

Ramsey Town Commissioners

Statement of Accounts

For the year ended 31 March 2018

Ramsey Town Commissioners

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Ramsey Town Commissioners

Year ended 31 March 2018

Members, Officers and Advisors

Members

Ramsey Town Commissioners (the "Authority") is managed from Ramsey Town Hall, Parliament Square, Ramsey.

The Authority consists of 12 elected members. The members, their roles and responsibilities are :

Mr A.G.R Cowie J.P.	Chairman; IOM Municipal Association Representative.
Mr L. Parker	Deputy Chairman; Deputy Lead Member for Finance, General Purposes & Establishment.
Mr P.S. Ayres (resigned May 2018)	
Mr E.R. Corkish (resigned May 2018)	
Rev'd Cannon N.D. Greenwood	
Mr W.L. Hankin	
Mr N. Howard (elected July 2018)	
Mr J. McGuiness	Lead Member for Finance, General Purposes & Establishment; Ramsey of Commerce Representative; Northern Local Authorities Swimming Pool Board Representative.
Mr G. Monk (elected July 2018)	
Mr A.J. Oldham	Deputy Lead Member for Works and Development; Joint Northern Civic Amenity Site Representative.
Mrs M.B. Quayle	Lead Member for Parks and Leisure; Manx Wildlife Trust Representative.
Mrs J. Wedgwood	Lead Member for Housing and Property; Ramsey & Northern Districts Housing Committee Representative; Housing Advisory Committee Representative.
Mr F.B.R. Williams	Lead Member for Works and Development; IOM Municipal Association Representative.
Mr W.G. Young	Deputy Lead Member for Housing and Property; Northern Traffic Management Liaison Group Representative.

The Authority is responsible for implementing and maintaining systems of internal control and corporate governance and the methods by which this is achieved are laid out in the Statement of Internal Control on pages 7 to 8 of these statements of accounts.

Officers

The daily management of the Authority is undertaken by staff presently employed by Ramsey Town Commissioners. The staff involved are :

Mr T P Whiteway	Town Clerk and Chief Executive Office
Mr H S Bevan	Deputy Town Clerk
Mr P S Harrison	Chief Technical Officer
Mr M Close LCGI, CIHCM	Housing and Property Manager
Mr N Cannell FCCA	Responsible Finance Officer

Advisors

External auditors	Grant Thornton Limited, Chartered Accountants
Internal auditors	Evolution Accounting Limited

Ramsey Town Commissioners

Year ended 31 March 2018

Explanatory Foreword and Annual Review

Introduction

The aims and objectives of the Commission are to set and collect town rates at an appropriate level to fund the expenditure necessary to continue to provide the residents of the town with the many services presently provided. These services include the provision of refuse collection services, social housing, street lighting and cleaning, library services and Civil Registry services and the maintenance of highways and community areas within the town boundary.

This Statement provides a summary of the Commission's financial performance for the year ended 31 March 2018.

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 Commission is responsible and how those costs are financed from local ratepayers and other income sources. This also reflects any non-operational gains and losses recognised by the Commission during the year.

The **Statement of Movement on Reserves** shows the surplus or deficit on the Comprehensive Income and Expenditure Statement and shows the adjustments of 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.

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

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

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

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

Annual Review

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement covers the day to day running costs of the Commission's services with the exception of Commission housing which is contained within the Housing Revenue Income and Expenditure Account.

Net expenditure is met from the following sources:

- Income from the General Rate Fund
- Income from social housing
- Miscellaneous income

For the year ended 31 March 2018 the surplus during the year after non-operational gains and losses (including the revaluation of certain fixed assets) amounted to £3,713,342 (2017 : £401,239). However once the other movements on the general fund have been taken into account, as detailed below, the results show an overall deficit of £246,932 (2017 : deficit £143,560).

Ramsey Town Commissioners

Year ended 31 March 2018

Explanatory Foreword and Annual Review - continued

Statement of the Movement on Reserves

This relates to amounts which are included in the Comprehensive Income and Expenditure Statement but do not relate to the general fund.

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

Reserves

The Authority has decreased its general fund reserves from £1,373,133 as re-stated at 31 March 2017 to £1,126,201 at 31 March 2018. These resources are retained to cover planned and potential expenditure, including support of the capital programme, debt repayment and as a buffer against anticipated financial risks.

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. For the year ended 31 March 2018 the deficiency requirement amounted to £1,114,129 (2017 : £1,169,570).

Having received £1,168,345 (2017 : £1,420,137) deficiency payment on account, cumulatively £101,535 is repayable to Isle of Man Government as at 31 March 2018 (2017 : £47,319).

General Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 348p (2017 : 348p) in the £ on an average rateable value of £698,282 (2017 : £697,143) during the year.

Pensions Liability

The Authority is required to disclose certain information within its Financial Statements and included within that information, and included in note 16, is the net liability on the Isle of Man Local Government Superannuation Scheme that is attributable to Ramsey Town Commissioners. This is the difference between future liabilities and assets as valued at 31 March 2018 and amounts to £3,477,000 (2017 : £3,512,000). This decrease is primarily as the result of a change in actuarial assumptions used.

Capital Expenditure and Borrowing

Total capital expenditure in the year was £217,406 (2017 : £231,204).

Investments and Borrowing

During the year no external investments were made (2017 : £Nil).

Ramsey Town Commissioners

Year ended 31 March 2018

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 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 are 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.

The Responsible Financial Officer should sign and date the statement of accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2018.

