied for the year	2,483,759	2,463,496
Add:		
Advances brought forward	(19,514)	(45,998)
Arrears brought forward	19,391	16,677
	<u>2,483,636</u>	<u>2,434,175</u>
Less:		
Discounts	(75,076)	(93,640)
Exempt and uninhabitable properties	(65,739)	(66,765)
	<u>(140,815)</u>	<u>(160,405)</u>
Total rates collectable	<u><u>2,342,821</u></u>	<u><u>2,273,770</u></u>
Rates received in the year:		
Current year rates	2,304,800	2,248,565
Arrears collected	17,027	5,814
Advances received	21,320	19,514
	<u>2,343,147</u>	<u>2,273,893</u>
Balances outstanding carried forward:		
Arrears – current year	18,630	9,409
– previous years	2,364	9,982
Advances	(21,320)	(19,514)
	<u>(326)</u>	<u>(123)</u>
	<u><u>2,342,821</u></u>	<u><u>2,273,770</u></u>

	2018 £	2017 £
General rates levied for the year	2,483,759	2,463,496
Less: Discounts, exempt/uninhabitable properties & refunds	(140,815)	(160,405)
Per Comprehensive Income and Expenditure Statement	<u><u>2,342,944</u></u>	<u><u>2,303,091</u></u>

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

7. Housing Revenue Income and Expenditure

		2018	2017
	£	£	£
Income			
Dwelling rents (including rates)	2,420,398		2,302,668
Charges for services and facilities	89,636		86,132
Housing Deficiency Receivable	-		-
Other income	-		-
Total income		2,510,034	2,388,800
Expenditure			
Repairs and maintenance	(1,035,218)		(1,209,920)
Supervision and management	(255,202)		(256,471)
Rents, rates, taxes and other charges	(358,788)		(337,671)
Depreciation & impairment charges	(1,260,736)		(1,094,137)
		(2,909,944)	(2,898,199)
Net cost of Housing Services		(399,910)	(509,399)

Included in rents, rates, taxes and other charges above is £351,388 of rates charged in respect of the Commissioners tenanted properties. This amount is also included in income from the General Rate Fund shown in the Comprehensive Income and Expenditure Account.

Similarly, supervision and management costs of £115,730 are also reported as income in the Comprehensive Income and Expenditure Account as administration allowance income.

Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 3.8% of the rental debit for the year (2017: 4.8%).

Rent arrears

	2018	2017
Rent arrears	£93,879	£52,897
Rent arrears as a percentage of gross rent income	3.7%	2.4%

Arrears written off during the year amounted to £Nil (2017: £Nil) and an increase of £7,400 (2017: £Nil) was made in the provision for bad and doubtful rental debts. As at 31 March 2018 the provision stood at £37,973 (2017: £30,573).

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

8. 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 is calculated as follows:

	2018 £	2017 £
Opening balance due	(86,813)	62,033
Charges to Deficiency Grant	-	-
Payments received from Department of Infrastructure	(10,273)	(148,846)
	<u>(97,086)</u>	<u>(86,813)</u>

9. Employee remuneration

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

	2018 Number of Employees	2017 Number of Employees
Remuneration Band		
£50,000 – £74,999	2	3

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the authority. Compensation paid to key personnel totalled £131,599 (2017: £199,323).

Members' allowances

During 2017/18 the Authority paid £3,228 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2017: £2,745). As at 31 March 2018, an amount of £800 (2017: £788) was due in this respect.

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

10. 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. Due to the recent changes, the Authority required deficiency funding of £Nil (2017: £Nil) from Central Government. At the year end the Commissioners owed £97,086 (2017: owed £86,813) in respect of this.

The Authority also paid refuse disposal costs of £322,089 (2017: £311,036). As at 31 March 2018 an amount of £26,077 (2017: £26,301) was due to Central Government.

The Authority received housing deficiency grants from the Department of Infrastructure, and was also reimbursed for Drainage expenditure by Manx Utilities.

The Authority, along with other participating authorities, is represented on the Eastern District Civic Amenity Site Joint Committee. Douglas Borough Council is responsible for administering the site; and recharges administration, maintenance and disposal costs incurred onto participating authorities.

The Authority paid £97,587 (2017: £93,211) to Douglas Borough Council in respect of Eastern Civic Amenity Site costs with an amount of £27,368 (2017: £13,965) owed as at 31 March 2018.

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. With the exception of the above disclosures:

Officers of the Authority - no related party disclosures arose in relation to officers.

