

Onchan District Commissioners

Statement of Accounts

For the year ended 31 March 2017

Onchan District Commissioners

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Onchan District Commissioners

Explanatory Foreword

Introduction

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

The individual accounts within the Statement are as follows:

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

The **Statement of the Movement on the General Fund Balance** shows the surplus or deficit on the Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged or credited to the General Fund in determining the movement on the General Fund Balance for the year. This is the basis on which the Authority set its rate for the year.

The **Housing Revenue Income and Expenditure Account** is an account which independently records the costs of maintaining and managing the Authority's own housing stock and how these costs are met by rent payers, Central Government subsidy and other income.

The **Statement of Movement on the Housing Revenue Account Balance** shows the surplus or deficit on the Housing Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged or credited to the Housing Account in determining the movement on the Housing Account for the year.

The **Statement of Total Recognised Gains and Losses** shows all gains and losses recognised by the Authority during the year which are not reflected in operating performance within the Income and Expenditure Account.

The **Balance Sheet** sets out the financial position of the Authority at the end of the year.

The **Cash Flow Statement** summarises the inflows and outflows of cash arising from the Authority's transactions with third parties during the year.

The **General Rate Fund** shows the transactions of the Authority as a charging authority in respect of rates income.

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Explanatory Foreword (continued)

This section provides a summary review of performance during the year and of key areas which impact the Authority's financial position.

Income and Expenditure Account

The Income and Expenditure Account covers the day to day running costs of the Authority's services.

Net expenditure is met from the following sources:

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

The income and expenditure account for the year shows a deficit of £1,515,643 (2016: deficit of £234,810), 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 £4,812 (2016: surplus of £168,957), compared to a budgeted deficit of £76,620 (2016: £28,432).

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

Statement of Movement on the General Fund Balance

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

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

Housing Revenue Account

The Housing Revenue Account ("HRA") shows the income and expenditure on Authority housing. This shows an operating deficit of £1,127,582 (2016: deficit of £175,209). After taking account of capital repayment of loans of £669,746 (2016: £584,227), depreciation, impairments and fixed assets paid out of the housing funds, there is a deficit of £703,191 (2016: deficit of £6,520) which has been transferred from the housing related reserves.

Capital Expenditure

Total capital expenditure in the year was £747,974 (2016: £428,734), 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 310p (2016: 307p) in the £ on a rateable value of £795,622 (2016: £793,435) during the year. Rate arrears at the year end were £19,391 (2016: £16,677) and this represents 0.8% (2016: 0.7%) of the rates levied for the year.

Investments and Borrowing

The Authority borrowed £1,125,893 (2016: £244,155) during the year to finance capital programmes.

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Explanatory Foreword (continued)

Reserves

The Authority has increased its general reserves from £892,094 at 31 March 2016 to £896,906 at 31 March 2017. This decrease is less than the budgeted decrease and this is due to some general under spending in the year.

Pensions Liability

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

This is the difference between future liabilities and assets, as valued at 31 March 2017, and amounts to £3,535,000 (2016: £3,567,000). No current provision exists to meet this deficit which will be addressed by future contributions to the Pension Fund.

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Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain 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 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. Operational assets are those used by the Authority in the delivery of services or in pursuit of its strategic or service objectives. Non-operational assets are those held but not directly occupied, used or consumed for those purposes. The depreciation rates are detailed in Note 2 to the financial statements.

Valuations

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

Operational assets have been valued at the lower of net current replacement cost or net realisable value in existing use. In the case of vehicles, plant and equipment, historical costs have been used as a proxy for valuation; as inflation is low, prices will not vary significantly over the estimated life of the assets while the Authority depreciates them on a prudent basis using conservative estimates of working lives. As a consequence, the use of historical costs rather than values for these items will not result in a material difference in the Accounts.

Infrastructure assets and community assets are included in the balance sheet at historical cost, net of depreciation, where appropriate; if the historical cost could not be ascertained, a nominal value has been used. There is no material effect on the Accounts.

Non-operational assets have been valued at the lower of net current replacement cost or net realisable value.

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

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Statement of Accounting Policies (continued)

Depreciation

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

No depreciation is provided on freehold land.

Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year: where values have changed materially in the period, the valuations are adjusted to reflect the change. Where a major change in asset values is due to a consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Income and Expenditure Account. Other impairments are recognised in the Revaluation Reserve.

Disposals

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

Government grants

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account to match the expenditure to which they relate. Grants and contributions from other organisations have been treated in the same way as Government grants.

Housing Deficiency

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

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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 customers and tenants are accounted for as income at the date the Authority provides the relevant goods or services.
- Employee costs are charged as expenditure when they are due rather than paid, including any arrears of pay or pay awards.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as work in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant account, unless they properly represent capital receipts or capital expenditure. These accruals are largely based on known commitments and can be assessed accurately. Where estimates are made, they are based on historical records, precedence and officers' knowledge and experience. In all cases the Authority adopts a prudent approach to avoid overstating its resources.

Value Added Tax

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

Overheads

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

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Statement of Accounting Policies (continued)

Reserves

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

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

The following accounts have been established in accordance with the capital accounting provisions. They are not fully backed by cash, nor generally available to finance expenditure.