Ramsey Town Commissioners

Year ended 31 March 2018

Independent auditor's report to the Members of Ramsey Town Commissioners

Opinion

We have audited the financial statements of Ramsey Town Commissioners (the 'Authority') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Statement of Movement on Reserves, the Balance Sheet, the Cashflow Statement and related notes to the financial statements, 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 financial statements

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

Basis for opinion

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

Who we are reporting to

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

Conclusions relating to going concern

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

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

Other information

The Responsible Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages 1 to 33, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Ramsey Town Commissioners

Year ended 31 March 2018

Independent auditor's report to the Members of Ramsey Town Commissioners - continued

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Responsibilities of Responsible Financial Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Grant Thornton Limited

Grant Thornton Limited

Douglas

Isle of Man

13.12.2018

Date

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Internal Control

Introduction

Regulation 6 (2) of the Accounts and Audit Regulations 2018 requires the Authority to maintain, in accordance with proper practices, an adequate and effective system of internal audit of its accounting records and of its system of internal control.

This statement is made by the Authority 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").

Scope of Responsibilities of the Authority and the Responsible Financial Officer

The Members and Officers control strategy, policy and key financial and operational matters within the Authority. 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.

Purpose of the internal control system

The instigating and maintenance of an internal control system is a process for assuring the Authority's objectives in operational effectiveness and efficiency, reliable financial reporting, compliance with applicable laws, regulations and policies and helps protect the Authority's assets and reduce the possibility of fraud.

Internal control and corporate governance environment

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

- **Annual review**

On an annual basis the Authority engages the professional services of an independent internal auditor.

- **Board meetings**

The Authority meets monthly and consists of a Chairman and 11 other Authority members. The Authority receive reports from the Authority's Officers on operational matters and ensure that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Authority.

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Internal Control - continued

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.

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

- the work of the Responsible Finance Officer within the Authority,
- the work of the internal auditors, and
- the external auditors in their annual audit letter and other reports.

The internal auditor concluded that no high risk observations were identified.

The Responsible Finance Officer has met with the Authority to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

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 period ended 31 March 2018.

The following improvements have been identified by the internal auditors to address internal control weaknesses :

- The updating of Data Entry Forms to ensure compliance with new General Data Protection Regulations particularly in relation to formalising privacy and data retention policies.
- The formalisation of procedures relating to Freedom of Information Requests.
- The development of a sustainable computer software maintenance programme.
- The further development of the staff appraisal policy and procedures.
- The regular monitoring and update of the Business Continuity Plan.

Signed: _____

Chairman

Signed: _____

Responsible Finance Officer

Dated : **2 NOVEMBER 2018**

Ramsey Town Commissioners

Comprehensive Income and Expenditure Statement For the year ended 31 March 2018

	2017-18 Gross expenditure £	2017-18 Gross income £	2017-18 Net expenditure £	Restated 2016-17 Net expenditure £
Continuing operations:				
Finance and general purposes	(955,717)	77,951	(877,766)	(833,350)
Miscellaneous	(44,959)	34,638	(10,321)	(25,368)
Property	(308,827)	224,076	(84,751)	(72,838)
Works and Development	(1,373,101)	545,715	(827,386)	(794,118)
Parks and Leisure	(576,933)	79,157	(497,776)	(425,458)
Net pension current service cost	(86,000)	0	(86,000)	(103,000)
Net cost of General Fund services	(3,345,537)	961,537	(2,384,000)	(2,254,132)
Housing income & expenditure account	(2,111,541)	3,081,458	969,917	999,844
Housing Deficiency	0	1,114,129	1,114,129	1,169,570
Net income from housing services (Note 8)	(2,111,541)	4,195,587	2,084,046	2,169,414
Income from General Rate Fund (Note 7)			2,325,743	2,335,063
Interest payable and similar charges			(1,794,130)	(1,865,648)
Interest and investment income			0	542
Net pension interest cost			(89,000)	(121,000)
Surplus on provision of services			142,659	264,239
Other Comprehensive Income & Expenditure				
Surplus / deficit on revaluation of fixed assets			3,360,683	0
Re-measurement of net pension liability			210,000	137,000
Total comprehensive income & expenditure			3,713,342	401,239

The notes on pages 15 to 33 form part of these financial statements.

Ramsey Town Commissioners

Statement of Movement on Reserves

For the year ended 31 March 2018

	General fund £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £	Housing repairs account £	Housing account £	Usable capital receipts £	Heating reserve £	Civic Amenity reserve £
Total comprehensive income & expenditure	142,659		3,360,683	210,000					
Transfers to / from other reserves :									
Depreciation & amortisation	1,083,231	(934,784)	(148,447)						
Net charges made for retirement benefits	175,000			(175,000)					
Revaluation of fixed assets	(1,319,706)	4,838,115	(3,518,409)						
Loan fund principal payments	1,513,783	(201,039)			(1,312,744)				
Fixed assets financed from General fund	142,236	(142,236)							
Finance lease capital repayments	93,363	(93,363)							
Housing revenue surplus / deficit	(2,080,356)	800,053			1,280,303				
Heating revenue surplus / deficit	31,018							(31,018)	
Civic Amenity surplus / deficit	(28,160)								28,160
Other reserves transfers	0				(26,504)	26,504			
	(246,932)	4,266,746	(306,173)	35,000	(58,945)	26,504	0	(31,018)	28,160
Balance b/f - as restated	1,373,133	14,316,480	10,776,057	(3,512,000)	314,425	(26,504)	10,007	29,353	0
Balance c/f	1,126,201	18,583,226	10,469,884	(3,477,000)	255,480	0	10,007	(1,665)	28,160

The notes on pages 15 to 34 form part of these financial statements.

