

Ramsey Town Commissioners

Statement of Accounts

For the year ended 31 March 2019

Ramsey Town Commissioners

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Ramsey Town Commissioners

Year ended 31 March 2019

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.
Rev'd Cannon N.D. Greenwood	
Mr W.L. Hankin	
Mr N. Howard	Ramsey Chamber of Commerce Representative; IOM Municipal Association Representative.
Mr J. McGuiness	Lead Member for Finance, General Purposes & Establishment; Northern Local Authorities Swimming Pool Board Representative.
Mr G. Monk	
Mr A.J. Oldham	Deputy Lead Member for Works and Development; Deputy Lead Member for Parks and Leisure; 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.
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
Ms B Wallace	Technical Services Manager
Mr M Close LCGI, CIHCM	Housing and Property Manager
Mr N Q 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 2019

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 2019.

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 2019 the surplus during the year after non-operational gains and losses (including the disposal of certain fixed assets) amounted to £193,896 (2018 : £3,713,342). Once the other movements on the general fund have been taken into account, as detailed below, the results show an overall surplus of £1,655,659 (2018 : deficit £246,932).

Ramsey Town Commissioners

Year ended 31 March 2019

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 increased its general fund reserves from £1,126,201 as re-stated at 31 March 2018 to £2,781,860 at 31 March 2019. 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 2019 the deficiency requirement amounted to £1,154,351 (2018 : £1,114,129).

Having received £895,828 (2018 : £1,168,345) deficiency payment on account, cumulatively £156,988 is receivable from Isle of Man Government as at 31 March 2019 (2018 : £101,535 payable).

General Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 364p (2018 : 348p) in the £ on an average rateable value of £700,620 (2018 : £698,282) 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 17, 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 2019 and amounts to £3,305,000 (2018 : £3,477,000). 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 £647,385 (2018 : £217,406).

Investments and Borrowing

During the year no external investments were made (2018 : £Nil).

Ramsey Town Commissioners

Year ended 31 March 2019

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 2019.

Ramsey Town Commissioners

Year ended 31 March 2019

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 2019 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 2019 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 34, 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 2019

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

29.10.2019

Date

Ramsey Town Commissioners

Year ended 31 March 2019

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 2019

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 2019.

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

- The development of a continuous risk management cycle as part of a risk management process.
- The continued development of formal processes and updating of Data Entry Forms and the handling of personal data to ensure compliance with new General Data Protection Regulations.
- The formalisation of a Privacy Policy.

Signed: _____

Chairman

Signed: _____

Responsible Finance Officer

Dated : 25 OCTOBER 2019

Ramsey Town Commissioners

Year ended 31 March 2019

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2019

	2018-19 Gross expenditure £	2018-19 Gross income £	2018-19 Net expenditure £	2017-18 Net expenditure £
Continuing operations:				
Finance and general purposes	(1,008,743)	78,378	(930,365)	(877,766)
Miscellaneous	(54,547)	20,573	(33,974)	(10,321)
Property	(315,044)	251,241	(63,803)	(84,751)
Works and Development	(1,444,622)	547,703	(896,919)	(827,386)
Parks and Leisure	(599,729)	95,018	(504,711)	(497,776)
Net pension current service cost	(75,000)	0	(75,000)	(86,000)
Net cost of General Fund services	(3,497,685)	992,913	(2,504,772)	(2,384,000)
Housing income & expenditure account	(2,245,661)	3,142,319	896,658	969,917
Housing Deficiency	0	1,154,351	1,154,351	1,114,129
Net income from housing services (Note 8)	(2,245,661)	4,296,670	2,051,009	2,084,046
Income from General Rate Fund (Note 7)			2,438,696	2,325,743
Interest payable and similar charges			(1,744,262)	(1,794,130)
Interest and investment income			0	0
Net pension interest cost			(86,000)	(89,000)
Deficit on disposal of fixed assets			(293,775)	0
(Deficit) / Surplus on provision of services			(139,104)	142,659
Other Comprehensive Income & Expenditure				
Surplus on revaluation of fixed assets			0	3,360,683
Re-measurement of net pension liability			333,000	210,000
Total comprehensive income & expenditure			193,896	3,713,342