Members of the Authority – no related party transactions arose in relation to members of the Authority

11. Cash flow statement – Operating activities

The following table provides a breakdown of the main elements within the adjustment for the non-cash movements figure shown in the cash flow statement:

	2018 £	2017 £
Depreciation, impairment & revaluation losses for non-current assets	1,541,573	1,642,265
Increase/(Decrease) in creditors	2,800	(70,901)
(Increase)/Decrease in debtors	(79,430)	149,759
Loss/(gain) on disposal of fixed assets	7,301	(4,602)
Difference between FRS102 pension cost and contributions paid	162,000	221,000
	<u>1,634,244</u>	<u>1,937,521</u>

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

12. Cash flow statement – Investing activities

	2018	2017
	£	£
Purchase of assets (Fixed assets, investment property, intangible assets)	(919,321)	(840,534)
(Purchase of) / receipts from short-term and long-term investments	(491)	911,108
Proceeds from the sale of tangible fixed assets and investment property	999	5,240
	<u>(918,813)</u>	<u>75,814</u>

13. Cash flow statement – Financing activities

	2018	2017
	£	£
Cash receipts from short-term and long-term borrowing	275,000	1,125,893
Other receipts from financing activities	75,423	70,889
Repayments of short-term and long-term borrowing	(963,253)	(920,616)
Loan interest paid	(774,041)	(813,034)
Bank interest received	492	3,402
	<u>(1,386,379)</u>	<u>(533,466)</u>

14. Cash flow statement – cash & cash equivalents

	2018	2017
	£	£
Cash at Bank and in hand	471,394	1,438,252
Short term deposits	557,298	556,806
	<u>1,028,692</u>	<u>1,995,058</u>

15. Audit fees

During the year the Authority incurred external audit fees of £11,200 (2017: £10,700).

16. Total rateable value

The total rateable value of the District at 31 March 2018 is £796,646 (2017: £795,622) with a 312p rate being charged (2017: 310p).

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

17. Post employment benefits

The authority operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by Douglas Borough Council as the Administering Authority. The authority has committed to a funding plan with the Administering Authority, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the Administering Authority to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the Local Government Superannuation Scheme, using the projected unit credit method, was carried out at 31 March 2016 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	31 March 2018	31 March 2017
Rate of increase in salaries	3.2%	3.2%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	2.7%	2.6%

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.

The mortality assumptions used were as follows:

	31 March 2018 Years
Longevity at the age of 65 for current pensioners	
- Men	21.7
- Women	24.3
Longevity at the age of 65 for future pensioners	
- Men	24.1
- Women	27.1

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

17. Post employment benefits - continued

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Total £
At 1 April 2017	8,074,000	(11,609,000)	(3,535,000)
Benefits paid	(234,000)	234,000	-
Participants contributions	61,000	(61,000)	-
Employer contributions	243,000	-	243,000
Current service cost	-	(312,000)	(312,000)
Past service cost	-	-	-
Interest income/(expense)	211,000	(304,000)	(93,000)
Remeasurement gains/(losses)			
- Actuarial gains/(losses)	-	233,000	233,000
- Return on plan assets excluding interest income	(16,000)	-	(16,000)
At 31 March 2018	8,339,000	(11,819,000)	(3,480,000)

Total cost recognised as an expense:

	2018 £	2017 £
Current service cost	312,000	343,000
Interest cost	304,000	370,000
	616,000	713,000

No amounts were included in the cost of assets (2017: £nil).

The local authority's share of the fair value of plan assets was:

	2018 %	2017 %
Equity instruments	60	57
Bonds	28	26
Property	12	13
Cash	-	4
Total	100	100

Onchan District Commissioners

Year ended 31 March 2018

Notes to the financial statements (Continued)

17. Post employment benefits - continued

The local authority's share of the return on plan assets was:

	2018 £	2017 £
Interest income	211,000	244,000
Return on plan assets less interest income	(16,000)	832,000
Total return on plan assets	195,000	1,076,000

18. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2018 are listed below:

	2018 £	2017 £
Housing	-	693,095

19. Subsequent events

Subsequent to the year end the Authority have sold one of their investment properties for the amount of £75,000. These monies are to be set against the work completed in the prior year on the Onchan Hub.

20. FRS 102 Transition

This is the first year that the Authority has presented its results under FRS 102. The last financial statements under the SORP were for the year ended 31 March 2017. The date of transition to FRS 102 was 1 April 2016. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2017 and the total equity as at 1 April 2016 and 31 March 2017 between the SORP as previously reported and FRS 102.

Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the Comprehensive Income and Expenditure Statement as the employee service is received. This has resulted in the Authority recognising a liability for holiday pay of £18,477 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged as they were paid. In the year to 31 March 2017 no additional charge of was recognised as the accrual was immaterial.

Defined benefit scheme

Under previous UK GAAP the Authority recognised an expected return on defined benefit plan assets in the Comprehensive Income and Expenditure Statement. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the Comprehensive Income and Expenditure Statement. There has been no change in the defined benefit liability at either 1 April 2016 or 31 March 2017. The effect of the change has been to increase the cost to Net cost of Services in the year to 31 March 2017 by £82,000 and increase the credit in Other Comprehensive Income by £82,000.

Onchan District Commissioners

Year ended 31 March 2018

Detailed Income and Expenditure Account

for the year ended 31 March 2018

	2018 £	2018 £	2017 £	2017 £
Finance and general purposes				
Employment costs	716,079		766,993	
Establishment costs	71,928		68,287	
Operating costs	64,161		84,571	
Legal, professional and bank costs	88,869		39,781	
Vehicle costs	3,909		3,571	
Policy and general costs	17,856		29,522	
	<u> </u>	(962,802)	<u> </u>	(992,725)
 Administrative recoveries	115,730		113,453	
Building Regulation fees, Search fees, commissions, miscellaneous	76,417		57,041	
	<u> </u>	192,147	<u> </u>	170,494
		<u>(770,655)</u>		<u>(822,231)</u>

Onchan District Commissioners

Year ended 31 March 2018

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2018

	2018 £	2018 £	2017 £	2017 £
Works and cleansing				
<i>Street lighting, seats and signs</i>				
Establishment costs	48,114		37,194	
Operating costs	140,678		115,095	
	<u>(188,792)</u>		<u>(152,289)</u>	
Income	-		-	
	<u>-</u>	(188,792)	<u>-</u>	(152,289)
<i>Miscellaneous land and properties</i>				
Establishment costs	84,968		78,438	
	<u>(84,968)</u>		<u>(78,438)</u>	
Commercial rents	178,142		139,783	
Garage rents	90,228		85,874	
	<u>268,370</u>	183,402	<u>225,657</u>	147,219
<i>Refuse collection</i>				
Employment costs	264,848		267,865	
Establishment costs	10,221		9,680	
Operating costs	429,054		412,796	
Vehicle costs	150,118		122,812	
	<u>(854,241)</u>		<u>(813,153)</u>	
Income	94,862		90,722	
	<u>94,862</u>	(759,379)	<u>90,722</u>	(722,431)
		<u>(764,769)</u>		<u>(727,501)</u>

Onchan District Commissioners

Year ended 31 March 2018

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2018

	2018 £	2018 £	2017 £	2017 £
Leisure and amenities				
<i>Harvey Briggs Onchan Library</i>				
Employment costs	97,256		95,527	
Establishment costs	24,049		24,657	
Operating costs	19,895		21,073	
	<u>(141,200)</u>		<u>(141,257)</u>	
Income	<u>1,808</u>	(139,392)	<u>2,650</u>	(138,607)
<i>Parks, glens, open spaces etc</i>				
Employment costs	263,440		255,822	
Establishment costs	154,961		204,257	
Operating costs	71,799		72,638	
Vehicle costs	10,740		9,744	
	<u>(500,940)</u>		<u>(542,461)</u>	
Income from attractions and events	61,702		49,304	
Sundry Income	2,329		1,712	
	<u>64,031</u>	(436,909)	<u>51,016</u>	(491,445)
<i>Onchan Youth and Community Centre</i>				
Employment costs	8,632		6,540	
Establishment costs	77,550		323,596	
Operating costs	72		137	
	<u>(86,254)</u>		<u>(330,273)</u>	
Income	<u>29,570</u>		<u>18,722</u>	
	<u>29,570</u>	(56,684)	<u>18,722</u>	(311,551)
		<u>(632,985)</u>		<u>(941,603)</u>

Onchan District Commissioners

Year ended 31 March 2018

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2018

	2018 £	2018 £	2017 £	2017 £
Government Assisted				
<i>Sewers and Pumping Station</i>				
Government reimbursement	63,679		68,402	
	<u>63,679</u>		<u>68,402</u>	
		63,679		68,402
<i>Road Sweeping</i>				
Employment costs	27,761		26,219	
Operating costs	6,888		11,714	
	<u>(34,649)</u>		<u>(37,933)</u>	
Government reimbursement	-		-	
	<u>-</u>		<u>-</u>	
		(34,649)		(37,933)
		<u>29,030</u>		<u>30,469</u>