Ramsey Town Commissioners

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

	General fund £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £	Housing repairs account £	Housing account £	Usable capital receipts £	Heating reserve £
Total comprehensive income & expenditure	264,239			137,000				
Transfers to / from other reserves :								
Depreciation & amortisation	1,092,699	(123,193)	(151,018)		(818,488)			
Disposal of fixed assets	(6,800)	6,800						
Net charges made for retirement benefits	224,000			(224,000)				
Loan fund principal payments	1,453,237	(193,930)			(1,259,307)			
Fixed assets financed from General fund	231,197	(231,197)						
Finance lease capital repayments	63,295	(63,295)						
Housing revenue surplus / deficit	(3,496,678)	1,374,759			2,121,919			
Heating revenue surplus / deficit	31,260							(31,260)
Usable capital receipts surplus / deficit	(9)						9	
	(143,560)	769,944	(151,018)	(87,000)	44,124	0	9	(31,260)
Balance b/f	1,531,659	13,546,536	10,927,075	(3,425,000)	273,991	(26,504)	9,998	60,613
Balance c/f - as previously stated	1,388,099	14,316,480	10,776,057	(3,512,000)	318,115	(26,504)	10,007	29,353
Prior year adjustment	(14,966)	0	0	0	(3,690)	0	0	0
Balance c/f	1,373,133	14,316,480	10,776,057	(3,512,000)	314,425	(26,504)	10,007	29,353

The notes on pages 15 to 34 form part of these financial statements.

Ramsey Town Commissioners

Balance Sheet As at 31 March 2018

	Notes	2018 £	2018 £	Restated 2017 £	2017 £
Tangible fixed assets					
Operational assets					
Dwellings	1		52,501,000		50,708,198
Other land & buildings	1		8,295,726		8,090,374
Vehicles, plant, furniture & equipment	1		508,340		463,212
Infrastructure assets	1		42,054		55,585
			61,347,120		59,317,369
Non-operational assets					
Assets under construction	1	259,338		247,355	
Investment properties	1	1,655,250		1,206,000	
			1,914,588		1,453,355
Intangible assets	2		3,872		-
Long term debtors	3		1,160,276		1,200,302
			64,425,856		61,971,026
Current assets					
Debtors & prepayments	3	401,812		432,239	
Cash at bank		1,324,190		1,433,086	
		1,726,002		1,865,325	
Current liabilities					
Short-term borrowing	5	1,567,042		1,514,145	
Finance lease liability	6	49,375		63,295	
Creditors & accruals	4	340,329		171,187	
		1,956,746		1,748,627	
Net current (liabilities) / assets			(230,744)		116,698
Total assets less current liabilities			64,195,112		62,087,724
Long-term liabilities					
Long-term borrowing	5	33,659,402		35,226,083	
Pension liability	17	3,477,000		3,512,000	
Finance lease liability	6	64,417		68,690	
			37,200,819		38,806,773
Total assets less liabilities			26,994,293		23,280,951

Ramsey Town Commissioners

Balance Sheet – continued As at 31 March 2018

	2018 £	Restated 2017 £
Financed by:		
Revaluation reserve	10,469,884	10,776,057
Capital adjustment account	18,583,226	14,316,480
Usable capital receipts reserve	10,007	10,007
Pension reserve	(3,477,000)	(3,512,000)
Heating reserve	(1,665)	29,353
General fund	1,126,201	1,373,133
Housing repairs account	255,480	314,425
Housing account	0	(26,504)
Northern Civic Amenity reserve	28,160	0
	26,994,293	23,280,951

The financial statements were approved and authorised for issue by the Authority on *2 November 2018* and were signed on their behalf by:


Chairman


Responsible Finance Officer

The notes on pages 15 to 33 form part of these financial statements.

Ramsey Town Commissioners

Cash Flow Statement

For the year ended 31 March 2018

	Notes	2018 £	2017 £
Net surplus / (deficit) on provision of services		142,659	264,239
Adjustments to net (surplus) / deficit on provision of services for non-cash movements	11	1,497,826	1,621,486
Adjustments for items included in net (surplus) / deficit on provision of services that are investing and financing activities	12	1,794,121	1,865,106
Net cash flow from Operating Activities		3,434,606	3,750,831
Net cash flow from Investing Activities	13	(142,236)	(184,404)
Net cash flow from Financing Activities	14	(3,401,266)	(3,381,638)
Net (decrease) / increase in cash and cash equivalents		(108,896)	184,789
Cash and cash equivalents at the start of the reporting period		1,433,086	1,248,297
Cash and cash equivalents at the end of the reporting period		1,324,190	1,433,086

The notes on pages 15 to 34 form part of these financial statements.

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Accounting Policies

1. Basis of preparation

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

This is the first year in which the financial statements have been prepared under FRS 102 and Accounts and Audit Regulations 2018. Refer to Note 19 for an explanation of the transition.

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

2. Going concern

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

3. Income

a. Rates income

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

b. Rental income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc.

c. Other income

Other income includes consideration for the provision of commercial refuse collection services, commercial rental income from investment properties and car parks, the provision of communal heating and laundry facilities, property search fees and Registry Office fees. The associated income streams are the total received or receivable for the services rendered.

d. Bank interest

Bank interest is the total received or receivable in the year.

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. In particular :

- Fees, charges and rents due from tenants are accounted for as income at the date the Authority provides the relevant goods or services.
- Employee costs are charged as expenditure when they are due rather than paid, including any arrears of pay or pay awards.
- Supplies are recorded as expenditure when they are consumed; where there is a gap between the date supplies are received and their consumption they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed before which they are carried as works in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates.
- 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.

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Accounting Policies – continued

- 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.

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. Intangible Fixed Assets

Intangible fixed assets are fixed assets that do not have physical substance but which are separately identifiable and where future economic benefits will be received by the Authority through custody or legal rights (e.g. software licences). Purchased intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives using the straight-line method. The intangible assets are amortised over the following useful economic lives :

- Software costs 5 years

7. 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.