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

Pension costs

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

The contributions are charged to the Accounts in accordance with statutory requirements. The financial statements have been prepared on the basis that the assets and liabilities arising from an employer's retirement benefit obligations and any related funding are reflected at fair value. The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise; and the financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

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Statement of Accounting Policies (continued)

Provisions

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

Exceptional items, extraordinary items and prior year adjustments

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

Events after the balance sheet date

Post balance sheet events, whether favourable or unfavourable, that affect the conditions existing at the balance sheet date are adjusted in the accounts and disclosures. For events occurring after the balance sheet date relating to conditions that arose after that date, adjustments are not made in the accounts but details are disclosed in a note to the balance sheet. These principles apply up to the date when the accounts are authorised for issue.

Liquid Resources

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

Onchan District Commissioners

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

The Responsible Financial Officer's responsibilities

The Responsible Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP").

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

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

The Responsible Financial Officer has also:

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

The Responsible Financial Officer should sign and date the statement of accounts, stating that it presents fairly the financial position of the body at the accounting date and its income and expenditure for the year ended 31 March 2017.

Onchan District 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 in a year of the effectiveness of its system of internal control and include a statement on internal control within the Authority's statement of accounts.

This statement is made by the Onchan District Commissioners to the Isle of Man Government Treasury in accordance with the requirements of the Isle of Man Government's Corporate Governance Principles and Code of Conduct ("the Code").

Responsibilities of the Board and the Responsible Financial Officer

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

The Board is responsible for implementing and maintaining systems of internal control and corporate governance which:

- ensure compliance with legislation and other regulations;
- safeguard public money, ensure that it is properly accounted for and that it is used economically, efficiently and effectively; and
- support the achievement of the strategy, policies, aims and objectives approved by the Board.

In discharging this responsibility, the Board works with senior officers to put in place arrangements for the governance of the Authority's affairs and the stewardship of resources, in accordance with the Code.

Internal control and corporate governance environment

The Authority's systems of internal control and corporate governance have been developed through an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The following is considered to be the key aspect of the internal control and corporate governance environment:

- **Board meetings**

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

Review of internal control and corporate governance environment

The effectiveness of the Authority's internal control and corporate governance arrangements is continuously assessed by the work of management and the Board.

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

Onchan District Commissioners

Statement of Internal Control (continued)

Review of internal financial control

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

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

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

No unacceptable areas of risk were identified in their report covering the year ended 31 March 2017. A number of moderate risks were identified in the report and the Authority are looking to address these where applicable.

Our review of the effectiveness of the system of internal financial control is informed by:

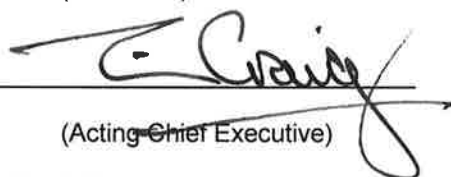
- the work of managers within the Authority;
- the work of the internal auditors, as described above; and
- the external auditors in their annual audit letter and other reports.

Report on internal control and corporate governance environment

Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage rather than eliminate the risk of failure to achieve objectives. They can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that the Authority's internal control and corporate governance arrangements are adequate and operated effectively during the year ended 31 March 2017.

(Signed) 

A Allen (Chairman)

(Signed) 

T R Craig (Acting Chief Executive)

14th December 2017

15th JANUARY 2018

Independent Auditor's Report to the Commissioners of Onchan District Commissioners

We have audited the financial statements of Onchan District Commissioners for the year ended 31 March 2017 which comprise the statement of accounting policies, the income and expenditure account, the statement of movement on the general fund balance, the housing revenue income and expenditure account, the statement of the movement on the housing revenue account balance, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the general rate fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP").

This report is made solely to the authority's Commissioners, as a body, in accordance with section 6 of the Audit Act 2006. Our audit work has been undertaken so that we might state to the authority's Commissioners, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's Commissioners, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Responsible Financial Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Responsible Financial Officer is responsible for the preparation of the Statement of Accounts, including the financial statements, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the authority's affairs as at 31 March 2017 and of its deficit for the year then ended;
- have been prepared in accordance with the requirements of the SORP; and
- have been prepared in accordance with the Accounts and Audit Regulations 2013 made under the Audit Act 2006.

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

Emphasis of matter - Basis of accounting

Without modifying our opinion, we draw attention to Statement of Accounting Policies in the financial statements which describes the basis of preparation. The financial statements have been prepared in accordance with the SORP, which is based on an accounting framework that is no longer extant.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the section 4 of the Audit Act 2006 requires us to report to you if, in our opinion:

- the financial statements do not comply with the regulations made under section 12 of the Act and any directions under section 13; or
- expenditure or income or any other transaction effected by or on account of the authority is or will be contrary to law; or
- the internal organisation of the authority and the controls maintained by it are not sufficient as to secure proper management of the finances of the authority and economy and efficiency in the use of its resources.



