

# **Ramsey Town Commissioners**

## **Statement of Accounts**

**For the year ended 31 March 2011**

# Ramsey Town Commissioners

<i>Contents</i>	<i>Page</i>
Explanatory Foreword	1 – 3
Statement of Accounting Policies	4 – 8
Statement of Responsibilities for the Statement of Accounts	9
Statement of Internal Control	10 – 11
Report of the Independent Auditors	12 – 13
Income and Expenditure Account	14
Statement of the Movement on the General Fund Balance	15
Housing Revenue Income and Expenditure Account	16
Statement of Movement on the Housing Revenue Account Balance	17
Statement of Total Recognised Gains and Losses	18
Balance Sheet	19 – 20
Cash Flow Statement	21 – 22
Notes to the Cash Flow Statement	23 – 24
General Rate Fund	25
Notes to the financial statements	26 – 37
<b>This schedule does not form part of the audited financial statements:</b>	
Detailed Income and Expenditure Account	38 – 43

# Ramsey Town Commissioners

## Explanatory Foreword

### Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2011. It has been prepared in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006.

The individual accounts within the Statement are as follows:

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

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

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

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

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

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

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

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

# Ramsey Town Commissioners

## Explanatory Foreword (continued)

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

### Income and Expenditure Account

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

The income and expenditure account for the year shows a surplus of £1,215,224 (2010: £346,406), however once the other movements on the general fund have been taken into account, as detailed below, the results show an overall surplus of £195,103 (2010: deficit £108,458).

### Movement on the General Fund Balance

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

Primarily the movements relate to the depreciation cost in the year, income and expenditure on other funds, 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.

### Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2010/11 resulted in an under spend of £37,464 (2009: overspend of £73,351).

### Capital Expenditure

Total capital expenditure in the year was £6,320,446 (2010: £5,577,428).

### General Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 332p in the £ on a rateable value of £668,373 during the year (2010: 324p on a rateable value of £665,915).

### Pension Liability

The SORP requires the Authority to disclose certain information within its Financial Statements. Included within that information, and included in note 27, is the net liability on the Isle of Man Local Government Pension Scheme that is attributable to Ramsey Town Commissioners.

This is the difference between future liabilities and assets, as valued at 31 March 2011, and amounts to £1,616,000.

# **Ramsey Town Commissioners**

## **Explanatory Foreword (continued)**

### **Investments and Borrowing**

The Authority borrowed £8,500,000 (2010: £4,556,050) during the year to finance capital expenditure.

### **Reserves**

The Authority has increased its general fund reserves from £989,967 at 31 March 2010 to £1,185,070 at 31 March 2011.

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.

# Ramsey Town Commissioners

## Statement of Accounting Policies

### Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and in accordance with United Kingdom generally accepted accounting principles.

The accounts have been drawn up in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP") issued by Treasury. This SORP is recognised under the Audit Act 2006 and the Accounts and Audit Regulations 2007 as representing proper accounting practices.

Key accounting policies are set out below.

### Tangible fixed assets

#### Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off. Assets acquired under finance leases are capitalised and included in the balance sheet except for leases that are in secondary rental periods, where there are no future obligations of material significance.

Assets obtained under operating leases are not included in the Balance Sheet; annual rentals are charged to revenue and transactions are disclosed as a note to the accounts. Operational assets are those used by the Authority in the delivery of services or in pursuit of its strategic or service objectives. Non-operational assets are those held but not directly occupied, used or consumed for those purposes. Assets under the course of construction are included at cost and consist of properties under construction.

#### Valuations

The SORP requires the social housing to be held at depreciated replacement cost as these are classified as specialised operational property, which can be obtained through a valuation with depreciation subsequently applied. As the authority has not carried out a full valuation they have therefore not complied fully with the SORP. The authority is to obtain a full valuation in the year ended 31 March 2012.

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

Assets classified as 'assets under construction', are initially measured at cost in accordance with the SORP, and consist of costs which are directly attributable to bringing the asset into working condition for its intended use. Subsequently, when the asset has been completed the cost is transferred to the appropriate asset category and treated accordingly.

Investment properties are held at historic cost. The SORP requires that investment properties should be held at the lower of net current replacement cost or net realisable value, which is obtained through a valuation. Therefore the investment properties have not been valued in accordance with the SORP.

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

# Ramsey Town Commissioners

## Statement of Accounting Policies (continued)

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

### Depreciation

Depreciation is provided on all assets with a finite useful life, other than land and buildings. However, the commissioners have not depreciated the building element of the 'dwellings', and these are currently being held at historic cost which contravenes the requirements of the SORP. Where depreciation is provided for, assets are being depreciated by applying the straight line method to Balance Sheet values over periods reflecting their estimated useful lives. Assets acquired under finance leases are depreciated over the lease period if this is shorter than their estimated useful life.

### Impairment

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

### Disposals

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

### Deferred liabilities

Leases are recorded as finance leases when substantially all the risks and rewards relating to the leased asset transfer to the Authority. Rentals payable are apportioned between the cost of acquisition of the interest in the asset and finance cost which is charged to revenue. The liability is recognised in the balance sheet at the start of the lease and written down as rentals become payable. Further details of the treatment of leased assets are given in relevant sections of this statement.

### Housing Deficiency

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



# Ramsey Town Commissioners

## Statement of Accounting Policies (continued)

### Accruals of income and expenditure

The capital and revenue accounts of the Authority are maintained on an accruals basis: activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

### Value added tax

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

### Overheads

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



# Ramsey Town Commissioners

## Statement of Accounting Policies (continued)

### Pension costs

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

The pension cost has been assessed by the Fund's actuary based on triennial valuations, the 2010/11 contributions being based on the results of the review as at 31 March 2010. These contributions are charged to the Accounts in accordance with statutory requirements. The financial statements have been prepared on the basis that: the assets and liabilities arising from an employer's retirement benefit obligations and any related funding are reflected at fair value. The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise; and the financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

### Reserves

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

- **General Fund:** 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.
- **Usable Capital Receipts Reserve:** These are amounts of capital receipts received to be used to finance future capital expenditure.
- **Housing Revenue Account:** Surplus funds from the Housing Revenue account.
- **Housing Repairs Account:** Representing the unspent allowance for repairs on the Commissioner's housing stock.
- **Capital Account:** Funds provided from revenue and earmarked for capital expenditure purposes.