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 are measured at depreciated cost (or a nominal value where the historic cost is not known).
- Social Housing are measured at current value which is determined as the amount that would be paid for the asset in its existing use (i.e. existing use value – 'EUV').
- Assets under construction – historic cost

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.

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Accounting Policies – continued

c. Revaluation

Assets included in the Balance Sheet at current value may be revalued on a rolling basis provided revaluation of assets is completed within five years. Asset valuations were last carried out in 2018 and are undertaken with sufficient regularity to ensure that their carrying amount is not materially different from their current value.

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 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 in the Comprehensive Income and Expenditure Statement.

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 assets that are not yet available for use (e.g. assets under construction).

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

- | | |
|---|----------|
| • Freehold buildings | 50 years |
| • Component elements (central heating boilers and kitchen refurbishments) | 15 years |
| • Plant and machinery | 7 years |
| • Furniture and equipment | 7 years |
| • Motor vehicles | 7 years |
| • Infrastructure assets | 7 years |
| • Other tangible assets | 7 years |

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Accounting Policies – continued

Where an item has major components (e.g. major social housing refurbishments) whose cost is significant in relation to the total cost of the asset or whose useful life is considered different then the components are depreciated separately – currently over 15 years.

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 the current value depreciation charged on assets and the depreciation that would have been charged based on their historic cost, being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

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 at which time they are credited to the Capital Adjustment Account.

8. Investment property

Investment properties are those that are used solely to earn rental income 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 contracted to the Authority.

Gains and losses on revaluation 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.

9. 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.

10. 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 are credited to the Comprehensive Income and Expenditure Statement when conditions attached to the grants or contributions are satisfied. Amounts advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors and released to the relevant service line when conditions are satisfied.

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Accounting Policies – continued

b. Capital Grants

Amounts due are credited to the Comprehensive Income and Expenditure Statement when conditions attached to the grants or contributions are satisfied. Amounts advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors and released to the Comprehensive Income and Expenditure Statement when conditions are satisfied.

Grants toward the cost of capital assets are credited to deferred income and released over the life of the assets so as to match the depreciation of the assets to which the grants relate.

c. 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 expenditure in the year in accordance with the housing deficiency scheme operated by the Department of Infrastructure.

11. Leases

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease, are included in tangible fixed assets and are depreciated and assessed for impairment in the same way as owned assets.

The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit and loss.

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement on an accruals basis over the lease term unless the rental payments are structured to increase in line with expected general inflation, in which case the Authority recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

12. Debtors

Short term debtors are measured at transaction price less any impairment.

13. Creditors

Short term creditors are measured at 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.

14. 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 such as holiday pay are recognised as an expense in the period in which the service is received.

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Accounting Policies – continued

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 pension 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 employees at the reporting date.

The defined benefit obligation is calculated using the projected unit method. Annually the administering Authority engages independent actuaries, Hymans Robertson LLP, 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 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 experienced 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 'Re-measurement 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 assets, 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'.

15. 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.

16. Contingent Liabilities

Contingent liabilities are not recognised in the accounting statements. They are disclosed by way of a note to the accounts if there is a possible obligation to make payments in the future. Where appropriate, for each class of contingent liability, the Authority discloses the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any re-imbursement.

17. Contingent Assets

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Ramsey Town Commissioners

Year ended 31 March 2018

Statement of Accounting Policies – continued

18. 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 Revenue Reserve** : set up to act as a buffer against the potential risks of increased expenditure to be charged to future years' financial statements and to assist in organisational development.
- **Housing Maintenance Reserve** : representing the balance of the surpluses or deficits arising on housing repair spend against the allowance received. This allowance is increased for inflation each year only.
- **Heating Reserve** : representing the balance of the surpluses or deficits of heating receipts against heating costs.
- **Community Facilities Reserve** : representing the balance of the surpluses or deficits of community area spend against the allowance received. This amount is increased for inflation each year only.
- **Northern Civic Amenity Reserve** : representing the balance of the surpluses or deficits arising on the administration of the Northern Civic Amenity Site on behalf of the Northern Districts Civic Amenity Site Joint Committee.

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

Ramsey Town Commissioners

Year ended 31 March 2018

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 fixed 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 the 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.
- Social housing property 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 understatement of asset carrying values in the Balance Sheet.
- The Authority has judged that amounts held on deposit or invested for periods of less than 3 months are sufficiently liquid as to be classed as cash equivalents. Judgement is also required as to whether the primary purpose of holding such deposits is for meeting short term cash commitments (classified as cash equivalents) or for investment return (classified as 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. These include :

- 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, the rate of increase in salaries, the age of retirement, the 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.
- Bad debt provision – The Authority maintains provisions for bad and doubtful debts which are held against arrears of major income sources to the extent that the recoverability of those arrears is in doubt. At the year end the Authority reviews the position of outstanding arrears and where debts are unlikely to be recovered those debts are written off. Any debts recovered after being provided against or written off are credited to the relevant service line.