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 2019

	General fund £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £	Housing repairs account £	Usable capital receipts £	Heating reserve £	Civic Amenity reserve £
Total comprehensive income & expenditure	(139,104)			333,000				
Transfers to / from other reserves :								
Depreciation & amortisation	1,109,470	(950,091)	(159,379)					
Deficit on disposal of fixed assets	293,775	(578,770)	284,995					
Net charges made for retirement benefits	161,000			(161,000)				
Loan fund principal payments	1,567,881	(208,323)			(1,359,558)			
Fixed assets financed from General fund	647,385	(647,385)						
Finance lease capital repayments	49,379	(49,379)						
Housing revenue surplus / deficit	(2,051,009)	841,383			1,209,626			
Heating revenue surplus / deficit	4,977						(4,977)	
Civic Amenity surplus / deficit	11,905							(11,905)
	1,655,659	(1,592,565)	125,616	172,000	(149,932)	0	(4,977)	(11,905)
Balance b/f	1,126,201	18,583,226	10,469,884	(3,477,000)	255,480	10,007	(1,665)	28,160
Balance c/f	2,781,860	16,990,661	10,595,500	(3,305,000)	105,548	10,007	(6,642)	16,255

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

Ramsey Town Commissioners

Year ended 31 March 2019

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

Balance Sheet As at 31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Tangible fixed assets					
Operational assets					
Dwellings	1		51,449,400		52,501,000
Other land & buildings	1		8,642,256		8,295,726
Vehicles, plant, furniture & equipment	1		437,324		508,340
Infrastructure assets	1		86,038		42,054
			60,615,018		61,347,120
Non-operational assets					
Assets under construction	1	233,020		259,338	
Investment properties	1	1,655,250		1,655,250	
			1,888,270		1,914,588
Intangible assets	2		6,432		3,872
Long term debtors	3		1,118,448		1,160,276
			63,628,168		64,425,856
Current assets					
Debtors & prepayments	3	617,205		401,812	
Cash at bank		581,749		1,324,190	
		1,198,954		1,726,002	
Current liabilities					
Other creditors & accruals	4	270,557		340,329	
Short-term borrowing	5	1,615,723		1,567,042	
Finance lease liability	6	49,379		49,375	
		1,935,659		1,956,746	
Net current liabilities			(736,705)		(230,744)
Total assets less current liabilities			62,891,463		64,195,112
Long-term liabilities					
Other creditors	4	340,400		0	
Long-term borrowing	5	32,042,840		33,659,402	
Finance lease liability	6	15,034		64,417	
Pension liability	17	3,305,000		3,477,000	
			35,703,274		37,200,819
Total assets less liabilities			27,188,189		26,994,293

Ramsey Town Commissioners

Balance Sheet – continued As at 31 March 2019

	2019 £	2018 £
Financed by:		
Revaluation reserve	10,595,500	10,469,884
Capital adjustment account	16,990,661	18,583,226
Usable capital receipts reserve	10,007	10,007
Pension reserve	(3,305,000)	(3,477,000)
Heating reserve	(6,642)	(1,665)
General fund	2,781,860	1,126,201
Housing repairs account	105,548	255,480
Northern Civic Amenity reserve	16,255	28,160
	27,188,189	26,994,293

The financial statements were approved and authorised for issue by the Authority on 25 October 2019 and were signed on their behalf by:


Chairman


Norman Q. Cannell
Responsible Finance Officer

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

Ramsey Town Commissioners

Cash Flow Statement

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Net (deficit) / surplus on provision of services		(139,104)	142,659
Adjustments to net (surplus) / deficit on provision of services for non-cash movements	11	1,661,308	1,497,826
Adjustments for items included in net (surplus) / deficit on provision of services that are investing and financing activities	12	1,744,263	1,794,121
Net cash flow from Operating Activities		3,266,467	3,434,606
Net cash flow from Investing Activities	13	(647,385)	(142,236)
Net cash flow from Financing Activities	14	(3,361,523)	(3,401,266)
Net (decrease) / increase in cash and cash equivalents		(742,441)	(108,896)
Cash and cash equivalents at the start of the reporting period		1,324,190	1,433,086
Cash and cash equivalents at the end of the reporting period		581,749	1,324,190

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

Ramsey Town Commissioners

Year ended 31 March 2019

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.

