

Onchan District Commissioners
Year ended 31 March 2021

Onchan District Commissioners

Statement of Accounts

For the year ended 31 March 2021

Onchan District Commissioners

Year ended 31 March 2021

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Onchan District Commissioners

Year ended 31 March 2021

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. Due to the Covid-19 pandemic the April 2020 elections were postponed, and the Board served until April 2021. The Board members for the year ended 31 March 2021 were:

Mr D Crellin (Chairman to April 2021)

Mr M Macfarlane (Deputy Chairman & Lead Member for Finance & General Purposes to April 2021, did not stand for re-election in April 2021)

Mr C Quirk (Lead Member for Environmental & Technical Services to April 2021, did not stand for re-election in April 2021)

Mr A Allen (Lead Member for Housing to April 2021)

Mr R Turton (current Lead Member for Housing)

Miss K Williams (current Chairman)

Mr D Quirk (elected 22 October 2020, current Lead Member for Finance & General Purposes)

Elected on to the Board post year end (May 2021):-

Ms F Logan (current Lead Member for Environmental & Technical Services)

Ms Z Lewin (current Vice Chairman)

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' currently have an acting Chief Executive, Mr R Phillips, there is currently no Deputy Clerk in post and the Responsible Finance Officer is Mrs S Johnson.

The Commissioners internal auditor is Grant Thornton Limited and the external auditor is Crowe Isle of Man Audit LLC. Their Registered Addresses are as follows:

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

Crowe Isle of Man Audit LLC
6th Floor
Victory House
Prospect Hill
Douglas
IM1 1EQ

Onchan District Commissioners

Year ended 31 March 2021

Explanatory Foreword

Introduction

This Statement provides a summary of Onchan District Commissioners financial performance for the year ended 31 March 2021. This is the fifth year of the Board's now five 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; and
- 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** 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** shows the transactions of the Authority as a charging authority in respect of rates income.

Onchan District Commissioners

Year ended 31 March 2021

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 £1,453,778 (2020: surplus of £11,256,410), 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 deficit of £140,137 (2020: surplus of £139,661), compared to a budgeted deficit of £37,246 (2020: budgeted deficit £30,191).

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 losses 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 surplus of £747,619 (2020: surplus of £653,515). The housing maintenance reserve is now showing positive reserves of £105,372 (2020: negative £233,848).

Capital Expenditure

Total capital expenditure in the year was £917,417 (2020: £276,579), 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 323p (2020: 318p) in the £ on a rateable value of £800,405 (2020: £800,037) during the year. Rate arrears at the year-end were £33,784 (2020: £24,996) and this represents 1.39% (2020: 1.04%) of the rates levied for the year.

Onchan District Commissioners

Year ended 31 March 2021

Explanatory Foreword (continued)

Investments and Borrowing

The Authority borrowed £1,365,417 (2020: £175,802) during the year to finance capital programmes.

Reserves

The Authority has decreased its general reserves from £1,292,341 at 31 March 2020 to £1,152,204 at 31 March 2021.

Pensions Liability

The Accounts & Audit Regulations 2018 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 2021, and amounts to £5,098,000 (2020: £3,361,000). No current provision exists to meet this deficit which will be addressed by future contributions to the Pension Fund.

Significant Achievements

During the year, the Authority continued to operate and provide public services without any disruption during various lockdowns within the District.

Issues likely to shape future performance

The ongoing effects of the Covid-19 pandemic will be monitored. However, to date this has not adversely affected the Authority and its ability to deliver services.

Onchan District Commissioners

Year ended 31 March 2021

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 2021

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

Opinion

We have audited the Statement of Accounts of Onchan District Commissioners for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement, the Statement of Movement on Reserves, the Balance Sheet, the Cash Flow Statement and notes to the Statement of Accounts, including a summary of significant accounting policies. 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 statement of accounts:

- give a true and fair view of the state of the Authority's affairs as at 31 March 2021 and of its total comprehensive income and expenditure 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 the Accounts and Audit Regulations 2018 and the relevant provisions of 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 Statement of Accounts section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Statement of Accounts in the United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

In auditing the Statement of Accounts, we have concluded that the Responsible Financial Officer's use of the going concern basis of accounting in the preparation of the Statement of Accounts is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the Statement of Accounts are authorised for issue.