Ramsey Town Commissioners

Notes to the financial statements

Forming part of the financial statements for the year ended 31 March 2018

1. Tangible fixed assets

Operational assets	Dwellings £	Other land & buildings £	M vehicles, plant & equipment £	Infrastructure assets £	Community assets £	Total £
Cost or valuation						
As at 1 April 2017	53,778,959	8,454,788	2,282,976	465,537	160,745	65,143,005
Additions in the year	0	2,616	191,554	6,413	0	200,583
Revaluation	(1,277,959)	(102,998)	0	0	0	(1,380,957)
As at 31 March 2018	52,501,000	8,354,406	2,474,530	471,950	160,745	63,962,631
Depreciation						
As at 1 April 2017	3,070,761	364,414	1,819,764	409,952	160,745	5,825,636
Charge for the year	811,149	104,744	146,426	19,944	0	1,082,263
Released on revaluation	(3,881,910)	(410,478)	0	0	0	(4,292,388)
As at 31 March 2018	0	58,680	1,966,190	429,896	160,745	2,615,511
Net book value						
As at 31 March 2018	52,501,000	8,295,726	508,340	42,054	0	61,347,120
As at 31 March 2017	50,708,198	8,090,374	463,212	55,585	0	59,317,369

Included within Motor vehicles, plant and equipment above, are three vehicles which are held on finance lease (2017 : 2 vehicles). The cost of these assets are £391,645 (2017 : £316,475) to which £55,950 (2017 : £45,211) of depreciation has been attributed in the year.

Non-operational assets	Assets under construction £	Investment properties £	Total £
Cost or valuation			
As at 1 April 2017	247,355	1,206,000	1,453,355
Additions in the year	11,983	0	11,983
Revaluation	0	449,250	449,250
As at 31 March 2018	259,338	1,655,250	1,914,588

Valuation of fixed assets

The Authority plans to revalue its fixed assets regularly on a rolling 5 year basis. Valuations have been carried out by Chrystals Commercial, Chartered Surveyors, Douglas, Isle of Man, the Authority's external valuer, as at 31 March 2018.

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

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

Assets were valued at that date as follows :

	Land & dwellings £	Other land & buildings £	M. vehicles, plant & equipment £	Infra-structure assets £	Community assets £	Non-operational assets £	Total £
Valued at historical cost	1,877,002	487,404	2,474,530	471,950	160,745	259,338	5,730,969
Valued at current value in use	50,623,998	7,867,002	0	0	0	1,655,250	60,146,250
	52,501,000	8,354,406	2,474,530	471,950	160,745	1,914,588	65,877,219

Assets held	Number at 31 March 2017	Changes in year	Number at 31 March 2018
Operational assets			
Dwellings			
Houses and bungalows	382	-	382
Flats and maisonettes	171	-	171
Total	553	-	553
Other land and buildings			
Car parks	4	-	4
Workshops	2	-	2
Public conveniences	4	-	4
Public offices	1	-	1
Recreational properties	3	-	3
Miscellaneous properties	4	-	4
Vehicles, plant and equipment			
Vehicles	22	1	23
Community assets			
Parks and open spaces	2	-	2
Non-operational assets			
Commercial properties	4	-	4

Capital expenditure and financing of fixed asset additions

	2018 £	2017 £
Operational assets	200,583	126,191
Non-operational assets	11,983	105,013
	212,566	231,204

The capital expenditure has been financed by contributions from revenue and finance leases.

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

2. Intangible fixed assets

Cost	£
As at 1 April 2017	31,405
Additions in the year	4,840
As at 31 March 2018	36,245
Amortisation	
As at 1 April 2017	31,405
Charge for the year	968
As at 31 March 2018	32,373
Net book value	
As at 31 March 2018	3,872
As at 31 March 2017	0

3. Debtors

	2018 £	2017 £
Amounts falling due in one year :		
Government departments	50,382	90,122
Long term loan debtor – Manx Utilities Authority	40,025	38,102
Other local authorities	69,078	60,624
Ratepayers	507	7,315
Housing rents	49,078	39,024
Sundry debtors	84,400	51,055
Prepayments	51,011	47,163
VAT	57,331	98,834
	401,812	432,239

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

Provisions	2018 £	2017 £
Rate debtors	127,500	127,500
Housing rents	8,882	8,882
Sundry debtors	81,706	81,706
	218,088	218,088

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

Amounts falling due after more than one year :	2018 £	2017 £
Long term loan debtor – Manx Utilities Authority	1,160,276	1,200,302

The Authority has previously acquired financing through a number of fixed term loans from the Isle of Man Bank to fund long-term capital projects (see note 5) in relation to updating the local sewer systems which are secured by a Letter of Comfort provided by Treasury. The fixed term loans are repayable quarterly, over periods between 10 and 30 years and interest is charged at fixed rates of between 4.83% and 6.11% per annum.

During the 2013-14 financial year the responsibility for the local sewers was adopted by the Manx Utilities Authority and as such the responsibility for the servicing of the loans was also transferred. In order to avoid breaking the fixed term loans it was agreed that the Authority retain the original borrowings and the Manx Utility Authority reimburse the Authority on a quarterly basis in line with the repayment schedule.

4. Creditors

	2018 £	Restated 2017 £
Central Government	101,535	47,319
Housing rents	94,250	32,684
Sundry creditors and accruals	144,544	91,184
	340,329	171,187

5. Long term borrowing

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

Falling due within one year :	2018 £	2017 £
Commercial loans	1,567,042	1,514,146

Falling due after more than one year :	2018 £	2017 £
Commercial loans	33,659,402	35,226,082
Total long term borrowing	35,226,444	36,740,228

Loan security

The Authority has previously acquired financing through a number of fixed term loans from the Isle of Man Bank to fund long-term capital projects which is secured by a Letter of Comfort provided by Treasury. The fixed term loans are repayable quarterly, over periods between 10 and 30 years and interest is charged at fixed rates of between 4.83% and 6.11% per annum.

The Authority has taken out variable rate loans, interest being charge at Libor plus 1.25%. Again these loans are repayable quarterly and are secured by a Letter of Comfort provided by Treasury.

The Authority has also acquired financing in the form of variable rate loans from HSBC Bank to fund long-term capital projects. Interest is charged at Libor plus 0.95%, again the loans are repayable quarterly and are secured by a Letter of Comfort provided by Treasury.