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.
- 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.

Ramsey Town Commissioners

Year ended 31 March 2019

Statement of Accounting Policies – continued

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.

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.

Ramsey Town Commissioners

Year ended 31 March 2019

Statement of Accounting Policies – continued

c. Revaluation - continued

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 2019

Statement of Accounting Policies – continued

e. Depreciation - 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 2019

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.

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.

Ramsey Town Commissioners

Year ended 31 March 2019

Statement of Accounting Policies – continued

b. Defined benefit pension plan - continued

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, Barnett Waddingham 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 2019

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.
- **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 2019

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 2019

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 2018	52,501,000	8,354,406	2,474,530	471,950	160,745	63,962,631
Additions in the year	0	450,000	72,156	68,362	0	590,518
Disposals in the year	(215,000)	0	0	0	0	(215,000)
As at 31 March 2019	52,286,000	8,804,406	2,546,686	540,312	160,745	64,338,149
Depreciation						
As at 1 April 2018	0	58,680	1,966,190	429,896	160,745	2,615,511
Charge for the year	836,600	103,470	143,172	24,378	0	1,107,620
As at 31 March 2019	836,600	162,150	2,109,362	454,274	160,745	3,723,131
Net book value						
As at 31 March 2019	51,449,400	8,642,256	437,324	86,038	0	60,615,018
As at 31 March 2018	52,501,000	8,295,726	508,340	42,054	0	61,347,120

Included within Motor vehicles, plant and equipment above, are 3 vehicles which are held on finance lease (2018 : 3 vehicles). The cost of these assets are £391,645 (2018 : £391,645) to which £55,950 (2018 : £55,950) of depreciation has been attributed in the year.

Non-operational assets	Assets under construction £	Investment properties £	Total £
Cost or valuation			
As at 1 April 2018	259,338	1,655,250	1,914,588
Additions in the year	52,457	0	52,457
Disposals in the year	(78,775)	0	(78,775)
As at 31 March 2019	233,020	1,655,250	1,888,270

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 2019

1. Tangible fixed assets - continued

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	2,546,686	540,312	160,745	233,020	5,845,169
Valued at current value in use	50,408,998	8,317,002	0	0	0	1,655,250	60,381,250
	52,286,000	8,804,406	2,546,686	540,312	160,745	1,888,270	66,226,419

Assets held	Number at 31 March 2018	Changes in year	Number at 31 March 2019
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	23	-	23
Community assets			
Parks and open spaces	2	-	2
Non-operational assets			
Commercial properties	4	-	4

Capital expenditure and financing of fixed asset additions

	2019 £	2018 £
Operational assets	590,518	200,583
Non-operational assets	52,457	11,983
	642,975	212,566

The capital expenditure has been financed by contributions from revenue.

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

2. Intangible fixed assets

Cost	£
As at 1 April 2018	36,245
Additions in the year	4,410
As at 31 March 2019	40,655
Amortisation	
As at 1 April 2018	32,373
Charge for the year	1,850
As at 31 March 2019	34,223
Net book value	
As at 31 March 2019	6,432
As at 31 March 2018	3,872

3. Debtors

Amounts falling due in one year :	2019	2018
	£	£
Government departments	200,303	50,382
Long term loan debtor – Manx Utilities Authority	41,828	40,025
Other local authorities	71,072	69,078
Ratepayers	20,711	507
Housing rents	44,919	49,078
Sundry debtors	86,584	84,400
Prepayments	51,626	51,011
VAT	100,162	57,331
	617,205	401,812