Our responsibilities and the responsibilities of the Responsible Financial Officer with respect to going concern are described in the relevant sections of this report.

Other information

The Responsible Financial Officer is responsible for the other information contained within the annual report. The other information comprises the information included in the Annual Report, other than the Statement of Accounts and our Auditor's report thereon. Our opinion on the Statement of Accounts 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.

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Statement of Accounts 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 this gives rise to a material misstatement in the Statement of Accounts themselves. 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 in relation to Section 4 of the Audit Act 2006 which requires us to report to you if, in our opinion:

- any transaction effected by or an 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 local Authority and economy and efficiency in the use of its resources.

Responsibilities of Responsible Financial Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts on page 4, 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 determine is necessary to enable the preparation of statement of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the Statement of Accounts, the Responsible Financial Officer are 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 either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the statement of accounts

Our objectives are to obtain reasonable assurance about whether the Statement of Accounts 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 Statement of Accounts.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the opportunities and incentives that may exist within the Authority for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income, posting of unusual journals along with complex transactions and manipulating the Authority's figures to meet budget. We discussed these risks with Responsible Financial Officer, designed audit procedures to test the timing of commercial revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

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

Use of our report

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 and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe Isle of Man Audit LLC

Crowe Isle of Man Audit LLC

Chartered Accountants

6th Floor, Victory House

Prospect Hill

Douglas

6th June 2022

Onchan District Commissioners

Year ended 31 March 2021

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.

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Year ended 31 March 2021

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 2021, 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 2021.

During the year ended 31 March 2021 a general internal audit review of all aspects of the operation was undertaken (moderate and low risk areas done on rotation). There were two moderate risks identified to be discussed with the board and plans are to be put in place to mitigate these in the future when practical. Some high risk observations and recommendations were made during the review which have now been put in place.

The RFO has met with the Board to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

(Signed)  _____

(Chairman)

(Signed)  _____

(Responsible Finance Officer)

(Dated) 30 May 2022

Onchan District Commissioners
Year ended 31 March 2021

Comprehensive Income and Expenditure Statement
for the year ended 31 March 2021

	Notes	Expenditure	Income	2021 Net	2020 Net
		£	£	£	£
Finance and general purposes		(1,109,093)	191,545	(917,548)	(810,856)
Works and cleansing		(1,195,672)	449,789	(745,883)	(727,269)
Leisure and amenities		(763,966)	73,398	(690,568)	(612,415)
Government assisted		(64,140)	48,498	(15,642)	6,670
Net cost of General Fund services		(3,132,871)	763,230	(2,369,641)	(2,143,870)
Housing services	7	(1,979,448)	2,727,067	747,619	653,515
Deficiency receivable		-	-	-	-
Net cost of services		(5,112,319)	3,490,297	(1,622,022)	(1,490,355)
Income from the General Rate Fund	6			2,428,314	2,395,972
Interest receivable and other income				347	2,197
Interest payable and similar charges				(644,391)	(723,628)
Pension interest cost				(77,000)	(82,000)
(Loss)/Profit on disposal of fixed assets				(2,026)	5,844
Surplus/(Deficit) on provision of services				83,222	108,030
Other Comprehensive Income and Expenditure					
Revaluation adjustment				-	10,802,380
Remeasurement of net pension liability	17			(1,537,000)	336,000
Total comprehensive income and expenditure				(1,453,778)	11,246,410