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

6. Finance Lease

The Authority holds certain tangible fixed assets under finance leases. The minimum lease payments under finance lease fall due as follows :

	2018	2017
	£	£
Amounts due within one year	54,316	70,099
Later than one year and not later than five years	70,815	75,633
	125,131	145,732
Less future finance charges	(11,339)	(13,747)
Present value of lease obligations	113,792	131,985
	2018	2017
	£	£
Due for settlement within one year	49,375	63,295
Due for settlement later than one year and not later than five years	64,417	68,690
	113,792	131,985

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

7. General Rate Account

	2018		2017	
	£	£	£	£
General rates levied for the year		2,428,589		2,423,653
Add:				
Due from Treasury re: prior year	90,122		58,969	
Arrears brought forward	134,815		161,847	
		224,937		220,816
Less:				
Discounts	(58,147)		(56,784)	
Exempt and unoccupied properties	(46,602)		(31,806)	
Collection charge	(23,681)		(21,733)	
		(128,430)		(110,323)
Total rates collectable		2,525,096		2,534,146
Rates received in the year				
Current year rates	2,189,052		2,146,018	
Arrears collected	43,055		80,583	
Balance from Treasury re: previous year	90,122		58,969	
Rates surfeit	24,478		23,639	
Total rates received in the year		2,346,707		2,309,209
Balances outstanding carried forward:				
Due from Treasury re current year	50,382		90,122	
Arrears current year	40,884		53,527	
previous years	87,123		81,288	
		178,389		224,937
		2,525,096		2,534,146
General rates levied for the year		2,428,589		2,423,653
Less :				
Discounts	(58,147)		(56,784)	
Exempt and unoccupied properties	(46,602)		(31,806)	
		(104,749)		(88,590)
Add : interest		1,903		0
Per Comprehensive Income & Expenditure Statement		2,325,743		2,335,063

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

8. Housing Income and Expenditure Account

	2018		2017	
	£	£	£	£
Income:				
Dwelling rents		2,605,413		2,544,296
Housing Deficiency		1,114,129		1,169,570
Other income		476,045		460,016
Total income		4,195,587		4,173,882
Expenditure:				
Repairs & maintenance	672,288		584,378	
Supervision & management	144,417		141,586	
Rent, rates, taxes & other charges	451,567		436,377	
Depreciation	818,791		818,488	
Rates surfeit	24,478		23,639	
		(2,111,541)		(2,004,468)
Net income from Housing Revenue services		2,084,046		2,169,414

Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds, etc. Voids of £60,861 represent 2.33% of the rental debit for the year (2017 : £50,366 or 1.98%).

a. Rent arrears	2018	2017
	£	£
Rent arrears	49,078	39,024
Rent arrears as a percentage of gross rental income	1.88%	1.53%

Arrears written off during the year amounted to £Nil (2017 : £Nil). A provision of £8,882 (2017 : £8,882) has been made against doubtful rent debtors.

b. Housing deficiency grant

Housing deficiency grant is paid from central government to meet the shortfall of housing income over housing expenditure incurred by the Authority. The amount of deficiency is calculated as follows :

	2018	2017
	£	£
Opening balance (repayable) / receivable	(47,319)	203,248
Charges to Deficiency Grant	1,114,129	1,169,570
Payments received from Department of Infrastructure	(1,168,345)	(1,420,137)
Closing balance carried forward	(101,535)	(47,319)

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

9. Remuneration

a. Employee remuneration

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

	2018	2017
Remuneration band	Number of employees	Number of employees
£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. Total key management personnel compensation for the year was £127,995 (2017 : £119,524).

b. Members' allowances

During the year the Authority paid £5,032 (2017 : £4,902) to its Members in respect of their attendance at meetings, undertaking duties and responsibilities.

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 in that it is responsible for providing the statutory framework within which the Authority operates. During the year, housing deficiency requirements were funded by Central Government as disclosed in Note 8.

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. The following is the case:

- Officers of the Authority - no related party disclosures arose in relation to officers.
- Members of the Authority - have direct control over the Authority's financial and operating policies.

Ramsey and Northern Districts Housing Committee are related by virtue of common influence and by virtue of the provision of management support. During the year Ramsey and Northern Districts Housing Committee were charged £84,310 (2017 : £67,136) in respect of administration charges and clerk's salary. At the year end there is a balance due to Ramsey Town Commissioners of £69,078 (2017 : £60,624).

11. Cash flow statement – Operating activities

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

	2018 £	2017 £
Depreciation and amortisation	1,083,231	1,092,699
Decrease in debtors	70,453	274,199
Increase in creditors	169,142	56,024
Difference between FRS 102 pension cost and contributions paid	175,000	224,000
Other non-cash items	0	(25,436)
	<u>1,497,826</u>	<u>1,621,486</u>

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

12. Cash flow statement – Operating activities

The following table provides a breakdown of the main elements within the adjustment for items included in the net surplus / (deficit) that are investing and financing activities shown in the cash flow statement :

	2018 £	2017 £
Bank loan interest paid	1,784,384	1,858,844
Finance interest paid	9,737	6,804
Bank interest received	0	(542)
	<u>1,794,121</u>	<u>1,865,106</u>

13. Cash flow – Investing activities

	2018 £	2017 £
Purchase of fixed assets	217,406	231,204
Less : items purchased under finance lease	(75,170)	0
Proceeds from sale of tangible fixed assets	0	(46,800)
	<u>142,236</u>	<u>184,404</u>

14. Cash flow statement - Financing activities

	2018 £	2017 £
Borrowing repayments - capital	1,513,784	1,453,237
Loan interest paid	1,784,384	1,858,844
Bank interest received	0	(542)
Finance interest paid	9,735	6,804
Cash payments for the reduction in finance lease liabilities	93,363	63,295
	<u>3,401,266</u>	<u>3,381,638</u>

15. Audit fees

During the year the Authority incurred external audit fees of £11,743 (2017 : £10,700).