Grant Thornton Limited
Chartered Accountants
Douglas
Isle of Man

Date: ~~December 2017~~ 30 JANUARY 2018

Onchan District Commissioners

Income and Expenditure Account for the year ended 31 March 2017

Statement of net expenditure

	Gross expenditure £	Income £	2017 Net income/ (expenditure) £	2016 Net income/ (expenditure) £
Continuing operations:				
Finance and general purposes	(992,725)	170,494	(822,231)	(784,918)
Works and cleansing	(1,043,880)	316,379	(727,501)	(717,128)
Leisure and amenities	(1,013,991)	72,388	(941,603)	(642,535)
Government assisted	(37,933)	68,402	30,469	36,278
Net income from/(cost of) General Fund services	(3,088,529)	627,663	(2,460,866)	(2,108,303)
Housing Income and Expenditure Account	(2,898,199)	2,388,800	(509,399)	469,266
Net income from/(cost of) services	(5,986,728)	3,016,463	(2,970,265)	(1,639,037)
Gain/(Loss) on disposal of fixed assets			4,602	3,062
Interest payable and similar charges			(812,473)	(851,282)
Interest and investment income			3,402	4,497
Pension interest cost & expected return on pension assets			(44,000)	(23,000)
Net operating expenditure			(3,818,734)	(2,505,760)
Sources of finance				
Income from the General Rate Fund			2,303,091	2,270,950
Net surplus/(deficit) for the year			(1,515,643)	(234,810)

The notes on pages 26 to 39 form part of these financial statements.

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

	2017 £	2016 £
Surplus/(deficit) for the year on the Income and Expenditure Account	(1,515,643)	(234,810)
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance		
Depreciation and impairment of fixed assets	548,128	245,196
Net charges made for retirement benefits	139,000	160,000
(Gain)/Loss on disposal of fixed assets	(4,602)	(3,062)
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		
Loan funds principal repayments	(250,870)	(212,851)
Loan funds principal repayments received - Drainage loan	70,889	66,606
Fixed assets financed out of general fund	(109,541)	(26,986)
Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
Transfer (to)/from Housing Revenue Account	1,127,582	175,209
Transfers (to)/from Earmarked Reserves	(131)	(345)
Increase/(Decrease) in General Fund Balance	4,812	168,957
General Fund Balance brought forward	892,094	723,137
General Fund Balance carried forward	896,906	892,094

The notes on pages 26 to 39 form part of these financial statements.

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

	2017 £	2017 £	2016 £
Income			
Dwelling rents including rates	2,302,668		2,294,327
Charges for services and facilities	86,132		117,691
Contributions towards expenditure including Housing Deficiency Payments	—		291,842
Total income		2,388,800	2,703,860
Expenditure			
Repairs and maintenance	(1,209,920)		(909,009)
Supervision and management	(256,471)		(251,348)
Rents, rates, taxes and other charges	(337,671)		(321,321)
Depreciation and impairment of fixed assets	(1,094,137)		(752,916)
		(2,898,199)	(2,234,594)
Net cost of HRA services as included in the whole authority Income and Expenditure Account		(509,399)	469,266
HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		—	—
Net cost of HRA services		(509,399)	469,266
<i>HRA share of the operating income and expenditure included in the whole authority income and expenditure account:</i>			
Interest payable and similar charges		(619,198)	(646,220)
Interest and investment income		1,015	1,745
Surplus/(deficit) for the year on HRA services		(1,127,582)	(175,209)

The notes on pages 26 to 39 form part of these financial statements.

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

	2017 £	2016 £
Surplus/(deficit) for the year on the HRA Income and Expenditure Account	(1,127,582)	(175,209)
Amounts included in the Housing Revenue Income and Expenditure Account but required by statute to be excluded when determining the Movement on the Housing Revenue Account Balance		
Depreciation and impairment of fixed assets	1,094,137	752,916
Amounts not included in the Housing Revenue Income and Expenditure Account but required by statute to be included when determining the Movement on the Housing Revenue Account Balance for the year		
Loans funds principal repayments	(669,746)	(584,227)
Fixed assets financed out of housing fund	—	—
Transfers to or from the Housing Revenue Account that are required to be taken into account when determining the Movement on the Housing Revenue Account Balance for the year		
Transfer (to)/from Community Facilities Fund	(947)	(841)
Transfer (to)/from Housing Maintenance Reserve	584,709	(32,436)
Transfer (to)/from EPC Housing Maintenance Reserve	125,944	48,916
Transfer (to)/from EPC Heating Reserve	(6,515)	(9,119)
	—	—
Housing Revenue Account Balance brought forward	—	—
Housing Revenue Account Balance carried forward	—	—

The notes on pages 26 to 39 form part of these financial statements.

Onchan District Commissioners

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

	Note	2017 £	2016 £
Surplus/(deficit) on the Income and Expenditure Account for the year		(1,515,643)	(234,810)
Actuarial gains/(losses) on pension fund assets and liabilities	25	<u>171,000</u>	<u>720,000</u>
Total recognised gains and losses for the year		<u>(1,344,643)</u>	<u>485,190</u>

Onchan District Commissioners

Balance Sheet as at 31 March 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible fixed assets					
Operational assets					
– Dwellings	1	48,672,339		49,556,877	
– Other land and buildings	1	4,522,514		4,617,372	
– Vehicles, plant, furniture and equipment	1	248,220		82,894	
– Infrastructure assets	1	186,043		245,108	
– Community assets	1	81,615		97,909	
			53,710,731		54,600,160
Non-operational assets					
– Assets in the Course of Construction	1	688,937		490,689	
– Investment properties	1	4,329,000		4,329,000	
			5,017,937		4,819,689
			58,728,668		59,419,849
Long-Term Debtor	9		987,687		1,063,110
Current assets					
Debtors	10	352,432		497,657	
Cash at bank & liquid assets		1,995,058		2,214,308	
		2,347,490		2,711,965	
Current liabilities					
Short-term borrowing	15	957,604		874,782	
Creditors	12	745,579		705,292	
Bank overdraft		–		–	
		1,703,183		1,580,074	
Net current assets/(liabilities)			644,307		1,131,891
Total assets less current liabilities			60,360,662		61,614,850
Long-term liabilities					
Long-term borrowing	15	16,863,758		16,741,303	
Pension liabilities	25	3,535,000		3,567,000	
			(20,398,758)		(20,308,303)
Total assets less liabilities			39,961,904		41,306,547