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Year ended 31 March 2021

Statement of Movement on Reserves

for the year ended 31 March 2021

	General fund	Capital adjustment account	Revaluation reserve	Housing maintenance reserve	Pensions reserve	Earmarked reserves	Capital receipts reserve
	£	£	£	£	£	£	£
Total comprehensive income and expenditure	83,222	-	-	-	(1,537,000)	-	-
Depreciation and impairment of fixed assets	246,141	(444,884)	(737,562)	936,305	-	-	-
Net charges made for retirement benefits	200,000	-	-	-	(200,000)	-	-
Gain/loss on disposal of fixed assets	2,026	(2,026)	-	-	-	-	-
Loan fund principal repayments	(280,587)	1,074,213	-	(793,626)	-	-	-
Loan fund principal repayments received	89,999	(89,999)	-	-	-	-	-
Fixed assets financed from General Fund	(234,947)	234,947	-	-	-	-	-
Proceeds on sale of assets	9,120	(9,120)	-	-	-	-	-
Transfer to/from Housing Revenue Account	(196,541)	-	-	196,541	-	-	-
Transfer between reserves	(58,569)	-	-	-	-	58,569	-
	(140,136)	763,131	(737,562)	339,220	(1,737,000)	58,569	-
Balance brought forward	1,292,341	2,568,480	49,735,097	(233,848)	(3,361,000)	107,852	140,868
Balance carried forward	1,152,205	3,331,611	48,997,535	105,372	(5,098,000)	166,421	140,868

Onchan District Commissioners

Year ended 31 March 2021

Statement of Movement on Reserves for the year ended 31 March 2020

	General fund	Capital adjustment account	Revaluation reserve	Housing maintenance reserve	Pensions reserve	Earmarked reserves	Capital receipts reserve
	£	£	£	£	£	£	£
Total comprehensive income and expenditure	108,030	-	10,802,380	-	336,000	-	-
Depreciation and impairment of fixed assets	210,800	(484,540)	(492,778)	766,518	-	-	-
Net charges made for retirement benefits	151,000	-	-	-	(151,000)	-	-
Gain/loss on disposal of fixed assets	(5,844)	5,844	-	-	-	-	-
Loan fund principal repayments	(245,748)	1,000,669	-	(754,921)	-	-	-
Loan fund principal repayments received	84,522	(84,522)	-	-	-	-	-
Fixed assets financed from General Fund	(74,786)	74,786	-	-	-	-	-
Proceeds on sale of assets	-	(140,868)	-	-	-	-	140,868
Transfer to/from Housing Revenue Account	(85,827)	-	-	85,827	-	-	-
Transfer between reserves	(2,486)	1,742,471	(1,742,471)	-	-	2,486	-
	139,661	2,113,840	8,567,131	97,424	185,000	2,486	-
Balance brought forward	1,152,680	454,640	41,167,966	(331,272)	(3,546,000)	105,366	140,868
Balance carried forward	1,292,341	2,568,480	49,735,097	(233,848)	(3,361,000)	107,852	140,868

Onchan District Commissioners

Year ended 31 March 2021

Balance Sheet

as at 31 March 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible fixed assets – operational	1		62,748,098		63,024,273
Tangible fixed assets – non operational	1		4,018,800		4,011,000
			<u>66,766,898</u>		<u>67,035,273</u>
Long Term Debtor	2		637,750		733,285
Current assets					
Debtors	3	495,323		509,188	
Cash at bank		2,836,882		1,533,858	
		<u>3,332,205</u>		<u>2,043,045</u>	
Current liabilities					
Short-term borrowing	5	1,113,209		1,055,928	
Creditors	4	765,477		414,637	
		<u>1,878,686</u>		<u>1,470,565</u>	
			<u>1,453,519</u>		<u>572,481</u>
			<u>68,858,167</u>		<u>68,341,039</u>
Long-term liabilities					
Long-term borrowing	5	14,964,155		14,730,249	
Net Pension liabilities	17	5,098,000		3,361,000	
			<u>(20,062,155)</u>		<u>(18,091,249)</u>
Total assets less liabilities			<u>48,796,012</u>		<u>50,249,790</u>
Reserves:					
General fund			1,152,205		1,292,341
Capital adjustment account			3,331,611		2,568,480
Revaluation reserve			48,997,535		49,735,097
Housing maintenance reserves			105,372		(233,848)
Pension reserve			(5,098,000)		(3,361,000)
Earmarked reserves			166,421		107,852
Capital receipts reserve			140,868		140,868
			<u>48,796,012</u>		<u>50,249,790</u>