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

Provisions	2019	2018
	£	£
Rate debtors	127,500	127,500
Housing rents	15,100	8,882
Sundry debtors	81,706	81,706
	224,306	218,088

Amounts falling due after more than one year :

	2019	2018
	£	£
Long term loan debtor – Manx Utilities Authority	1,118,448	1,160,276

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

3. Debtors - continued

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

Amounts falling due in one year :

	2019	2018
	£	£
Central Government	14,800	101,535
Housing rents	24,975	94,250
Sundry creditors and accruals	230,782	144,544
	<u>270,557</u>	<u>340,329</u>

Amounts falling due after more than one year :

	2019	2018
	£	£
Central Government	340,400	0
	<u>340,400</u>	<u>0</u>

During the financial year the Authority entered into an agreement with Central Government to purchase Ramsey Courthouse under which the Authority makes annual payments of £14,800 over a 25 year period.

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 :

	2019	2018
	£	£
Commercial loans	1,615,723	1,567,042
	<u>1,615,723</u>	<u>1,567,042</u>

Falling due after more than one year :

	2019	2018
	£	£
Commercial loans	32,042,840	33,659,402
	<u>32,042,840</u>	<u>33,659,402</u>
Total long term borrowing	<u>33,658,563</u>	<u>35,226,444</u>

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 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.

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

5. Long term borrowing - continued

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% to 1.2%; again the loans are repayable quarterly and are secured by a Letter of Comfort provided by Treasury.

6. Finance Lease

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

	2019	2018
	£	£
Amounts due within one year	54,316	54,316
Later than one year and not later than five years	16,499	70,815
	70,815	125,131
Less future finance charges	(6,402)	(11,339)
	64,413	113,792
	2019	2018
	£	£
Due for settlement within one year	49,379	49,375
Due for settlement later than one year and not later than five years	15,034	64,417
	64,413	113,792

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

7. General Rate Account	2019		2018	
	£	£	£	£
General rates levied for the year		2,548,035		2,428,589
Add:				
Due from Treasury re: prior year	50,382		90,122	
Arrears brought forward	128,007		134,815	
		178,389		224,937
Less:				
Discounts	(53,017)		(58,147)	
Exempt and unoccupied properties	(56,322)		(46,602)	
Collection charge	(24,479)		(23,681)	
		(133,818)		(128,430)
Total rates collectable		2,592,606		2,525,096
Rates received in the year				
Current year rates	2,283,102		2,189,052	
Arrears collected	37,027		43,055	
Balance from Treasury re: previous year	50,382		90,122	
Rates surfeit	30,569		24,478	
Total rates received in the year		2,401,080		2,346,707
Balances outstanding carried forward:				
Due from Treasury re current year	43,315		50,382	
Arrears current year	57,342		40,884	
Arrears previous years	90,869		87,123	
		191,526		178,389
		2,592,606		2,525,096
General rates levied for the year		2,548,035		2,428,589
Less :				
Discounts	(53,017)		(58,147)	
Exempt and unoccupied properties	(56,322)		(46,602)	
		(109,339)		(104,749)
Add : interest		0		1,903
Per Comprehensive Income & Expenditure Statement		2,438,696		2,325,743

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

8. Housing Income and Expenditure Account

	2019	2018
	£	£
Income:		
Dwelling rents	2,656,718	2,605,413
Housing Deficiency	1,154,351	1,114,129
Other income	485,601	476,045
Total income	4,296,670	4,195,587
Expenditure:		
Repairs & maintenance	763,412	672,288
Supervision & management	149,047	144,417
Rent, rates, taxes & other charges	455,032	451,567
Provision for doubtful debts	6,218	0
Depreciation	841,383	818,791
Rates surfeit	30,569	24,478
	(2,245,661)	(2,111,541)
Net income from Housing Revenue services	2,051,009	2,084,046

Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds, etc. Voids of £87,709 represent 3.30% of the rental debit for the year (2018 : £60,861 or 2.33%).