Onchan District Commissioners

Balance Sheet (continued) as at 31 March 2017

	Notes	2017 £	2016 £
Financed by:			
Capital Adjustment Account	13	98,300	283,917
Pensions Reserve	13	(3,535,000)	(3,567,000)
Earmarked Reserves	13	20,491	20,360
General Fund	13	896,906	892,094
Housing Maintenance Reserve	13	184,574	895,227
Elderly Persons Housing Maintenance Reserve	13	18,842	18,842
Community Facilities Fund	13	21,957	21,010
Elderly Persons Housing Heating Reserve	13	52,317	45,802
Revaluation Reserve	13	42,203,517	42,696,295
		39,961,904	41,306,547

The financial statements were approved and authorised for issue by the Authority on 14th December 2017 and were signed on their behalf by:

A Allen
Chairman

T R Craig
Responsible Financial Officer

15th JANUARY 2018

Onchan District Commissioners

Cash Flow Statement for the year ended 31 March 2017

Revenue activities	Notes	2017 £	2017 £	2016 £
Cash outflows				
Cash paid to and on behalf of employees		(1,464,298)		(1,397,608)
Other operating cash payments		(2,780,344)		(2,226,879)
			(4,244,642)	(3,624,487)
Cash inflows				
Rents (after rebates)		2,532,811		2,503,090
Rate receipts		2,280,733		2,292,548
Grants from Central Government		148,846		311,060
Cash received for goods and services		431,762		397,665
			5,394,152	5,504,363
Net cash inflow/outflow from revenue activities	1		1,149,510	1,879,876
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid		(813,034)		(853,994)
			(813,034)	(853,994)
Cash inflows				
Interest received		3,402		4,497
			3,402	4,497
Net servicing of finance			(809,632)	(849,497)
Capital activities				
Cash outflows				
Purchase of fixed assets		(840,534)		(441,060)
			(840,534)	(441,060)
Cash inflows				
Sale of fixed assets		5,240		3,700
			5,240	3,700
Net Capital activities			(835,294)	(437,360)
Net cash inflow/(outflow) before financing	2		(495,416)	593,019

Onchan District Commissioners

Cash Flow Statement (continued) for the year ended 31 March 2017

	Notes	2017 £	2017 £	2016 £
Net cash inflow/(outflow) before financing			(495,416)	593,019
Management of Liquid resources				
Net (increase)/decrease in short term deposits		911,108		(146,558)
			911,108	(146,558)
Financing				
Cash outflows				
Repayments of amounts borrowed		(920,616)		(792,873)
		(920,616)		(792,873)
Cash inflows				
New loans raised		1,125,893		2,383,909
Amounts received from long-term loan debtor		70,889		66,606
		1,196,782		2,450,515
Net cash inflow/(outflow) from financing			276,166	1,657,642
Net increase/(decrease) in cash	3		691,858	2,104,103

Onchan District Commissioners

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

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

	2017 £	2016 £
Net surplus/(deficit)	(1,515,643)	(234,810)
Depreciation and impairment	1,642,265	998,112
(Gain)/Loss on disposal of fixed assets	(4,602)	(3,062)
Appropriations to pension reserve	139,000	160,000
Interest paid	813,034	853,994
Interest received	(3,402)	(4,497)
(Increase)/decrease in debtors	149,759	(81,057)
Increase/(decrease) in creditors	(70,901)	191,196
Net cash inflow from revenue activities	1,149,510	1,879,876

2. Reconciliation of the movement in net debt

	2017 £	2017 £	2016 £
Net debt at 1 April	(14,267,778)	(14,860,797)	
Movement in net debt:			
Increase/(decrease) in cash in the period	691,858		2,104,103
(Increase)/decrease in debt financing	(276,166)		(1,657,642)
Increase/(decrease) in liquid resources	(911,108)		146,558
		(495,416)	593,019
Net debt at 31 March	(14,763,194)	(14,267,778)	

3. Reconciliation of financing and management of liquid resources

	Balance at 1 April 2016 £	Cash movement £	Non-Cash movement £	Balance at 31 March 2017 £
Cash in hand	746,394	691,858	—	1,438,252
Cash overdrawn	—	—	—	—
	746,394	691,858	—	1,438,252
Short term deposits	1,467,914	(911,108)	—	556,806
Net debt:				
Due within one year	(803,893)	(276,166)	197,878	(882,181)
Due after one year	(15,678,193)	—	(197,878)	(15,876,071)
Total net debt	(14,267,778)	(495,416)	—	(14,763,194)