The financial statements were approved by the Authority on 30 May 2022 and were signed on their behalf by:

Chairman

KS WITKINS

RFO

[Signature]

Onchan District Commissioners

Year ended 31 March 2021

Cash Flow Statement

for the year ended 31 March 2021

	Notes	£	2021 £	2020 £
Net surplus/(deficit) on provision of services		83,222		108,030
Adjustments to net surplus/(deficit) on provision of services for non-cash movements	11	1,754,716		971,270
Adjustments for items included in net surplus/(deficit) on provision of services that are investing and financing activities		641,532		721,429
Net cash flows from Operating Activities			2,479,470	1,800,729
Net cash flows from Investing Activities	12	(916,583)		14,228
Net cash flows from Financing Activities	13	(260,348)		(1,461,775)
			(1,176,931)	(1,447,547)
Net increase in cash and cash equivalents			1,302,539	353,182
Cash & cash equivalents at the beginning of the reporting period	14		1,123,244	770,062
Cash & cash equivalents at the end of the reporting period	14		2,425,783	1,123,244

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.

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

2. Going concern

After continued review of the budget of the Authority, the board have a reasonable expectation that the Authority has adequate resources to continue in operational existence for the foreseeable future, despite the ongoing pandemic.

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.

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 2021

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.

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)

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.

Earmarked Reserves: These are amounts which have been earmarked to cover expenditure in specific areas, reserves typically included are noted below.

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.

Onchan District Commissioners

Year ended 31 March 2021

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.

Capital receipts reserve: The Capital Receipts reserve includes amounts received from the sale of a general housing stock property. As prescribed by the Department of Infrastructure, the proceeds of sale must be used towards a capital project in relation to social housing.

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 2021

Notes to the financial statements

1. Tangible fixed assets

<i>Operational assets</i>	Dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure	Community assets	Total
	£	£	£	£	£	£
Cost or valuation						
At 31 March 2020	57,656,221	5,369,044	1,154,263	766,782	367,568	65,313,878
Additions in the year	690,268	149,228	47,407	30,514	-	917,417
Disposals in the year	-	-	(49,309)	(11,094)	-	(60,403)
Revaluations	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
At 31 March 2021	58,346,489	5,518,272	1,152,361	786,202	367,568	66,170,892
Depreciation						
At 31 March 2020	-	485,943	903,017	613,892	286,753	2,289,605
Charge for the year	936,305	98,089	115,125	32,927	-	1,182,446
Disposals	-	-	(42,309)	(6,948)	-	(49,257)
Revaluations	-	-	-	-	-	-
At 31 March 2021	936,305	584,032	975,833	639,871	286,753	3,422,794
Net book value						
At 31 March 2021	57,410,184	4,934,240	176,528	146,331	80,815	62,748,098
At 31 March 2020	57,656,221	4,883,101	251,246	152,890	80,815	63,024,273

Onchan District Commissioners

Year ended 31 March 2021

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 2020	-	4,011,000	4,011,000
Additions in the year	-	7,800	7,800
Revaluations	-	-	-
Disposals	-	-	-
At 31 March 2021	-	4,018,800	4,018,800
Depreciation			
At 31 March 2019	-	-	-
Charge for the year	-	-	-
Disposals in the year	-	-	-
Reversal of depreciation on revalued assets	-	-	-
Transfers	-	-	-
At 31 March 2020	-	-	-
Net book value			
At 31 March 2021	-	4,018,800	4,018,800
At 31 March 2020	-	4,011,000	4,011,000

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 2020.