16. Total rateable value

The total rateable value at the year end was £698,282 (2017 : £697,143) and rates were levied at 348p in the £ (2017 : 348p).

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.

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

17. Post-employment benefits - continued

A comprehensive actuarial valuation of the Local Government Superannuation Scheme, using the projected unit credit method, was carried out at 31 March 2018 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions :

	31 March 2018	31 March 2017
	% per annum	% per annum
Rate of Pension increase	2.4%	2.4%
Rate of increase in salaries	3.2%	3.2%
Rate for discounting scheme liabilities	2.6%	2.5%

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 Government Superannuation Scheme Accounts.

The mortality assumptions used were as follows :

	31 March 2018	31 March 2017
	Years	Years
Longevity at the age of 65 yrs. for current pensioners		
• Men	21.7	21.7
• Women	24.3	24.3
Longevity at the age of 65 yrs. for future pensioners		
• Men	24.1	24.1
• Women	27.1	27.1

Reconciliation of scheme assets & liabilities

	Assets	Liabilities	Total
	£	£	£
As at 1 April 2017	7,722,000	(11,234,000)	(3,512,000)
Benefits paid	(319,000)	319,000	0
Participant contributions	76,000	(76,000)	0
Employer contributions	305,000	0	305,000
Current service cost	0	(391,000)	(391,000)
Past service cost	0	0	0
Interest income / (expense)	194,000	(283,000)	(89,000)
Re-measurement gains / (losses)			0
- Actuarial	0	218,000	218,000
- Return on plan assets excluding interest income	(8,000)	0	(8,000)
As at 31 March 2018	7,970,000	(11,447,000)	(3,477,000)

Total cost recognised as an expense :

	2018	2017
	£	£
Current service cost	86,000	103,000
Interest cost	89,000	121,000
	175,000	224,000

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

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

17. Post-employment benefits - continued

The Authority's share of the fair value of plan assets was :	2018	2017
	%	%
Equities	60%	57%
Bonds	28%	26%
Property	12%	13%
Cash	0%	4%
	100%	100%
The Authority's share of the return on plan assets was :	2018	2017
	£	£
Interest income	89,000	121,000
Return on plan assets less interest income	(8,000)	1,000,000
	81,000	1,121,000

18. Capital commitments

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

	2018	2017
	£	£
Housing improvements	-	-
Plant and equipment	13,620	15,000
	13,620	15,000

19. Subsequent events

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.

Events may occur between the balance sheet date and the date the accounts are authorised for issue, which might have a bearing upon the financial statements. For the purposes of this note, the date that the statements are authorised for issue has been determined as the date that the statements were formally tabled before the members of the Authority for approval.

There have been no events since the date the balance sheet was produced that would require adjustment of the financial statements.

Prior to the financial year end the Authority were in negotiations with the Department of Home Affairs for the acquisition of Ramsey Courthouse. The negotiations were completed after the year end when the property was acquired for the sum of £450,000 with 82% of the consideration being payable over a 25 year period and linked to a lease agreement with the Department for the retention of Ramsey Police Station within Ramsey Town Hall.

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2018

20. FRS 102 Transition

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

The financial effect of the transition is illustrated in the reconciliation below :

a. Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the Comprehensive Income and Expenditure Statement as the employee service is received. This has resulted in the Authority recognising a liability for holiday pay of £6,322 on transition to FRS 102 in the financial year. Previously holiday pay accruals were not recognised and were charged as they were paid. In the financial year to 31 March 2017 an additional charge of £18,656 was recognised and the liability was £18,656.

Reconciliation of reserves	Housing repairs account £	General fund £
Reserve (as previously stated) at 1 April 2017	318,115	1,388,099
Short-term compensated absences	(3,690)	(14,966)
Reserve (as restated) at 1 April 2017	314,425	1,373,133

b. Defined benefit scheme

Under previous UK GAAP the Authority recognised an expected return on defined benefit plan assets in the Comprehensive Income and Expenditure Statement. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the Comprehensive Income and Expenditure Statement. There has been no change in the defined benefit liability at either 1 April 2016 or 31 March 2017. The effect of the change has been to increase the debit to Net Cost of Services in the year to 31 March 2017 by £207,000 and increase the credit in Other Comprehensive Income by an equivalent amount.

Ramsey Town Commissioners

Detailed Income and Expenditure Accounts For the year ended 31 March 2018

Office administration and general expenses

	2018		Restated 2017	
	£	£	£	£
Rate collection costs		23,681		21,733
Audit fees		11,743		10,622
Internal audit fees		4,250		4,750
Accountancy		0		(1,626)
Professional fees		8,000		0
Legal expenses		4,986		6,031
Election expenses		0		4,272
Insurance		10,841		11,290
Heat and light		23,263		20,717
Printing, stationery, telephone & rent		56,031		50,561
Caretaker's wages		16,701		27,058
Salaries - as restated		604,489		559,740
Pensions		153,354		140,926
Staff training		2,565		4,476
Business continuity plan		0		0
Fuel for vans		2,344		1,091
Depreciation		33,469		31,604
Doubtful debts		0		1,624
		<u>955,717</u>		<u>894,869</u>
Fixed penalties	8,873		895	
Administration fee from Ramsey & Northern Districts Housing Committee	<u>69,078</u>		<u>60,624</u>	
		<u>(77,951)</u>		<u>(61,519)</u>
		<u>877,766</u>		<u>833,350</u>