Onchan District Commissioners

General Rate Fund as at 31 March 2017

	2017 £	2017 £	2016 £	2016 £
Total rates levied for the year		2,463,496		2,433,906
<i>Add:</i>				
Arrears brought forward	16,677		15,796	
Advances brought forward	(45,998)		(23,519)	
		(29,321)		(7,723)
<i>Less:</i>				
Discounts	(93,640)		(93,122)	
Exempt and unoccupied properties	(66,765)		(69,834)	
		(160,405)		(162,956)
Total rates collectable		2,273,770		2,263,227
 Rates received in the year:				
Current year rates	2,248,565		2,238,753	
Arrears collected	5,814		7,797	
Advances received	19,514		45,998	
Total rates received in the year		2,273,893		2,292,548
 Balances outstanding carried forward:				
Arrears				
• Current year	9,409		8,678	
• Previous years	9,982		7,999	
Advances	(19,514)		(45,998)	
		(123)		(29,321)
		2,273,770		2,263,227

Onchan District Commissioners

Notes

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

1 Tangible fixed assets

Operational assets	Dwellings £	Other land and buildings £	Vehicles, plant and equipment £	Infrastructure assets £	Community assets £	Total £
Value/Cost						
At 31 March 2016	50,309,793	5,114,284	867,751	665,713	367,568	57,325,109
Additions in the year	209,599	275,701	260,492	7,682	—	753,474
Disposals in the year	—	—	(18,489)	(2,128)	—	(20,617)
Transfers	—	—	—	—	—	—
Impairment	(341,221)	(275,701)	—	—	—	(616,922)
At 31 March 2017	50,178,171	5,114,284	1,109,754	671,267	367,568	57,441,044
Depreciation						
At 31 March 2016	752,916	496,912	784,857	420,605	269,659	2,724,949
Charge for the year	752,916	94,858	95,166	66,109	16,294	1,025,343
Disposals in the year	—	—	(18,489)	(1,490)	—	(19,979)
Transfers	—	—	—	—	—	—
Revaluation	—	—	—	—	—	—
At 31 March 2017	1,505,832	591,770	861,534	485,224	285,953	3,730,313
Net book value						
At 31 March 2017	48,672,339	4,522,514	248,220	186,043	81,615	53,710,731
At 31 March 2016	49,556,877	4,617,372	82,894	245,108	97,909	54,600,160

Included in Dwellings above are refurbishment costs of £6,775 (2016: £138,397) on which no depreciation has been charged. The carrying value of these properties will be reassessed and depreciation will be charged on these once the refurbishment work has been completed.

During the current and prior year 62 social housing properties have been reroofed at a cost of £341,221. In the opinion of Chrystals Commercial, the authority's external valuation consultant, there has been no material change to the value of the properties, hence an impairment provision of £341,221 has been made.

Similarly, £275,701 has been spent on the refurbishment of the upstairs section of the Onchan Youth & Community Centre. In the opinion of Chrystals Commercial, they do not consider there to be any significant increase in value, hence a further provision of £275,701 has been made.

Onchan District Commissioners

Notes (continued)

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

1 Tangible fixed assets (continued)

Non-operational assets	Assets under Construction £	Investment Properties £	Total £
Value			
At 31 March 2016	490,689	4,329,000	4,819,689
Additions in the year	198,248	—	198,248
Transfers	—	—	—
Revaluation	—	—	—
At 31 March 2017	688,937	4,329,000	5,017,937
Depreciation			
At 31 March 2016	—	—	—
Charge for the year	—	—	—
Transfers	—	—	—
Revaluation	—	—	—
At 31 March 2017	—	—	—
Net book value			
At 31 March 2017	688,937	4,329,000	5,017,937
At 31 March 2016	490,689	4,329,000	4,819,689

Assets under Construction are a plot of land in Marion Road and subsequent capital works to provide additional Social Housing units.

Onchan District Commissioners

Notes (continued)

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

1 Tangible fixed assets (continued)

Valuation of fixed assets

The Authority plans to revalue its fixed assets every five years. A valuation was carried out as at 31 March 2015 by the Authority's external valuer, Chrystals Commercial, Chartered Surveyors of Douglas, Isle of Man. The valuation was carried out in accordance with the SORP, and ultimately following RICS Professional Valuation Standards – 9th Edition UK with particular regard to guidance relating to UK Appendix 5 – Valuations of Local Authority Assets.

Dwellings are valued on a basis that reflects their use for social housing. The vacant possession value of dwellings at 31 March 2015 was £74,983,500 compared to the balance sheet value at 31 March 2017 of £48,672,339 (2016: £49,556,877). The difference in value at each date represents the economic cost to the authority of providing social housing at less than open market rents.

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

Operational assets	Dwellings £	Other land and buildings £	Vehicles, plant and equipment £	Infrastructure £	Community assets £	Total £
Valued at historical cost	–	72,707	248,220	186,043	81,615	588,585
Valued at current value in use						
31 March 2017	48,672,339	4,449,807	–	–	–	53,122,146
	<u>48,672,339</u>	<u>4,522,514</u>	<u>248,220</u>	<u>186,043</u>	<u>81,615</u>	<u>53,710,731</u>

2 Depreciation methodologies

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

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

Freehold land is not depreciated.

Onchan District Commissioners

Notes (continued)

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

3 Assets held

Operational assets	Number at 31 March 2016	Changes 2016-17	Number at 31 March 2017
Dwellings			
Houses, Flats and Bungalows	400	—	400
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	—	922
Community Assets			
Parks and open spaces	9	—	9
Non-Operational assets			
Investment properties			
Retail properties	19	—	19
Garages (general fund)	138	—	138

4 Housing fixed assets

The dwellings consist of the authority's housing stock.