a. Rent arrears	2019	2018
	£	£
Rent arrears	44,919	49,078
Rent arrears as a percentage of gross rental income	1.69%	1.88%

Arrears written off during the year amounted to £Nil (2018 : £Nil). A provision of £15,100 (2018 : £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 :

	2019	2018
	£	£
Opening balance brought forward - (repayable)/receivable	(101,535)	(47,319)
Charges to Deficiency Grant	1,154,351	1,114,129
Payments received from Department of Infrastructure	(895,828)	(1,168,345)
Closing balance carried forward – receivable/(repayable)	156,988	(101,535)

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

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:

	2019	2018
Remuneration band	Number of employees	Number of employees
£50,000 - £74,999	2	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 £131,109 (2018 : £127,995).

b. Members' allowances

During the year the Authority paid £7,265 (2018 : £5,032) 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.

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.

The following are instances where related party transactions are evident :

a. Central Government

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.

The Authority disposes of both domestic and commercial waste at the Energy from Waste Plant in its own right and on behalf of the Northern Civic Amenity Site. During the year the Authority incurred waste disposal charges of £416,601 (2018 : 403,670).

Central Government acts as a control for the disposal of electronic household goods which contain ozone depleting substances and during the year charged the Authority £13,183 (2018 : 10,108) for the disposal of such items from the Northern Civic Amenity Site.

Central Government is the landlord of the Northern Civic Amenity Site and leases the site to the Northern District Civic Amenity Joint Committee with the rent for the year being £8,128 (2018 : £4,064).

During the year the Authority purchased Ramsey Courthouse from a Central Government department for £450,000. The purchase was financed by way of an £80,000 deposit and a 25 year agreement for the Authority to make annual payments of £14,800. The first annual repayment of £14,800 was made in the year.

b. Ramsey and Northern Districts Housing Committee

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 £99,882 (2018 : £84,310) in respect of administration charges and clerk's salary.

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

b. Ramsey and Northern Districts Housing Committee - continued

During the year the Authority transferred land known as the Mayfield site to Ramsey and Northern Districts Housing Committee for nominal consideration of 25p thereby generating a loss on disposal of £293,775.

At the year-end there is a balance due to Ramsey Town Commissioners of £71,072 (2018 : £69,078).

c. Manx Utilities Authority

Manx Utilities Authority provides the Authority with electricity supply and annual maintenance support for street lighting, renewal of street light columns and heads and electricity and water supply for Authority properties. During the year the Authority incurred charges of £170,146 (2018 : £130,311).

d. IOM Post Office

During the year the Authority incurred costs of £6,705 (2018 : £6,646) renewing its fleet vehicle road licences and costs of £3,488 (2018 : £nil) relating to postal services provided leading up to a by-election.

e. Northern Local Authority Swimming Pool Board

The Northern Local Authority Swimming Pool Board manages the Ramsey Swimming Pool and raises an annual rate on the northern local authorities as a contribution to the running costs of maintaining the pool. During the year the Authority incurred rates of £16,443 (2018 : £16,390).

f. Northern District Civic Amenity Joint Committee

The Northern District Amenity Joint Committee was set up to run the Northern Civic Amenity Site and consists of one elected member from seven northern Parishes – Andreas, Ballaugh, Bride, Garff, Jurby, Lezayre and Ramsey. The Authority manages the Civic Amenity site on behalf of the Joint Committee and charges each Parish on an annual basis a share of the running costs. During the year the total charges to the other six Parishes was £138,840 (2018 : £138,840).