Miscellaneous

	2018		2017	
	£	£	£	£
Advertising		6,058		4,366
Members' expenses		5,032		4,902
Chairman's expenses		1,697		2,036
Town Band		0		1,000
Municipal Sunday		1,377		1,250
War Memorial		1,157		2,276
Incidental		3,287		2,958
Town Warden		13,096		13,036
Bank charges		9,963		11,210
Amenity byelaw regulations		726		0
Ramsey Town centre management		<u>2,566</u>		<u>341</u>
		<u>44,959</u>		<u>43,375</u>
Incidental	15,071		594	
Flat regulation fees	600		300	
Search fees	<u>18,967</u>		<u>17,113</u>	
		<u>(34,638)</u>		<u>(18,007)</u>
		<u>10,321</u>		<u>25,368</u>

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

Ramsey Town Commissioners

Detailed Income and Expenditure Accounts For the year ended 31 March 2018

Housing and Property

	2018	Restated 2017	
	£	£	£
Housing			
Oil and electricity	69,293	65,535	
Restroom refurbishment	252	97	
Garage repairs	846	1,933	
		70,391	67,565
Heating charges	31,937	34,170	
Drying tokens	722	529	
Restroom hire	780	597	
Garage rents	1,356	1,352	
	(34,795)		(36,648)
	35,596		30,917
Workshops			
Maintenance and insurance - as restated	53,461	50,284	
Area rent	(9,000)	0	
		44,461	50,284
Town Hall			
Maintenance and insurance	52,567	50,767	
Depreciation	52,000	52,000	
Rental & hire income	(23,462)	(24,860)	
Registry office income	(12,402)	(11,642)	
		68,703	66,265
Public Conveniences			
Contract cleaners	22,390	19,318	
Maintenance and insurance	36,576	24,710	
Cleaning materials	3,081	4,599	
Depreciation	18,361	18,331	
		80,408	66,958
Housing Revenue Account			
Administration charge	(144,417)	(141,586)	
	84,751	72,838	

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Ramsey Town Commissioners

Detailed Income and Expenditure Accounts For the year ended 31 March 2018

Works and Development

	2018		Restated 2017	
	£	£	£	£
Amenities and services				
Foreshore, flags and deckchairs		3,196		3,203
Car Parks				
Operational costs	9,201		37,335	
Depreciation	2,300		2,300	
	11,501		39,635	
Car parking spaces income	(15,432)		(12,204)	
		(3,931)		27,431
Refuse				
Wages - as restated	214,178		209,221	
Operational costs	567,328		498,803	
Leasing costs	323		3,013	
Depreciation	51,956		70,724	
	833,785		781,761	
Collection charges	(127,659)		(130,384)	
Gain on fixed asset disposal	0		(6,600)	
		706,126		644,777
Sewers and Pumps				
Operational costs	0		29	
Government refund re sewer connections	(66,812)		(68,921)	
		(66,812)		(68,892)
Civic Amenity Site				
Operational costs	22,618		0	
Labour costs	104,343		0	
Waste haulage and disposal	174,214		0	
Rent and rates	4,064		0	
Depreciation	2,413		0	
	307,652		0	
Parish contributions	(300,000)		0	
Recycling and scrap income	(35,812)		0	
		(28,160)		0
Miscellaneous				
Seats, promenade shelters, street nameplates & town clock maintenance	13,788		16,470	
Street and decorative lighting maintenance	79,925		77,898	
CC TV town area	3,914		4,095	
Local services	78,717		59,335	
Grass cutting and tree limbing	0		31	
Property repairs private sector	3,487		4,352	
Depreciation	37,136		25,418	
		216,967		187,599
		827,386		794,118

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

Ramsey Town Commissioners

Detailed Income and Expenditure Accounts For the year ended 31 March 2018

Parks and Leisure

	2018		Restated 2017	
	£	£	£	£
Advertising and entertainment				
Publicity	840		1,066	
Seasonal entertaining and attractions	38,063		34,115	
Ramsey in Bloom	11,183		8,348	
	50,086		43,529	
Camper van permit income	(2,995)		(2,168)	
Advertising income	(287)		(200)	
		46,804		41,161
Amenities and Services				
Mooragh Park amusements maintenance		6,583		4,329
Mooragh Park Gardens and Land				
Wages - as restated	167,137		136,723	
Maintenance	90,069		61,782	
Skate Park	903		2,642	
Depreciation	22,515		29,320	
	280,624		230,467	
Area rents	(127)		(603)	
Gain on fixed asset disposal	0		(200)	
		280,497		229,664
Trading Concessions				
Rates, insurance and licences	5,418		5,341	
Courts and greens maintenance	25,854		18,085	
Maintenance of buildings	18,812		13,126	
Depreciation	8,723		8,646	
	58,807		45,198	
Rent & rates	(51,191)		(47,185)	
		7,616		(1,987)
Swimming Pool				
Rate contribution		16,390		16,375
Maintenance of Properties		5,333		5,873
Ramsey & Northern Districts Housing Committee				
Wages etc.	12,364		7,222	
Income	(14,126)		(6,512)	
		(1,762)		710
Parks and Leisure carried forward		361,461		296,125

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

Ramsey Town Commissioners

Detailed Income and Expenditure Accounts For the year ended 31 March 2018

Parks and Leisure - continued

	2018		Restated 2017	
	£	£	£	£
Parks and Leisure brought forward		361,461		296,125
Library				
Salaries - as restated	94,434		86,141	
Repairs and maintenance	16,745		19,028	
Depreciation	<u>35,567</u>		<u>35,868</u>	
	146,746		141,037	
Library fee income	<u>(10,431)</u>		<u>(11,704)</u>	
		<u>136,315</u>		<u>129,333</u>
		<u>497,776</u>		<u>425,458</u>

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