Onchan District Commissioners

Notes (continued)

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

5 Housing stock

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

	2017	2016
	No.	No.
Houses, flats and bungalows	400	400
Elderly Persons Housing – Sheltered Accommodation Units	100	100
	<u>500</u>	<u>500</u>

Changes in the housing stock are detailed below:

	2017	2016
	£	£
Stock at 1 April 2016	49,556,877	49,989,002
Additions	209,599	320,791
Depreciation	(752,916)	(752,916)
Transfers	–	–
Impairment	(341,221)	–
Stock at 31 March 2017	<u>48,672,339</u>	<u>49,556,877</u>

The authority is currently refurbishing some of its housing stock, the cost of which is included as an addition above.

6 HRA capital expenditure

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

	2017	2016
	£	£
Borrowings	381,411	180,000
Cash - (to be refinanced with new Borrowings after the year end)	–	219,354
Reserves	26,436	2,394
	<u>407,847</u>	<u>401,748</u>

This includes Assets under Construction as detailed in Note 1.

Onchan District Commissioners

Notes (continued)

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

7 Capital expenditure and financing

	2017 £	2016 £
Capital investment		
Operational assets	753,474	347,777
Non-operational assets	198,248	80,957
	<u>951,722</u>	<u>428,734</u>
Sources of finance		
Bank borrowings and cash	815,744	399,354
Payments from revenue reserves	109,542	26,986
Payments from housing reserves	26,436	2,394
	<u>951,722</u>	<u>428,734</u>

The borrowings are by the way of an loan. The expenditure is converted into a loan once the current capital project has been completed, or a significant proportion has been completed.

8 Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2017 are listed below:

	31 March 2017 £	31 March 2016 £
Housing	693,095	169,908
Refuse	—	167,739
	<u>693,095</u>	<u>337,647</u>

The estimated commitments for capital expenditure which has been authorised by the Commissioners but has not started, nor legal contracts entered into, by 31 March 2017 are listed below:

	31 March 2017 £	31 March 2016 £
Housing	—	—

Onchan District Commissioners

Notes (continued)

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

9 Long-Term Debtors

	Balance at 1 April 2016	Debts repaid	Transferred to less than one year	Balance at 31 March 2017
	£	£	£	£
Due from Manx Utilities	1,063,110	(70,889)	(4,534)	987,687
	<u>1,063,110</u>	<u>(70,889)</u>	<u>(4,534)</u>	<u>987,687</u>

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

10 Debtors

	2017 £	2016 £
Debtors:		
Amounts falling due in one year (net of bad debt provisions):		
Government departments	75,454	167,997
Other local authorities	1,024	583
Ratepayers	2,066	2,772
Housing & Garage rents	25,054	30,584
Sundry debtors and prepayments	145,911	209,628
VAT	102,923	86,093
	<u>352,432</u>	<u>497,657</u>

Debtor balances are shown net of provisions for bad or doubtful debts. Details of these provisions are given in note 11.

11 Provisions

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

	2017 £	2016 £
Ratepayers	17,325	13,905
Housing & Garage rents	32,237	29,837
Sundry debtors and prepayments	57,018	36,213
	<u>106,580</u>	<u>79,955</u>

These provisions are included within the debtors in note 10.

Onchan District Commissioners

Notes (continued)

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

12 Creditors

	2017 £	2016 £
Government departments	113,497	56,390
Other local authorities	13,965	26,579
Ratepayers	19,514	45,998
Housing & Garage rents	61,880	62,924
Sundry creditors and accruals	536,723	513,401
	<u>745,579</u>	<u>705,292</u>

13 Reserves

Capital reserves and accounts

	Revaluation Reserve £	Capital Adjustment account £
Balance at 1 April 2016	42,696,295	283,917
Net surplus/(deficit) for year	—	—
Revaluations adjustment	—	—
Appropriations (to)/from revenue	—	(678,395)
Transfer (to)/from Housing/EPH maintenance reserves	—	—
Depreciation	(492,778)	492,778
Balance at 31 March 2017	<u>42,203,517</u>	<u>98,300</u>

Revenue reserves

	Pensions reserve £	General fund £	Earmarked reserves £
Balance at 1 April 2016	(3,567,000)	892,094	20,360
Net surplus for year	—	4,812	—
Appropriations (to)/from revenue	(139,000)	—	131
Actuarial gains/(losses) from pensions	171,000	—	—
Balance at 31 March 2017	<u>(3,535,000)</u>	<u>896,906</u>	<u>20,491</u>

	Housing maintenance reserve £	EPH maintenance reserve £	Community facilities fund £	EPH heating reserve £
Balance at 1 April 2016	895,227	18,842	21,010	45,802
Net surplus for year	—	—	—	—
Appropriations (to)/from revenue	(584,709)	(125,944)	947	6,515
Transfer between reserves	(125,944)	125,944	—	—
Balance at 31 March 2017	<u>184,574</u>	<u>18,842</u>	<u>21,957</u>	<u>52,317</u>

Onchan District Commissioners

Notes (continued)

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

13 Reserves (continued)

Earmarked reserves comprise:

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

	Balance at 1 April 2016	Receipts in year	Expenditure in year	Balance at 31 March 2017
	£	£	£	£
Office equipment fund	10,230	3	—	10,233
Crosh Pobble fund	522	—	—	522
Community centre	763	—	—	763
Equipment replacement fund	364	—	—	364
Youth development fund	2,275	126	—	2,401
Lady Taverners' playground fund	6,206	2	—	6,208
	<u>20,360</u>	<u>131</u>	<u>—</u>	<u>20,491</u>