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 - £19,348,266 (2020: £18,500,970).

Included within land and property are social housing land and property with a historical cost of £16,978,378 (2020: £16,288,110).

Onchan District Commissioners

Year ended 31 March 2021

Notes to the financial statements (Continued)

1. Tangible fixed assets - continued

Assets held

	Number at 31 March 2020	Changes In year	Number at 31 March 2021
Operational assets			
Dwellings:			
Houses, flats and bungalows	406	-	406
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	(1)	15
Infrastructure Assets:			
Street lights	930	-	930
Community Assets:			
Parks and open spaces	9	-	9
Non-operational assets			
Investment properties			
Retail properties	18	-	18
Garages (general fund)	138	-	138

A garage with a net book value of £265,000 in the grounds of Hawthorn Villa are included within other land and buildings. The garage is rented out to a third party.

Onchan District Commissioners

Year ended 31 March 2021

Notes to the financial statements (Continued)

2. Long-Term Debtors

	Balance at 1 April 2020	Debts repaid	Transferred to less than one year	Balance at 31 March 2021
	£	£	£	£
Due from Manx Utilities	733,285	(89,999)	(5,536)	637,750
	<u>733,285</u>	<u>(89,999)</u>	<u>(5,536)</u>	<u>637,750</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

	2021	2020
	£	£
Amounts falling due in one year (net of bad debt provisions):		
Government departments	164,747	263,414
Other local authorities	4,875	4,063
Ratepayers	15,876	7,426
Housing & Garage rents	69,241	37,360
Sundry debtors and prepayments	145,878	146,519
VAT	94,706	50,406
	<u>495,323</u>	<u>509,188</u>

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

	2021	2020
	£	£
Ratepayers	17,908	17,569
Housing rents	39,690	32,121
Sundry debtors	43,616	54,353
	<u>101,214</u>	<u>104,043</u>

Onchan District Commissioners

Year ended 31 March 2021

Notes to the financial statements (Continued)

4. Creditors

	2021	2020
	£	£
Government departments	69,585	28,726
Other local authorities	19,386	13,138
Ratepayers	24,011	23,051
Housing & Garage rents	101,735	97,801
Sundry creditors and accruals	550,760	251,921
	<u>765,477</u>	<u>414,637</u>

5. Long term borrowing

Loans outstanding may be analysed as follows:

	2021	2020
	£	£
<i>Falling due within one year:</i>		
Commercial loans	1,113,209	1,055,928
Total falling due within one year	<u>1,113,209</u>	<u>1,055,928</u>
<i>Falling due after more than one year:</i>		
Commercial loans	14,964,155	14,730,249
Total falling due after more than one year	<u>14,964,155</u>	<u>14,730,249</u>
Total long term borrowing	<u>16,077,364</u>	<u>15,786,177</u>

In past years, the Authority has taken out Isle of Man 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 2021

Notes to the financial statements (Continued)

6. General Rate Account

	£	2021 £	£	2020 £
General rates levied for the year		2,584,833		2,547,138
Add:				
Advances brought forward		(21,397)		(22,137)
Arrears brought forward		24,996		25,149
		<u>2,588,432</u>		<u>2,550,150</u>
Less:				
Discounts	(75,222)		(75,562)	
Exempt and uninhabitable properties	(81,297)		(75,604)	
		<u>(156,519)</u>		<u>(151,166)</u>
Total rates collectable		<u><u>2,431,913</u></u>		<u><u>2,398,984</u></u>
Rates received in the year:				
Current year rates	2,396,544		2,372,180	
Arrears collected	-		154	
Advances received	24,011		23,051	
		<u>2,420,555</u>		<u>2,395,385</u>
Balances outstanding carried forward:				
Arrears – current year	8,788		-	
– previous years	24,996		24,996	
Advances	(22,426)		(21,397)	
		<u>11,358</u>		<u>3,599</u>
		<u><u>2,431,913</u></u>		<u><u>2,398,984</u></u>
			2021	2020
			£	£
General rates levied for the year			2,584,833	2,547,138
Less: Discounts, exempt/uninhabitable properties & refunds			<u>(156,519)</u>	<u>(151,166)</u>
Per Comprehensive Income and Expenditure Statement			<u><u>2,428,314</u></u>	<u><u>2,395,972</u></u>