The following account has been set up as an earmarked reserve:

- **Heating Reserve:** Surplus funds from the supply of heating to the housing residents.

# Ramsey Town Commissioners

## Statement of Accounting Policies (continued)

### 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:** Amount to match the liability in respect of the Commissioners' share of the Isle of Man Local Authority Pension Scheme.

### Provisions

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

### Events after the balance sheet date

Post balance sheet events, whether favourable or unfavorable, 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.

# Ramsey Town Commissioners

## Statement of Responsibilities for the Statement of Accounts

### The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs through the appointment of a Responsible Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; 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 accordance with proper practices as set out in the Isle of Man Statement of Recommended Practice 2008 on accounting for entities subject to the Audit Act 2006 ("the SORP").

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

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

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 body at the accounting date and its income and expenditure for the year ended 31 March 2011.

# Ramsey Town Commissioners

## Statement of Internal Control

### Introduction

Regulation 8 of the Accounts and Audit Regulations 2007 requires the Authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement on internal control within the Authority's statement of accounts.

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

### Responsibilities of the Board and the Responsible Financial Officer

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

The Responsible Financial Officer is responsible for implementing and maintaining systems of internal control and corporate governance which:

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

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

### Internal control and corporate governance environment

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

- **Board meetings**

The Board meets monthly and consists of a Chairman and 11 other Board members. The Board 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 Board.

### Review of internal control and corporate governance environment

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

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

# Ramsey Town Commissioners

## Statement of Internal Control (continued)

### 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, except for the matters listed below, the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2011.

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

- Full review of the basis of rental point calculations to be performed for all properties.
- Reconciliations of daily takings sheets to be maintained.
- Process of updating all contracts of employment to be reviewed.
- Weekly cash register z readings to be maintained.

(Signed)

*N.H. Malpass*

(Chairman)

(Dated)

*20<sup>th</sup> July 2012.*



# Ramsey Town Commissioners

## Report of the Independent Auditors to Ramsey Town Commissioners

We have audited the financial statements of Ramsey Town Commissioners for the year ended 31 March 2011 which comprise the income and expenditure account, statement of the movement on the general fund balance, housing revenue income and expenditure account, statement of the movement on the housing revenue account balance, statement of total recognised gains and losses, the balance sheet, the cash flow statement, the related notes and the statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice as directed by the Isle of Man Treasury as relevant to local authorities ("SORP").

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

### Respective responsibilities of Responsible Financial Officer and auditor

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

### Scope of the audit of the financial statements

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

### Basis for qualified opinion on financial statements

In the current and preceding years included within dwellings and other land and buildings are assets reported at historic cost, not at the lower of net current replacement cost or net realisable value in existing use as required by section 3.97 of the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP"). In addition these assets are not depreciated as required by section 3.112 of the SORP. In the current and preceding years investment property has also been reported at historical cost, not at the lower of net current replacement cost or net realisable value as required by section 3.98 of the SORP.

In the current year included within assets under construction are housing dwellings which had been completed prior to the year end, and should therefore have been transferred to dwellings, as required by section 3.98 of the SORP, and valued in accordance section 3.97 and subsequently depreciated as required by section 3.112 of the SORP.

### Qualified opinion on financial statements

In our opinion, except for the effects of the matters described in the basis for qualified audit opinion paragraph, the financial statements:

- give a true and fair view of the state of the authority's affairs as at 31 March 2011 and of its result for the year then ended;

# Ramsey Town Commissioners

## Report of the Independent Auditors to Ramsey Town Commissioners (continued)

- have been prepared in accordance with the requirements of the SORP; and
- have been prepared in accordance with the Accounts and Audit Regulations 2007 made under the Audit Act 2006.

### Matters on which we are required to report by exception

Except for the effect on the financial statements of the matters referred to in the basis for qualified opinion, we have nothing to report in respect of the following matters where the section 4 of the Audit Act 2006 requires us to report to you if, in our opinion:

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



PKF (Isle of Man) LLC  
Douglas,  
Isle of Man

Date: 23 July 2012



# Ramsey Town Commissioners

## Income and Expenditure Account

for the year ended 31 March 2011

Statement of net expenditure	Gross expenditure £	Income £	2010/11 Net expenditure £	2009/10 Net expenditure £
Continuing operations:				
Administration and Office Expenses	(837,637)	45,605	(792,032)	(743,832)
Miscellaneous expenditure	(43,138)	35,036	(8,102)	(29,634)
Housing and Property	(229,404)	221,664	(7,740)	(23,560)
Works and Development	(791,601)	362,855	(428,746)	(361,696)
Parks and Leisure	(637,411)	44,407	(593,004)	(526,257)
Housing Income and Expenditure Account	(922,889)	2,944,141	2,021,252	1,556,675
<b>Net cost of services</b>	<b>(3,462,080)</b>	<b>3,653,708</b>	<b>191,628</b>	<b>(128,304)</b>
Past service gain			687,000	–
Interest payable and similar charges			(1,644,649)	(1,480,520)
Interest and investment income			1,349	7,335
Pension interest cost & expected return			(77,000)	(103,000)
<b>Net operating expenditure</b>			<b>(841,672)</b>	<b>(1,704,489)</b>
<b>Sources of finance</b>				
Income from the General Rate Fund			2,056,896	2,018,539
Grants received			–	32,356
			<b>2,056,896</b>	<b>2,050,895</b>
<b>Net surplus for the year</b>			<b>1,215,224</b>	<b>346,406</b>

The notes on pages 26 to 37 form part of these financial statements.

# Ramsey Town Commissioners

## Statement of the Movement on the General Fund Balance

for the year ended 31 March 2011

	2010/11 £	2009/10 £
<b>Surplus for the year on the income and expenditure account</b>	<b>1,215,224</b>	<b>346,406</b>
<i>Amounts included in the income and expenditure account but to be excluded when determining the Movement on the General Fund Balance</i>		
Depreciation and impairment of fixed assets	301,607	160,216
Net charges made for retirement benefits	(617,000)	27,000
<i>Amounts not included in the Income and Expenditure account but to be included when determining the Movement on the General Fund Balance for the year</i>		
Loans funds principal repayments	(103,188)	(91,869)
Finance lease capital repayments	(29,096)	–
Capital expenditure met by General Fund	(14,992)	(140,964)
<i>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year</i>		
Transfer to Heating Reserve	10,173	(20,540)
Transfer from Housing Revenue Account	(567,822)	(350,396)
Transfer to Housing Reserve	228	(89)
Transfer to Capital Account	–	(5,835)
Transfer to Capital Adjustment Account	–	(32,356)
Transfer from Usable Capital Receipts Reserve	(31)	(31)
	<b>195,103</b>	<b>(108,458)</b>
General Fund Balance brought forward	<b>989,967</b>	<b>1,098,425</b>
<b>General Fund Balance carried forward</b>	<b>1,185,070</b>	<b>989,967</b>

The notes on pages 26 to 37 form part of these financial statements.