14 Analysis of net assets employed

	2017 £	2016 £
General Fund	4,753,654	5,246,621
Housing revenue account	35,208,250	36,059,926
	<u>39,961,904</u>	<u>41,306,547</u>

15 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:		
Commercial loans	17,821,362	17,616,085
Total	<u>17,821,362</u>	<u>17,616,085</u>
Analysis of loans by maturity:		
Less than 1 year	957,604	874,782
Between 1 and 2 years	943,145	863,989
Between 2 and 5 years	3,066,922	2,668,450
Between 5 and 10 years	4,971,670	4,637,938
More than 10 years	7,882,021	8,570,926
Total outstanding	<u>17,821,362</u>	<u>17,616,085</u>

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%.

Onchan District Commissioners

Notes (continued)

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

16 Members' allowances

During 2016/17 the Authority paid £2,745 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2016: £2,250).

17 Employees' remuneration

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

Remuneration Band	Total	2017 Number of Employees	Total	2016 Number of Employees
		Leavers in year		Leavers in year
£50,000 – £74,999	3	–	3	–

18 Related party transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

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

All Members and officers of the Authority are asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties.

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

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

19 Audit fees

During 2016/17 the Authority incurred the following fees relating to external audit and inspection:

	2017 £	2016 £
Fees payable with regard to external audit services carried out by the appointed auditor		
• For the current year	10,700	10,500
• For previous years	–	–

20 Total rateable value

The total rateable value at the year end was £795,622 (2016: £793,435) and rates were levied at 310p (2016: 307p) in the £.

Onchan District Commissioners

Notes (continued)

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

21 Statement of Movement on the General Fund Balance

The Income and Expenditure account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority raises rates on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as the amounts become payable to pension funds and pensioners, rather than as future benefits earned.

The General Fund Balance compares the Authority's spending against the rateable income that it raised for the year, taking into account the use of reserves built up in the past and contributions to funds and reserves. This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

22 Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 4.8% of the maximum rent for the year (2016 – 2.5%).

23 Housing deficiency grant

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

	2017 £	2016 £
Elderly Persons Housing	–	291,842
	–	291,842

With effect from 1st April 2016 the Department of Social Care have instructed Onchan District Commissioners to combine the operations of General Social Housing with the operations of Elderly Persons Housing in respect of the calculation of housing deficiency support to be provided.

The effect of this is that the surplus made on the General Housing stock funds the annual deficit incurred in respect of Elderly Persons Housing and that no Government support is required for the year ended 31st March 2017.

24 Housing Rent arrears

	2017 £	2016 £
Housing Rent arrears (excluding provision for doubtful debts)	52,897	55,813
Housing Rent arrears as a percentage of gross rent income	2.2%	2.3%

Arrears written off during the year amounted to £0 (£0 in 2016).

Onchan District Commissioners

Notes (continued)

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

25 Pensions

As part of the terms and conditions of employment of its employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make these payments. The Authority participates in the Isle of Man Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the 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 pension liabilities with investment assets.

During the financial year the cost of pension contributions has been charged to the Income and Expenditure Account. The Authority must also disclose its share of the assets and liabilities related to the scheme for its employees. The assets and liabilities of the Scheme as at 31 March 2017 were valued by the Fund's actuaries, Hymans Robertson LLP, using the projected unit method, which assesses the future liabilities of the Scheme discounted to their present value. The main financial assumptions used in the calculations are:

Assumptions	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of increase in salaries	3.2%	3.7%	3.8%
Rate of increase in pensions	2.4%	2.2%	2.4%
Expected return on assets	2.6%	4.7%	4.8%
Rate for discounting scheme liabilities	2.6%	3.5%	3.2%

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 actuary has also adopted a set of demographic assumptions that are consistent with those used for the pension scheme at the last triennial valuation on 31 March 2016. The actuary used this valuation as the basis for the calculations.

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

	31 March 2017 £	31 March 2016 £
Estimated employer assets	8,074,000	6,917,000
Present value of scheme liabilities	(11,609,000)	(10,484,000)
Net pensions asset/(liability)	<u>(3,535,000)</u>	<u>(3,567,000)</u>

Onchan District Commissioners

Notes (continued)

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

25 Pensions (continued)

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

	2017 £	2016 £
Net cost of service		
Current service cost	343,000	369,000
Net operating expenditure	343,000	369,000
Pension interest cost & expected return on pension assets		
Expected return on employer assets	(326,000)	(334,000)
Interest on pension scheme liabilities	370,000	357,000
	44,000	23,000
Amounts to be met from government grants and taxation	387,000	392,000

The net deficit on the scheme has decreased from £3,567,000 to £3,535,000. An analysis of the movement during the year is shown below:

	2017 £	2016 £
Net pension liability at the beginning of the year	(3,567,000)	(4,127,000)
Current service cost	(343,000)	(369,000)
Employer contributions	248,000	232,000
Interest cost	(370,000)	(357,000)
Expected return on employer assets	326,000	334,000
Actuarial gains/(losses)	171,000	720,000
Net pension liability at the end of the year	(3,535,000)	(3,567,000)

The split of the fair value of the employer assets as at 31 March 2017 is shown below. The asset values are at bid value as required under the SORP.