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 :

	2019 £	2018 £
Depreciation and amortisation	1,109,470	1,083,231
Loss on disposal of fixed assets	293,775	0
(Increase) / decrease in debtors	(173,565)	70,453
Increase in creditors	270,628	169,142
Difference between FRS 102 pension costs and contributions paid	161,000	175,000
	1,661,308	1,497,826

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 :

	2019 £	2018 £
Bank loan interest paid	1,739,326	1,784,384
Finance interest paid	4,937	9,737
	1,744,263	1,794,121

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

13. Cash flow – Investing activities	2019	2018
	£	£
Purchase of fixed assets	647,385	217,406
Less : items purchased under finance lease	0	(75,170)
Proceeds from sale of tangible fixed assets	0	0
	647,385	142,236

14. Cash flow statement - Financing activities	2019	2018
	£	£
Borrowing repayments - capital	1,567,881	1,513,784
Loan interest paid	1,739,326	1,784,384
Bank interest received	0	0
Finance interest paid	4,937	9,735
Cash payments for the reduction in finance lease liabilities	49,379	93,363
	3,361,523	3,401,266

15. Audit fees

During the year the Authority incurred external audit fees of £12,404 (2018 : £11,743).

16. Total rateable value

The total rateable value at the year end was £700,620 (2018 : £698,282) and rates were levied at 364p in the £ (2018 : 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.

A comprehensive actuarial valuation of the Local Government Superannuation Scheme, using the projected unit credit method, was carried out at 31 March 2019 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions :

	31 March 2019	31 March 2018
	% per annum	% per annum
Rate of Pension increase	2.45%	2.4%
Rate of increase in salaries	3.25%	3.2%
Rate for discounting scheme liabilities	2.40%	2.6%

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

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

17. Post-employment benefits - continued

The mortality assumptions used were as follows :

	31 March 2019	31 March 2018
	Years	Years
Longevity at the age of 65 yrs. for current pensioners		
• Men	20.5	21.7
• Women	23.1	24.3
Longevity at the age of 65 yrs. for future pensioners		
• Men	22.2	24.1
• Women	25.7	27.1

Reconciliation of scheme assets & liabilities

	Assets	Liabilities	Total
	£	£	£
As at 1 April 2018	7,970,000	(11,447,000)	(3,477,000)
Benefits paid	(232,000)	232,000	0
Participant contributions	82,000	(82,000)	0
Employer contributions	328,000	0	328,000
Current service cost	0	(379,000)	(379,000)
Past service cost	0	0	0
Interest income / (expense)	210,000	(296,000)	(86,000)
Administration expenses	(24,000)	0	(24,000)
Re-measurement gains / (losses)			
- Actuarial	0	89,000	89,000
- Return on plan assets excluding interest income	244,000	0	244,000
As at 31 March 2019	8,578,000	(11,883,000)	(3,305,000)

Total cost recognised as an expense :

	2019	2018
	£	£
Current service cost	51,000	86,000
Administration expenses	24,000	0
Interest cost	86,000	89,000
	161,000	175,000

No amounts were included in the cost of assets (2018 : £Nil).

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

	2019	2018
	%	%
Equities	50%	60%
Bonds	32%	28%
Property	15%	12%
Cash	3%	0%
	100%	100%

Ramsey Town Commissioners

Notes to the financial statements - continued

Forming part of the financial statements for the year ended 31 March 2019

17. Post-employment benefits - continued

The Authority's share of the return on plan assets was :	2019	2018
	£	£
Interest income	86,000	89,000
Return on plan assets less interest income	244,000	(8,000)
	330,000	81,000

18. Operating leases

The Authority acts as lessor in respect of the commercial letting of certain of its operational properties and the minimum future rentals receivable under existing lease arrangements are as follows :

	2019	2018
	£	£
Amounts due within one year	65,126	63,691
Later than one year and not later than five years	196,272	209,608
Later than five years	481,200	378,000
	742,598	651,299

The leases are in respect of the Authority's commercial lettings portfolio which includes sections of the Town Hall re Ramsey Police Station, the Bowling Alley, Mooragh Lakeside Centre, Mooragh Hall and Mooragh Park Boathouse.

19. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into by 31 March 2019 are listed below :

	2019	2018
	£	£
Housing improvements	618,895	-
Plant and equipment	7,125	13,620
	626,020	13,620

20. 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 appropriate contractors for the refurbishment of certain Authority social housing schemes. The negotiations were completed after the year end when refurbishment contracts were agreed for £618,895 with the contracts being financed by way of a variable interest loans over 15 and 30 year periods.