# Ramsey Town Commissioners

## Housing Revenue Income and Expenditure Account

for the year ended 31 March 2011

	2010/11 £	2010/11 £	2009/10 £
<b>Income</b>			
Dwelling rents	1,534,797		1,443,234
Contributions towards expenditure including Housing Deficiency Payments	1,093,300		777,026
Any other income	316,044		297,393
<b>Total income</b>		2,944,141	2,517,653
<b>Expenditure</b>			
Repairs and maintenance	(482,844)		(547,095)
Supervision and management	(118,263)		(113,653)
Rents, rates, taxes and other charges	(321,782)		(300,230)
		(922,889)	(960,978)
<b>Net cost of HRA services as included in the whole authority Income and Expenditure Account</b>		2,021,252	1,556,675
Interest payable and similar charges		(1,453,430)	(1,206,279)
<b>Surplus for the year on HRA services</b>		567,822	350,396

The notes on pages 26 to 37 form part of these financial statements.

# Ramsey Town Commissioners

## Statement of the Movement on the Housing Revenue Account Balance

for the year ended 31 March 2011

	2010/11	2009/10
	£	£
<b>Surplus/deficit for the year on the HRA income and expenditure account</b>	<b>567,822</b>	<b>350,396</b>
<b>Amounts included in the income and expenditure account but to be excluded when determining the Movement on the Housing Revenue Account Balance</b>		
Depreciation and impairment of fixed assets	961	961
<b>Amounts not included in the Income and Expenditure account but to be included when determining the Movement on the Housing Revenue Account Balance for the year</b>		
Loan funds principal repayments	(531,319)	(424,708)
<b>Transfers to or from the Housing Revenue Account Balance that are required to be taken into account when determining the Movement on the Housing Revenue Account Balance for the year</b>		
Transfer (to)/ from Housing Repairs Reserve	(37,464)	73,351
	<u>-</u>	<u>-</u>
Housing Revenue Account Balance brought forward	<u>-</u>	<u>-</u>
<b>Housing Revenue Account Balance carried forward</b>	<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 26 to 37 form part of these financial statements.

# Ramsey Town Commissioners

## Statement of Total Recognised Gains and Losses

*for the year ended 31 March 2011*

	2010/11 £	2009/10 £
<b>Surplus on the income and expenditure account for the year</b>	<b>1,215,224</b>	346,406
Surplus/(deficit) arising on revaluation of fixed assets	–	(10,855,013)
Actuarial gains and losses on pension fund assets and liabilities	<b>719,000</b>	(1,687,000)
Other gains and losses in the year	–	<u>3,546</u>
<b>Total recognised gains and losses for the year</b>	<b><u>1,934,224</u></b>	<b><u>(12,192,061)</u></b>

# Ramsey Town Commissioners

## Balance Sheet

as at 31 March 2011

	Notes	2011 £	2011 £	2010 £ Restated	2010 £ Restated
<b>Fixed assets</b>					
Tangible fixed assets					
Operational assets					
– Dwellings	1	45,442,824		44,760,026	
– Other land and buildings	1	5,129,226		5,129,226	
– Vehicles, plant, furniture and equipment	1	450,438		343,005	
– Infrastructure assets	1	29,737		59,216	
– Community assets	1	158,767		278,712	
			51,210,992		50,570,185
Non-operational assets					
– Assets under construction	1	12,454,090		6,816,442	
– Investment properties	1	1,197,166		1,197,166	
			13,651,256		8,013,608
<b>Long term debtor</b>	8		14,895		–
			64,877,143		58,583,793
<b>Current assets</b>					
Debtors					
Cash at bank	8 13/29	779,579 1,145,456		330,822 1,601,760	
		1,925,035		1,932,582	
<b>Current liabilities</b>					
Short-term borrowing					
Finance lease liability	15	888,036 29,096		707,960 –	
Creditors	9	1,015,513		739,382	
Bank overdraft		1,989,151		4,424,641	
		3,921,796		5,871,983	
			(1,996,761)		(3,939,401)
			62,880,382		54,644,392
<b>Long-term liabilities</b>					
Long-term borrowing					
Pension liabilities	15 27	34,114,409 1,616,000		26,563,931 2,952,000	
Finance lease liability		87,288		–	
			35,817,697		29,515,931
<b>Total assets less liabilities</b>			27,062,685		25,128,461

# Ramsey Town Commissioners

## Balance Sheet (continued)

as at 31 March 2011

	Notes	2011 £	2010 £
<b>Financed by:</b>			
Revaluation reserve	11	18,390,479	18,390,479
Capital adjustment account	11	8,982,056	8,597,354
Usable capital receipts reserve	11	30,946	30,915
Pension reserve	12	(1,616,000)	(2,952,000)
Capital account	11	-	8,675
Earmarked reserve	12	53,534	63,707
General fund	12	1,185,070	989,967
Housing repairs account	12	36,600	(636)
		<u>27,062,685</u>	<u>25,128,461</u>

The financial statements were approved and authorised for issue by the Authority on 15/7/2012 and were signed on their behalf by:

Chairman  RFO 



# Ramsey Town Commissioners

## Cash Flow Statement

for the year ended 31 March 2011

Revenue activities	Notes	2010/11 £	2010/11 £	2009/10 £
<b>Cash outflows</b>				Restated
Cash paid to and on behalf of employees		(1,539,703)		(1,568,683)
Other operating cash payments		(1,546,900)		(1,453,472)
			<b>(3,086,603)</b>	<b>(3,022,155)</b>
<b>Cash inflows</b>				
Rents (after rebates)		1,535,817		1,480,430
Rate receipts		2,053,624		2,017,659
Revenue support grant		718,333		834,584
Other government grants		—		332,029
Cash received for goods and services		967,886		495,448
			<b>5,275,660</b>	<b>5,160,150</b>
<b>Net cash inflow/outflow from revenue activities</b>	7		<b>2,189,057</b>	<b>2,137,995</b>
<b>Returns on Investments and servicing of finance</b>				
<b>Cash outflows</b>				
Interest paid		(1,646,324)		(1,484,653)
			<b>(1,646,324)</b>	<b>(1,484,653)</b>
<b>Cash inflows</b>				
Interest received		1,349		7,335
			<b>1,349</b>	<b>7,335</b>
<b>Net servicing of finance</b>			<b>(1,644,975)</b>	<b>(1,477,318)</b>
<b>Capital activities</b>				
<b>Cash outflows</b>				
Purchase of fixed assets		(6,411,834)		(5,097,071)
<b>Net Capital activities</b>			<b>(6,411,834)</b>	<b>(5,097,071)</b>
<b>Net cash outflow before financing</b>			<b>(5,867,752)</b>	<b>(4,436,394)</b>

# Ramsey Town Commissioners

## Cash Flow Statement (continued)

for the year ended 31 March 2011

	Notes	2010/11 £	2010/11 £	2009/10 £ Restated
<b>Management of liquid resources</b>				
Net increase/ (decrease) in short term deposits		140,835		(500,885)
		<u>                    </u>		<u>                    </u>
			140,835	(500,885)
<b>Financing</b>				
<b>Cash outflows</b>				
Repayments of amounts borrowed		(634,507)		(516,577)
Capital element of finance lease rental payments		(29,096)		–
Repayment of bonds		(135,000)		(326,000)
		<u>                    </u>		<u>                    </u>
			(798,603)	(842,577)
<b>Cash inflows</b>				
New loans raised		8,500,000		4,556,050
Capital element of finance lease		145,541		–
		<u>                    </u>		<u>                    </u>
			8,645,541	4,556,050
	2		<u>7,846,938</u>	<u>3,713,473</u>
<b>Net increase/(decrease) in cash</b>			<u>2,120,021</u>	<u>(1,223,806)</u>

# Ramsey Town Commissioners

## Notes to the Cash Flow Statement

for the year ended 31 March 2011

### 1. Reconciliation of net surplus/deficit to cash inflow/outflow from revenue activities

	2010/11 £	2009/10 £
<b>Net surplus/(deficit)</b>	<b>1,215,224</b>	<b>346,406</b>
Depreciation	302,567	161,177
Appropriations to pension reserve	(617,000)	27,000
Interest paid	1,644,649	1,484,653
Interest received	(1,349)	(7,335)
(Increase)/decrease in debtors	(463,652)	21,627
Increase/(decrease) in creditors	108,618	104,467
	<u>          </u>	<u>          </u>
Net cash inflow/outflow from revenue activities	<u><b>2,189,057</b></u>	<u><b>2,137,995</b></u>

### 2. Reconciliation of the movement in net debt

	2010/11 £	2010/11 £	2009/10 £
Net debt at 1 April		(30,094,772)	(25,658,378)
Movement in net debt:			
Increase/(decrease) in cash in the period	2,120,021		(1,223,806)
Inflow/(outflow) from increase/(decrease) in debt financing	(7,730,554)		(3,713,473)
(Outflow)/Inflow from movement in liquid resources	(140,835)		500,885
(Outflow)/Inflow from movement in finance leases	(116,384)		—
		<u>(5,867,752)</u>	<u>(4,436,394)</u>
Net debt at 31 March		<u><b>(35,962,524)</b></u>	<u><b>(30,094,772)</b></u>

# Ramsey Town Commissioners

## Notes to the Cash Flow Statement (continued)

for the year ended 31 March 2011

### 3. Reconciliation of financing and management of liquid resources

	Balance at 1 April 2010 £	Cash movement £	Balance at 31 March 2011 £
	(Restated)		
Cash in hand	1,100,875	(315,469)	785,406
Cash overdrawn	(4,424,641)	2,435,490	(1,989,151)
		<u>2,120,021</u>	
Short term investments	500,885	(140,835)	360,050
Net debt:			
Due within one year	(707,960)	(180,076)	(888,036)
Due after one year	(26,563,931)	(7,550,478)	(34,114,409)
Finance Lease	–	(116,384)	(116,384)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total net debt	<u>(30,094,772)</u>	<u>(5,867,752)</u>	<u>(35,962,524)</u>

### 4. Government Grants

The revenue support grants detailed above relate to Housing Deficiency received from the Department of Social Care.

### 5. Restatement of Prior Year Figures

It was noted that included within liquid cash in the prior year were amounts relating to short term investments. These amounts have been reclassified this year in order to fully comply with the SORP, although this is merely a presentational change and as such the net effect on the financial statements is NIL.

It was also noted that there was a misallocation in the prior year of cash outflows between other operating cash payments and cash paid to and on behalf of employees by £235,710. This has been corrected this year and is merely a presentational change in the cash flow statements, and as such has no impact on the figures in the financial statements.

### 6. Liquid resources

Within liquid resources the authority includes any increase or decrease in cash held on deposit held with the Isle of Man bank.

# Ramsey Town Commissioners

## General Rate Fund

as at 31 March 2011

	2011	2011 £	2010	2010 £
Total rates levied for the year		2,218,998		2,152,796
<i>Add:</i>				
Due from Treasury re prior year	41,702		33,571	
Arrears brought forward	127,703		134,953	
		169,405		168,524
<i>Less:</i>				
Discounts	(74,922)		(75,249)	
Exempt and unoccupied properties	(43,342)		(33,064)	
Refunds	(3,303)		(1,056)	
Collection charges	(21,015)		(20,869)	
Write off	(40,507)		(24,886)	
		(183,089)		(155,124)
<b>Total rates collectable</b>		<b>2,205,314</b>		<b>2,166,196</b>
Rates received in the year:				
Current year rates	1,988,157		1,922,577	
Arrears collected	23,794		40,643	
Balance from Treasury re previous year	41,702		33,571	
<b>Total rates received in the year</b>		<b>2,053,653</b>		<b>1,996,791</b>
<b>Balances outstanding carried forward</b>				
Due from Treasury re current year	12,748		41,702	
Arrears – current year	75,539		58,281	
– previous years	63,374		69,422	
		151,661		169,405
		<b>2,205,314</b>		<b>2,166,196</b>