	Long term expected rate of return 2017	2017 £	Long term expected rate of return 2016	2016 £	Long term expected rate of return 2015	2015 £
Fair value of employer assets						
Equities	5.7%	4,521,000	5.6%	3,942,000	5.7%	4,600,000
Bonds	2.0%	2,167,000	3.0%	1,868,000	2.5%	1,255,000
Properties	3.7%	1,094,000	3.8%	1,107,000	3.9%	906,000
Cash	2.5%	292,000	2.5%	0	2.6%	209,000
Total		8,074,000		6,917,000		6,970,000

Onchan District Commissioners

Notes (continued)

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

25 Pensions (continued)

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:

	2017	2016	2015	2014	2013
	Actuarial gain/(loss) as % of assets/ liabilities	Actuarial gain/(loss) as % of assets/ liabilities	Actuarial gain/(loss) as % of assets/ liabilities	Actuarial gain/(loss) as % of assets/ liabilities	Actuarial gain/(loss) as % of assets/ liabilities
	£	£	£	£	£
Value of assets at end of year	8,074,000	6,917,000	6,970,000	6,196,000	5,318,000
	2.1%	10.4%	-11.7%	-17.1%	-5.7%
Difference between the expected and actual return on assets	872,000	(362,000)	494,000	96,000	347,000
Total present value of liabilities	11,609,000	10,484,000	11,097,000	9,378,000	7,350,000
	1.5%	6.9%	-7.3%	-11.3%	-4.1%
Experience losses on liabilities					
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	171,000	720,000	(814,000)	(1,059,000)	(302,000)

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

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.

Onchan District Commissioners

Detailed Income and Expenditure Account

for the year ended 31 March 2017

	2017 £	2017 £	2016 £	2016 £
Finance and general purposes				
Employment costs	766,993		767,812	
Establishment costs	68,287		60,738	
Operating costs	84,571		64,346	
Legal, professional and bank costs	39,781		41,771	
Vehicle costs	3,571		2,678	
Policy and general costs	29,522		14,831	
	<u> </u>	(992,725)	<u> </u>	(952,176)
Administrative recoveries	113,453		109,619	
Building Regulation fees, Search fees, commissions, miscellaneous	57,041		57,639	
	<u> </u>	170,494	<u> </u>	167,258
		<u><u>(822,231)</u></u>		<u><u>(784,918)</u></u>

Onchan District Commissioners

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2017

	2017 £	2017 £	2016 £	2016 £
Works and cleansing				
<i>Street lighting, seats and signs</i>				
Establishment costs	37,194		50,901	
Operating costs	115,095		117,432	
	<u>(152,289)</u>		<u>(168,333)</u>	
Income	—		2,521	
	<u>—</u>		<u>2,521</u>	
		(152,289)		(165,812)
<i>Miscellaneous land and properties</i>				
Establishment costs	78,438		56,223	
	<u>(78,438)</u>		<u>(56,223)</u>	
Commercial rents	139,783		143,217	
Garage rents	85,874		84,657	
	<u>225,657</u>		<u>227,874</u>	
		147,219		171,651
<i>Refuse collection</i>				
Employment costs	267,865		230,319	
Establishment costs	9,680		16,457	
Operating costs	412,796		438,518	
Vehicle costs	122,812		128,894	
	<u>(813,153)</u>		<u>(814,188)</u>	
Income	90,722		91,221	
	<u>90,722</u>		<u>91,221</u>	
		(722,431)		(722,967)
		<u>(727,501)</u>		<u>(717,128)</u>

Onchan District Commissioners

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2017

	2017 £	2017 £	2016 £	2016 £
Leisure and amenities				
<i>Harvey Briggs Onchan Library</i>				
Employment costs	95,527		93,506	
Establishment costs	24,657		17,414	
Operating costs	21,073		20,807	
	<u>(141,257)</u>		<u>(131,727)</u>	
Income	<u>2,650</u>	(138,607)	<u>2,002</u>	(129,725)
<i>Parks, glens, open spaces etc</i>				
Employment costs	255,822		265,570	
Establishment costs	204,257		206,825	
Operating costs	72,638		63,298	
Vehicle costs	9,744		10,792	
	<u>(542,461)</u>		<u>(546,485)</u>	
Income from attractions and events	49,304		55,302	
Sundry Income	1,712		450	
	<u>51,016</u>	(491,445)	<u>55,752</u>	(490,733)
<i>Onchan Youth and Community Centre</i>				
Employment costs	6,540		6,490	
Establishment costs	323,596		40,459	
Operating costs	137		90	
	<u>(330,273)</u>		<u>(47,039)</u>	
Income	<u>18,722</u>		<u>24,962</u>	
	<u>18,722</u>	(311,551)	<u>24,962</u>	(22,077)
		<u>(941,603)</u>		<u>(642,535)</u>

Onchan District Commissioners

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2017

	2017 £	2017 £	2016 £	2016 £
Government Assisted				
<i>Sewers and Pumping Station</i>				
Government reimbursement	68,402		72,863	
	<u>68,402</u>		<u>72,863</u>	
		68,402		72,863
<i>Road Sweeping</i>				
Employment costs	26,219		25,264	
Operating costs	11,714		11,321	
	<u>(37,933)</u>		<u>(36,585)</u>	
Government reimbursement	-		-	
	<u>-</u>		<u>-</u>	
		(37,933)		(36,585)
		<u>30,469</u>		<u>36,278</u>