Onchan District Commissioners

Year ended 31 March 2021

Notes to the financial statements (Continued)

7. Housing Revenue Income and Expenditure

	2021	2020
	£	£
Income		
Dwelling rents (including rates)	2,640,525	2,608,060
Charges for services and facilities	86,542	88,250
	<u>2,727,067</u>	<u>2,696,310</u>
Total income	2,727,067	2,696,310
Expenditure		
Repairs and maintenance	(433,719)	(625,609)
Supervision and management	(237,285)	(284,042)
Rents, rates, taxes and other charges	(372,139)	(366,626)
Depreciation & impairment charges	(936,305)	(766,518)
	<u>(1,979,448)</u>	<u>(2,042,795)</u>
Net cost of Housing Services	<u>747,619</u>	<u>653,515</u>

Included in rents, rates, taxes and other charges above is £84,050 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 £126,125 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 1.01% of the rental debit for the year (2020: 1.75%).

Rent arrears

	2021	2020
Rent arrears	£108,931	£61,481
Rent arrears as a percentage of gross rent income	4%	2.3%
	<u>£108,931</u>	<u>£61,481</u>

Arrears written off during the year amounted to £Nil (2020: £31,440) and an increase of £7,569 (2020 decrease: £14,869) was made in the provision for bad and doubtful rental debts. As at 31 March 2021 the provision stood at £39,690 (2020: £32,121).

Onchan District Commissioners

Year ended 31 March 2021

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:

	2021	2020
	£	£
Opening balance due	-	(97,086)
Charges to Deficiency Grant	-	-
Payments to the Department of Infrastructure	-	97,086
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

9. Employee remuneration

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

	2021	2020
	Number of Employees	Number of Employees
Remuneration Band		
£50,000 – £74,999	1	1

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 £239,011 (2020: £234,538).

Members' allowances

During 2020/21 the Authority paid £3,128 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2020: £3,978). As at 31 March 2021, an amount of £1,457.09 (2020: £1,373) was due in this respect.

Onchan District Commissioners

Year ended 31 March 2021

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 (2020: £Nil) from Central Government. At the year end the Commissioners owed £Nil (2020: owed £Nil) in respect of this.

The Authority also paid refuse disposal costs of £377,787 (2020: £345,894). As at 31 March 2021 an amount of £32,363 (2020: £28,709) was due to Central Government.

The Authority did not receive a housing deficiency grant in the year from the Department of Infrastructure, but was reimbursed for Drainage expenditure by Manx Utilities (see note 2 above).

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 £128,337 (2020: £112,801) to Douglas Borough Council in respect of Eastern Civic Amenity Site costs with an amount of £10,634 (2020: £12,953) owed as at 31 March 2021.

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:

	2021	2020
	£	£
Depreciation, impairment & revaluation losses for non-current assets	1,182,446	977,318
Increase/(decrease) in creditors	350,844	(200,143)
(Increase) /decrease in debtors	19,400	48,939
(Gain)/Loss on disposal of fixed assets	2,026	(5,844)
Difference between FRS102 pension cost and contributions paid	200,000	151,000
	<hr/>	<hr/>
	1,754,716	971,270
	<hr/>	<hr/>

Onchan District Commissioners

Year ended 31 March 2021

Notes to the financial statements (Continued)