# Ramsey Town Commissioners

## Notes

(forming part of the financial statements for the year ended 31 March 2011)

### 1 Tangible fixed assets

Operational assets	Dwellings £	Other land and buildings £	Vehicles, plant and equipment £	Infrastructure assets £	Community assets £	Total £
<b>Cost/ Valuation</b>						
At 31 March 2010	44,760,026	5,129,226	1,703,923	325,560	278,712	52,197,447
Additions in the year	682,798	–	253,783	6,793	–	943,374
Disposals in the year	–	–	(26,200)	–	–	(26,200)
Revaluations	–	–	–	–	–	–
<b>At 31 March 2011</b>	<b>45,442,824</b>	<b>5,129,226</b>	<b>1,931,506</b>	<b>332,353</b>	<b>278,712</b>	<b>53,114,621</b>
<b>Depreciation</b>						
At 31 March 2010	–	–	1,360,918	266,344	–	1,627,262
Charge for the year	–	–	146,350	36,272	119,945	302,567
Disposals in the year	–	–	(26,200)	–	–	(26,200)
<b>At 31 March 2011</b>	<b>–</b>	<b>–</b>	<b>1,481,068</b>	<b>302,616</b>	<b>119,945</b>	<b>1,903,629</b>
<b>Net book value</b>						
<b>At 31 March 2011</b>	<b>45,442,824</b>	<b>5,129,226</b>	<b>450,438</b>	<b>29,737</b>	<b>158,767</b>	<b>51,210,992</b>
At 31 March 2010	44,760,026	5,129,226	343,005	59,216	278,712	50,570,185

Included within Vehicles, plant and equipment above, is a vehicle which is held on finance lease. The cost of this asset is £145,480, to which £20,783 of depreciation has been attributed.

# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 1 Tangible fixed assets (continued)

Cost/ Valuation	Assets under Construction £	Investment Properties £	Total £
At 31 March 2010	6,816,442	1,197,166	8,013,608
Additions in the year	5,637,648	–	5,637,648
<b>At 31 March 2011</b>	<b>12,454,090</b>	<b>1,197,166</b>	<b>13,651,256</b>

### 2 Depreciation methodologies

Depreciation is provided on all assets with a finite useful life, other than all classes of land and buildings which is contrary to the SORP. Depreciation is calculated, using the straight line method, on Balance Sheet values over periods reflecting the following estimated useful lives:

	Years
Vehicles, Plant & Equipment	7
Infrastructure Assets	7
Community Assets	7

### 3 Assets held

Operational assets	Number at 31 March 2010 Restated	Changes 2010/11	Number at 31 March 2011
<b>Dwellings</b>			
Standard dwellings	506	25	531
<b>Other Land and Buildings</b>			
Car parks	4	–	4
Depots	2	–	2
Public Conveniences	3	–	3
Public Offices	1	–	1
Recreational properties	3	–	3
Miscellaneous properties	4	–	4
<b>Vehicles, Plant and Equipment</b>			
Vehicles	26	–	26
<b>Community Assets</b>			
Parks and open spaces	2	–	2
<b>Non-Operational assets</b>			
Commercial properties	4	–	4

The number of standard dwellings disclosed in the prior year was overstated by 2 properties and the number of vehicles was understated by 11 vehicles. This is merely a disclosure point and has no effect on the figures in the financial statements.



# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 4 Housing fixed assets

The dwellings consist of the authority's housing stock.

### 5 Housing stock

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

	2010/11	2009/10 Restated
Houses and bungalows	356	331
Flats and maisonettes	175	175
	<u>531</u>	<u>506</u>

See note 3 for restatement of comparatives.

Changes in the housing stock are detailed below:

	2010/11 £	2009/10 £
Stock at 1 April 2010	44,760,026	53,792,598
Additions	682,798	444,447
Disposals	-	-
Revaluations	-	(9,477,019)
Stock at 31 March 2011	<u>45,442,824</u>	<u>44,760,026</u>

### 6 Capital expenditure and financing

	2010/11 £	2009/10 £
<b>Capital investment</b>		
Operational assets	682,798	588,171
Non operational assets	5,637,648	4,989,257
	<u>6,320,446</u>	<u>5,577,428</u>

This capital expenditure has been financed by bank borrowings.

### 7 Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2011 are listed below:

	31 March 2011 £	31 March 2010 £
Housing	<u>2,991,095</u>	<u>3,620,642</u>

# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 8 Debtors

	2011	2010
	£	£
<b>Debtors:</b>		
Amounts falling due in one year (net of bad debt provisions):		
Government departments	508,702	75,291
Other local authorities	45,386	3,669
Ratepayers	68,807	92,031
Housing rents	11,036	10,852
Sundry debtors	71,344	72,596
VAT	74,304	76,383
	<u>779,579</u>	<u>330,822</u>

Debtor balances are shown net of provisions for bad or doubtful debts. Details of these provisions are given at note 10.

Long term debtors of £14,895 (2010: NIL) relates to amounts due after one year relating to property repairs carried out on behalf of tenants, to be repaid to the authority.

### 9 Creditors

	2011	2010
	£	£
Central government	239,515	154,482
Housing rents	10,655	9,451
Capital projects: amounts outstanding	389,011	491,761
Sundry creditors	104,394	83,117
Other local authorities	–	571
Retentions	271,938	–
	<u>1,015,513</u>	<u>739,382</u>

It was noted that in the prior year there were retentions of £255,516 outstanding as at 31 March 2010, which were not accounted for. The Commissioners have not adjusted the prior year figures to account for this as they do not consider it to be fundamental to the view given by the accounts. The effect of this error has resulted in an understatement of the fixed assets and creditors both in the prior year and on the opening balances in the current year by £255,516.

### 10 Provisions

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

	2011	2010
	£	£
Rate debtors	70,107	35,672
Sundry debtors	4,768	4,768
	<u>74,875</u>	<u>40,440</u>

It was noted that the disclosures for provisions in the prior year did not include the provisions relating to rate arrears amounting to £35,672. The prior year disclosure above has therefore been restated in respect of this. This is merely a disclosure point, and as such has no impact on the figures in the financial statements.

# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 11 Reserves - Capital reserves and accounts

	Revaluation reserve £	Capital Adjustment account £	Usable Capital receipts £	Capital account £
Balance at 1 April 2010	18,390,479	8,597,354	30,915	8,675
Net surplus for year	–	–	–	–
Appropriations (to)/from revenue	–	376,027	31	–
Transfers (to)/from other reserves	–	8,675	–	(8,675)
Unrealised gains/(losses) from revaluation of fixed assets	–	–	–	–
Balance at 31 March 2011	<u>18,390,479</u>	<u>8,982,056</u>	<u>30,946</u>	<u>–</u>

### 12 Reserves - Revenue reserves

	Pensions reserve £	General fund £	Earmarked reserve £	Housing repairs account £
Balance at 1 April 2010	(2,952,000)	989,967	63,707	(636)
Net surplus for year	–	1,215,224	–	–
Appropriations (to)/from revenue	617,000	301,607	35	(228)
Actuarial losses from pensions	719,000	–	–	–
Transfers (to)/from other reserves	–	(1,321,728)	(10,208)	37,464
HRA capital expenditure from repairs reserve	–	–	–	–
Balance at 31 March 2011	<u>(1,616,000)</u>	<u>1,185,070</u>	<u>53,534</u>	<u>36,600</u>

#### Earmarked reserve

The earmarked reserve includes:

	Balance at 1 April 2010 £	Receipts in year £	Expenditure in year £	Balance at 31 March 2011 £
Heating reserve	63,707	81,928	(92,101)	53,534
	<u>63,707</u>	<u>81,928</u>	<u>(92,101)</u>	<u>53,534</u>

# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 13 Cash and Bank

The cash figure at 31 March 2011 was £785,406 (2010: £1,100,875 restated). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 21 to 24. The difference between these figures and those stated as cash in the balance sheet relates to £360,050 (2010: £500,885) held on deposit not considered to be liquid cash.

### 14 Analysis of net assets employed

	2011 £	2010 £
General Fund	726,728	(8,170,246)
Housing revenue account	26,335,957	33,298,707
	<u>27,062,685</u>	<u>25,128,461</u>

### 15 Borrowing

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

	2011 £	2010 £
<b>Analysis of loans by type:</b>		
Commercial loans	34,631,395	26,765,841
Local authority bonds	371,050	506,050
Total	<u>35,002,445</u>	<u>27,271,891</u>
<b>Analysis of loans by maturity:</b>		
Less than 1 year	888,036	707,960
Between 1 and 2 years	997,739	714,978
Between 2 and 5 years	2,677,289	2,205,764
Between 5 and 10 years	5,406,475	4,047,522
More than 10 years	25,032,906	19,595,667
Total outstanding	<u>35,002,445</u>	<u>27,271,891</u>

### Loan security

The authority has 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 4.58% and 5.86% per annum.

### 16 Finance Lease

The authority holds the following value of assets under finance leases, accounted for as part of tangible fixed assets as follows:

	Vehicles, plant and equipment £
Value at 1 April 2010	-
Additions	145,480
Depreciation	(20,783)
Value at 31 March 2011	<u>124,697</u>

# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 16 Finance Lease (continued)

Outstanding obligations to make payments under these finance leases (excluding finance costs) as at 31 March 2011, accounted for as deferred liabilities, are as follows:

	<b>Vehicles, plant and equipment</b>
	<b>£</b>
Obligations payable in 2011/2012	29,096
Obligations payable between 2012/12 and 2015/16	<u>87,288</u>
Total obligations payable	<u><b>116,384</b></u>

### 17 Members' allowances

During 2010/11 the Authority paid £3,403 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2009/10 £3,360).

### 18 Employees' remuneration

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

Remuneration Band	Total	2010/11	Total	2009/10
		Number of Employees		Number of Employees
		Leavers in year		Leavers in year
£50,000 – £74,999	1	–	1	–

### 19 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.

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

- *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. During the year 2010/11 the following amounts were transacted with related parties:

A total of £43,023 was paid to a company in respect of a commercial contract, of which Mr K B Mayne, a commissioner, is a director, of which £3,176 was outstanding at the year end.

The payments were made with proper consideration of declarations of interest. The relevant member did not take part in any discussion or decision relating to this matter.

Ramsey and Northern Districts Housing Committee are related by common influence and by virtue of the provision of management support. During the year Ramsey and Northern Districts Housing Committee were charged £45,386 in respect of administration charges and clerk's salary. At the year end there is a balance due to Ramsey Town Commissioners of £45,386.

# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 20 Audit fees

During 2010/11 the Authority incurred the following fees relating to external audit and inspection:

	2010/11 £	2009/10 £
Fees payable with regard to external audit services carried out by the appointed auditor	9,600	9,280
Fees payable with regard to non-audit services carried out by the appointed auditor	5,750	6,829

### 21 Total rateable value

The total rateable value at the year end was £668,373 and rates were levied at 332p in the £.

### 22 Statement of Movement on the General Fund Balance

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

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

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

### 23 HRA capital expenditure

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

	2010/11 £	2009/10 £
Borrowing	6,320,446	5,433,704
	<u>6,320,446</u>	<u>5,433,704</u>

### 24 Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 3.1% of the rental debit for the year, compared to 4.0% in 2009/10.



# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 25 Housing deficiency grant

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

	2010/11 £	2009/10 £
Housing deficiency	1,093,300	777,026
	<u>1,093,300</u>	<u>777,026</u>

### 26 Rent arrears

	2010/11 £	2009/10 £
Rent arrears	11,036	10,852
Rent arrears as a percentage of gross rent income	<u>0.7%</u>	<u>0.8%</u>

Arrears written off during the year amounted to £0 (£0 in 2009/10).

### 27 Pensions

As part of the terms and conditions of employment of its employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make these payments. The Authority participates in the Isle of Man Local Government Pension Scheme administered by Douglas Borough Council in accordance with the Local Government Pension Scheme Regulations 2003. This is a defined benefit statutory scheme. The Authority and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the pensions liabilities with investment assets.

During the financial year the cost of pensions contributions has been charged to the Income and Expenditure Account. The Authority must also disclose its share of the assets and liabilities related to the scheme for its employees. The assets and liabilities of the Scheme as at 31 March 2010 were valued by the Fund's actuaries, Hymans Robertson LLP, using the projected unit method, which assesses the future liabilities of the Scheme discounted to their present value. The main financial assumptions used in the calculations are:

Assumptions	31 March 2011 % per annum	31 March 2010 % per annum
Rate of pension increase	2.8%	3.8%
Rate of increase in salaries	5.1%	5.3%
Expected return on assets	6.7%	6.9%
Rate for discounting scheme liabilities	5.5%	5.5%

The assets in the Isle of Man Local Government Pension Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Pension Scheme Accounts.



# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 27 Pensions (continued)

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

	31 March 2011	31 March 2010
	£	£
Estimated employer assets	4,477,000	3,946,000
Present value of scheme liabilities	<u>(6,093,000)</u>	<u>(6,898,000)</u>
Net pensions asset/liability	<u><u>(1,616,000)</u></u>	<u><u>(2,952,000)</u></u>

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

	2010/11 £	2010/11 £
<b>Net cost of service</b>		
Current service cost	<u>219,000</u>	<u>147,000</u>
	<u><u>219,000</u></u>	<u><u>147,000</u></u>
<b>Net operating expenditure</b>		
Expected return on employer assets	<u>(276,000)</u>	<u>(179,000)</u>
Interest on pension scheme liabilities	<u>353,000</u>	<u>282,000</u>
	<u><u>77,000</u></u>	<u><u>103,000</u></u>
	<u><u>296,000</u></u>	<u><u>250,000</u></u>

The net deficit on the scheme has decreased from £2,952,000 to £1,616,000. An analysis of the movement during the year is shown below:

	2010/11 £	2009/10 £
<b>Net pension liability at the beginning of the year</b>	2,952,000	1,238,000
Current service cost	219,000	147,000
Employer contributions	(226,000)	(223,000)
Interest cost	353,000	282,000
Expected return on employer assets	(276,000)	(179,000)
Actuarial gains/losses	(719,000)	1,687,000
Past service gain	<u>(687,000)</u>	<u>–</u>
<b>Net pension liability at the end of the year</b>	<u><u>1,616,000</u></u>	<u><u>2,952,000</u></u>

# Ramsey Town Commissioners

## Notes (continued)

(forming part of the financial statements for the year ended 31 March 2011)

### 27 Pensions (continued)

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

	2010/11	2009/10
	£	£
Equities	3,000,000	2,565,000
Bonds	985,000	1,026,000
Property	358,000	316,000
Cash	134,000	39,000
<b>Fair value of employer assets</b>	<b>4,477,000</b>	<b>3,946,000</b>

The following is a breakdown of the expected return on assets by category:

	2010/11	2009/10
	£	£
Equities	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%

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

	£	2010/11 Actuarial gain/loss as % of assets/ liabilities	£	2009/10 Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	4,477,000		3,946,000	
Total present value of liabilities	(6,093,000)		(6,898,000)	
Difference between the expected and actual return on assets	145,000	3.2%	810,000	20.5%
Actuarial (losses)/gains recognised in the statement	719,000	-11.8%	(1,687,000)	24.5%

The above figures have been provided by the actuaries to the Isle of Man Local Government Pension Scheme using information provided by the Scheme, and assumptions determined by the Authority in conjunction with the actuary. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations could be affected by uncertainties within a range of possible values.

# Ramsey Town Commissioners

## Notes (continued)

*(forming part of the financial statements for the year ended 31 March 2011)*

### **27 Pensions (continued)**

The net liability represents the difference between the value of the Authority's share of assets in the Scheme and the value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in the global equity markets after 1 April 2010 would also have an impact on the capital value of the pension fund assets.

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

### **28 Correction of a prior year error**

It was noted that certain of the community assets had not previously been depreciated, although this has historically been the policy of the authority. Depreciation relating to the previous years, which should have been charged on these assets amounted to £99,545. As this amount is not considered to be fundamental, there has been no restatement of the prior year figures and this amount has therefore been recognised as a correction in the current year of a prior year error. The effect of this has been to increase the current year expense by £99,545, decrease the fixed asset by the same amount, and to reduce the balance on the capital adjustment account by £99,545, by transferring this through the statement of movement on the general fund balance. The depreciation on these assets of £20,400 relating to the current year has been appropriately recognised within the depreciation charge for the year.

### **29 Restatement of comparatives**

It was noted that included within cash at bank in the prior year was an overdraft balance of £64,306. This balance has been reclassified as a creditor due within one year. The effect of this has been to increase both current assets and current liabilities by £64,306, resulting in a net effect of NIL on the net assets. There is no other effect on the financial statements, or on the opening balances.

# Ramsey Town Commissioners

## Detailed Income and Expenditure Account

for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
<b>Administration and Office expenses</b>				
Rate collection costs	21,015		20,868	
Audit fees	9,628		9,208	
Internal audit fees	8,315		16,869	
Accountancy	6,930		6,829	
Legal expenses	6,519		16,274	
Insurance	12,515		11,843	
Heat and light	25,866		20,943	
Printing, stationery, telephone, rent and rates	33,643		34,708	
Caretaker's Wages	20,502		18,884	
Salaries	468,125		482,426	
Pensions	143,957		56,980	
Staff training	5,108		138	
Fuel for vans	406		473	
Car travel allowances	172		534	
Depreciation	40,501		51,943	
Doubtful debts	34,435		39,382	
	<u>(837,637)</u>		<u>(788,302)</u>	
Fixed penalties	219		390	
Administration fee from Ramsey and Northern District Housing Committee	45,386		44,080	
	<u>45,605</u>		<u>44,470</u>	
		<u>(792,032)</u>		<u>(743,832)</u>
<b>Miscellaneous</b>				
Advertising	4,067		5,104	
Members' expenses	3,403		3,360	
Chairman's' expenses	1,300		3,649	
Town band	1,000		1,000	
Municipal Sunday	1,094		704	
War memorial	2,684		2,325	
Incidental	3,299		6,340	
Town warden	16,066		17,112	
Bank Charges	9,936		9,625	
Amenity byelaw regulations	289		1,131	
Sundry	-		304	
	<u>(43,138)</u>		<u>(50,654)</u>	
Incidental	4,132		6,159	
Search fees	13,365		14,880	
Profit on disposal of fixed assets	17,500		-	
Administration of trade union subs.	39		(19)	
	<u>35,036</u>		<u>21,020</u>	
		<u>(8,102)</u>		<u>(29,634)</u>

This page does not form part of the audited financial statements

# Ramsey Town Commissioners

## Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
<b>Housing and Property</b>				
<b>Housing</b>				
Oil and Electricity	87,916		68,036	
Restroom refurbishment	541		1,479	
Rates and Insurance	–		402	
Garage Repairs	1,580		3,194	
	<u>(90,037)</u>		<u>(73,111)</u>	
Heating Charges	81,688		82,348	
Drying Tokens	762		1,113	
Restroom Hire	1,001		1,177	
Garage Rents	3,900		3,900	
	<u>87,351</u>	(2,686)	<u>88,538</u>	15,427
<b>Workshops</b>				
Maintenance and Insurance	38,020	(38,020)	45,556	(45,556)
<b>Town Hall</b>				
Maintenance and Insurance	48,550		58,923	
	<u>(48,550)</u>		<u>(58,923)</u>	
Income	10,312	(38,238)	10,357	(48,566)
<b>Public Conveniences</b>				
Contract Cleaners	32,225		33,952	
Maintenance and Insurance	17,049		23,119	
Cleaning Materials	3,523		4,284	
		(52,797)	<u>        </u>	(61,355)
<b>Housing Revenue Account</b>				
Surfeit Transferred	5,738		2,837	
Administration Charge	118,263		113,653	
		<u>124,001</u>	<u>        </u>	<u>116,490</u>
		<u>(7,740)</u>		<u>(23,560)</u>

This page does not form part of the audited financial statements

# Ramsey Town Commissioners

## Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
<b>Works and development</b>				
<b><i>Amenities and services</i></b>				
Foreshores, flags and deckchair maintenance	3,227		3,019	
	<u>          </u>	(3,227)	<u>          </u>	(3,019)
<b><i>Car parks</i></b>				
Operational costs	8,165		17,924	
	<u>(8,165)</u>		<u>(17,924)</u>	
Station road maintenance contribution	—		—	
Car parking spaces	13,292		12,260	
	<u>13,292</u>	5,127	<u>12,260</u>	(5,664)
<b><i>Refuse</i></b>				
Wages	180,034		198,753	
Operational costs	331,822		262,268	
Depreciation	43,071		22,289	
	<u>(554,927)</u>		<u>(483,310)</u>	
Collection charges	91,716		90,005	
Sale of commercial refuse bins	52		156	
	<u>91,768</u>	(463,159)	<u>90,161</u>	(393,149)
<b><i>Sewers and pumps</i></b>				
Wages	76,662		72,585	
Operational costs	21,900		48,356	
Depreciation	721		721	
	<u>(99,283)</u>		<u>(121,662)</u>	
Government refund re sewer connections	196,228		226,940	
Administration fee	51,090		55,266	
	<u>247,318</u>	148,035	<u>282,206</u>	160,544
Carried forward		(313,224)		(241,288)

This page does not form part of the audited financial statements

# Ramsey Town Commissioners

## Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
<b>Works and development</b>				
Brought forward		(313,224)		(241,288)
<b>Miscellaneous</b>				
Seats, promenade shelters, street name plates and town clocks maintenance	14,485		15,543	
Street and decorative lighting maintenance	53,788		56,093	
CCTV town area	1,337		3,829	
Grass cutting and tree limbing	8,591		16,017	
Property repairs private sector	—		2,174	
Depreciation	47,798		44,219	
	<u>(125,999)</u>		<u>(137,875)</u>	
Property repairs	1,712		—	
Government grants re grass cutting and tree limbing	8,765		17,467	
	<u>10,477</u>		<u>17,467</u>	
		<u>(115,522)</u>		<u>(120,408)</u>
		<u>(428,746)</u>		<u>(361,696)</u>

This page does not form part of the audited financial statements



# Ramsey Town Commissioners

## Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
<b>Parks and leisure</b>				
<b><i>Advertising and entertainment</i></b>				
Publicity	969		2,103	
Seasonal entertainment and attractions	27,511		24,875	
Ramsey in Bloom	16,546		23,677	
Wages	—		—	
	<u>(45,026)</u>		<u>(50,655)</u>	
Income	<u>2,918</u>	(42,108)	<u>3,299</u>	(47,356)
<b><i>Amenities and services</i></b>				
Mooragh Park amusements maintenance	28,577		29,082	
	—	(28,577)	—	(29,082)
<b><i>Mooragh Park gardens and land</i></b>				
Wages	172,329		182,184	
Maintenance	62,039		97,315	
Skate park	243		1,540	
Depreciation	136,639		9,204	
	<u>(371,250)</u>		<u>(290,243)</u>	
Income	<u>152</u>		<u>102</u>	
	<u>152</u>	(371,098)	<u>102</u>	(290,141)
<b><i>Trading concessions</i></b>				
Rates, insurance and licenses	1,644		3,737	
Courts and greens maintenance	13,868		8,983	
	<u>(15,512)</u>		<u>(12,720)</u>	
Rent and rates	28,440		28,445	
Administration fee	—		—	
	<u>28,440</u>		<u>28,445</u>	
		<u>12,928</u>		<u>15,725</u>
Carried forward		(428,855)		(350,854)

This page does not form part of the audited financial statements

# Ramsey Town Commissioners

## Detailed Income and Expenditure Account (continued)

for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
<b>Parks and leisure (continued)</b>				
Brought forward		(428,855)		(350,854)
<b>Swimming pool</b>				
Wages for grass cutting	857		247	
Rate contribution	15,731		15,583	
	<u>(16,588)</u>		<u>(15,830)</u>	
Income	<u>—</u>		<u>42</u>	
	<u>—</u>	(16,588)	<u>42</u>	(15,788)
<b>Maintenance of Properties</b>	<u>28,153</u>	(28,153)	<u>33,760</u>	(33,760)
<b>Ramsey and Northern District Housing Authority</b>				
Wages for grass cutting etc	1,738		1,039	
	<u>(1,738)</u>		<u>(1,039)</u>	
Income	<u>—</u>		<u>1,143</u>	
	<u>—</u>	(1,738)	<u>1,143</u>	104
<b>Library</b>				
Salaries	77,081		84,740	
Repairs and maintenance	20,609		22,161	
Depreciation	32,877		31,840	
	<u>(130,567)</u>		<u>(138,741)</u>	
Library fees	<u>12,897</u>		<u>12,782</u>	
	<u>12,897</u>	(117,670)	<u>12,782</u>	(125,959)
		<u>(593,004)</u>		<u>(526,257)</u>

This page does not form part of the audited financial statements