12. Cash flow statement – Investing activities

	2021	2020
	£	£
Purchase of assets (Fixed assets, investment property, intangible assets)	(925,217)	(276,580)
Redemption of/(Purchase of) short-term and long-term investments	(486)	148,440
Proceeds from the sale of tangible fixed assets and investment property	9,120	142,368
	<u>(916,583)</u>	<u>14,228</u>

13. Cash flow statement – Financing activities

	2021	2020
	£	£
Cash receipts from short-term and long-term borrowing	1,365,417	171,407
Other receipts from financing activities	89,999	84,522
Repayments of short-term and long-term borrowing	(1,074,230)	(996,273)
Loan interest paid	(641,881)	(723,628)
Bank interest received	347	2,197
	<u>(260,348)</u>	<u>(1,461,775)</u>

14. Cash flow statement – cash & cash equivalents

	2021	2020
	£	£
Cash at Bank and in hand	2,425,783	1,123,244
Short term deposits	411,099	410,614
	<u>2,836,882</u>	<u>1,533,858</u>

15. Audit fees

During the year the Authority incurred external audit fees of £11,300 (2020: £11,300).

16. Total rateable value

The total rateable value of the District at 31 March 2021 is £800,405 (2020: £800,037) with a 323p rate being charged (2020: 318p).

Onchan District Commissioners

Year ended 31 March 2021

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 2021 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	31 March 2021	31 March 2020
Rate of increase in salaries	3.65%	2.75%
Rate of increase in pensions	2.85%	1.95%
Rate for discounting scheme liabilities	2.00%	2.35%

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 2021	31 March 2020
	Years	Years
Longevity at the age of 65 for current pensioners		
- Men	21.2	21.1
- Women	24.2	24.1
Longevity at the age of 65 for future pensioners		
- Men	22.5	22.5
- Women	25.6	25.5

Onchan District Commissioners

Year ended 31 March 2021

Notes to the financial statements (Continued)

17. Post employment benefits - continued

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Total £
At 1 April 2020	7,451,000	(10,812,000)	(3,361,000)
Benefits paid	(349,000)	349,000	-
Participants contributions	62,000	(62,000)	-
Employer contributions	259,000	-	259,000
Current service cost	-	(320,000)	(320,000)
Past service cost	-	(40,000)	(40,000)
Interest income/(expense)	175,000	(252,000)	(77,000)
Remeasurement gains/(losses)			
- Actuarial gains/(losses)	-	(2,645,000)	(2,645,000)
- Return on plan assets excluding interest income	1,108,000	-	1,108,000
Change in demographic assumptions	-	-	-
Administration expenses	(22,000)	-	(22,000)
	<u>8,684,000</u>	<u>(13,782,000)</u>	<u>(5,098,000)</u>
At 31 March 2021	<u>8,684,000</u>	<u>(13,782,000)</u>	<u>(5,098,000)</u>

Total cost recognised as an expense:

	2021 £	2020 £
Current service cost	320,000	278,000
Interest cost	252,000	292,000
	<u>572,000</u>	<u>570,000</u>

No amounts were included in the cost of assets (2020: £nil).

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

	2021 %	2020 %
Equity instruments	54	46
Bonds	32	37
Property	14	16
Cash	0	1
Total	<u>100</u>	<u>100</u>

Onchan District Commissioners

Year ended 31 March 2021

Notes to the financial statements (Continued)

17. Post employment benefits - continued

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

	2021	2020
	£	£
Interest income	175,000	210,000
Return on plan assets less interest income	1,108,000	(637,000)
Total return on plan assets	1,283,000	(427,000)

18. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2021 are listed below:

	2021	2020
	£	£
Housing	-	-

19. Subsequent events

There have been no subsequent events post year end.

Onchan District Commissioners

Year ended 31 March 2021

Detailed Income and Expenditure Account

for the year ended 31 March 2021

	2021 £	2021 £	2020 £	2020 £
Finance and general purposes				
Employment costs	863,294		757,515	
Establishment costs	89,611		61,485	
Operating costs	84,352		82,752	
Legal, professional and bank costs	38,829		79,610	
Vehicle costs	1,947		3,002	
Policy and general costs	31,060		17,772	
	<u> </u>	(1,109,093)	<u> </u>	(1,002,136)
Administrative recoveries	126,125		126,401	
Building Regulation fees, Search fees, commissions, miscellaneous	65,420		64,879	
	<u> </u>	191,545	<u> </u>	191,280
		<u><u>(917,548)</u></u>		<u><u>(810,856)</u></u>

This page does not form part of the audited financial statements.

Onchan District Commissioners

Year ended 31 March 2021

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2021

	2021 £	2021 £	2020 £	2020 £
Works and cleansing				
<i>Street lighting, seats and signs</i>				
Establishment costs	38,158		41,377	
Operating costs	127,226		107,078	
	<u>(165,384)</u>		<u>(148,455)</u>	
Income	-		-	
	<u>-</u>	<u>(165,384)</u>	<u>-</u>	<u>(148,455)</u>
<i>Miscellaneous land and properties</i>				
Establishment costs	29,508		46,166	
	<u>(29,508)</u>		<u>(46,166)</u>	
Commercial rents	241,325		190,751	
Garage rents	94,292		102,490	
	<u>335,617</u>	<u>306,109</u>	<u>293,241</u>	247,075
<i>Refuse collection</i>				
Employment costs	269,520		269,595	
Establishment costs	12,844		12,551	
Operating costs	519,352		465,343	
Vehicle costs	199,064		181,320	
	<u>(1,000,780)</u>		<u>(928,809)</u>	
Income	114,172		102,920	
	<u>114,172</u>	<u>(886,608)</u>	<u>102,920</u>	<u>(825,889)</u>
		<u>(745,883)</u>		<u>(727,269)</u>

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Onchan District Commissioners

Year ended 31 March 2021

Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2021

	2021 £	2021 £	2020 £	2020 £
Leisure and amenities				
<i>Harvey Briggs Onchan Library</i>				
Employment costs	96,891		112,955	
Establishment costs	35,744		12,199	
Operating costs	23,066		23,807	
	<u>(155,701)</u>		<u>(148,961)</u>	
Income	<u>1,479</u>	(154,222)	<u>2,973</u>	(145,988)
<i>Parks, glens, open spaces etc</i>				
Employment costs	264,228		291,144	
Establishment costs	207,896		162,883	
Operating costs	69,891		71,903	
Vehicle costs	11,636		8,744	
	<u>(553,651)</u>		<u>(534,674)</u>	
Income from attractions and events	45,745		67,464	
Sundry Income	255		9,505	
	<u>46,000</u>	(507,651)	<u>76,969</u>	(457,705)
<i>Onchan Hub</i>				
Employment costs	10,967		10,273	
Establishment costs	43,647		37,687	
Operating costs	-		65	
	<u>(54,614)</u>		<u>(48,025)</u>	
Income	<u>25,919</u>		<u>39,303</u>	
	<u>25,919</u>	(28,695)	<u>39,303</u>	(8,722)
		<u>(690,568)</u>		<u>(612,415)</u>

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Onchan District Commissioners
Year ended 31 March 2021

Detailed Income and Expenditure Account (continued)
for the year ended 31 March 2020

	2021 £	2021 £	2020 £	2020 £
Government Assisted				
<i>Sewers and Pumping Station</i>				
Government reimbursement	48,498		54,203	
	<u>48,498</u>		<u>54,203</u>	
		48,498		54,203
<i>Road Sweeping</i>				
Employment costs	30,250		29,893	
Operating costs	33,890		17,640	
	<u>(64,140)</u>		<u>(47,533)</u>	
Government reimbursement	-		-	
	<u>-</u>		<u>-</u>	
		(64,140)		(47,533)
		<u>15,642</u>		<u>6,670</u>

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