Ramsey Town Commissioners

Detailed Income and Expenditure Accounts For the year ended 31 March 2019

Office administration and general expenses

	2019		2018	
	£	£	£	£
Rate collection costs		24,479		23,681
Audit fees		12,404		11,743
Internal audit fees		8,750		4,250
Professional fees		0		8,000
Legal expenses		9,068		4,986
Election expenses		6,623		0
Insurance		11,249		10,841
Heat and light		18,378		23,263
Printing, stationery, telephone & rent		54,622		56,031
Caretaker's wages		21,138		16,701
Salaries		641,792		604,489
Pensions		160,864		153,354
Staff training		4,989		2,565
Fuel for vans		1,289		2,344
Depreciation		33,098		33,469
Doubtful debts		0		0
		<u>1,008,743</u>		<u>955,717</u>
Fixed penalties	3,806		8,873	
Administration fees	<u>74,572</u>		<u>69,078</u>	
		<u>(78,378)</u>		<u>(77,951)</u>
		<u>930,365</u>		<u>877,766</u>

Miscellaneous

	2019		2018	
	£	£	£	£
Advertising		3,907		6,058
Members' expenses		7,265		5,032
Chairman's expenses		442		1,697
Town Band		2,000		0
Municipal Sunday		0		1,377
War Memorial		2,025		1,157
Incidental		1,462		3,287
Town Warden		15,332		13,096
Bank charges		12,322		9,963
Amenity byelaw regulations		7,720		726
Ramsey Town centre management		<u>2,072</u>		<u>2,566</u>
		<u>54,547</u>		<u>44,959</u>
Incidental	173		15,071	
Flat regulation fees	1,000		600	
Search fees	<u>19,400</u>		<u>18,967</u>	
		<u>(20,573)</u>		<u>(34,638)</u>
		<u>33,974</u>		<u>10,321</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 2019

Housing and Property

	2019		2018	
	£	£	£	£
Housing				
Oil and electricity	73,470		69,293	
Restroom refurbishment	0		252	
Garage repairs	241		846	
		73,711		70,391
Heating charges	61,508		31,937	
Drying tokens	766		722	
Restroom hire	854		780	
Garage rents	1,304		1,356	
		(64,432)		(34,795)
		9,279		35,596
Workshops				
Maintenance and insurance	53,642		53,461	
Area rent	(3,000)		(9,000)	
		50,642		44,461
Town Hall				
Maintenance and insurance	42,790		52,567	
Depreciation	57,200		52,000	
Rental & hire income	(24,862)		(23,462)	
Registry office income	(9,900)		(12,402)	
		65,228		68,703
Public Conveniences				
Contract cleaners	22,000		22,390	
Maintenance and insurance	28,189		36,576	
Cleaning materials	2,401		3,081	
Depreciation	10,640		18,361	
		63,230		80,408
Ramsey Courthouse				
Maintenance, heat, light & insurance		24,471		0
Housing Revenue Account				
Administration charge		(149,047)		(144,417)
		63,803		84,751

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 2019

Works and Development

	2019		2018	
	£	£	£	£
Amenities and services				
Foreshore, flags and deckchairs		1,437		3,196
Car Parks				
Operational costs	8,034		9,201	
Depreciation	0		2,300	
	8,034		11,501	
Car parking spaces income	(15,806)		(15,432)	
		(7,772)		(3,931)
Refuse				
Wages	233,093		214,178	
Operational costs	595,686		567,328	
Leasing costs	0		323	
Depreciation	63,999		51,956	
	892,778		833,785	
Collection charges	(121,179)		(127,659)	
Sale of bins	(461)		0	
		771,138		706,126
Sewers and Pumps				
Government refund re sewer connections		(64,796)		(66,812)
Civic Amenity Site				
Operational costs	31,289		22,618	
Labour costs	100,319		104,343	
Waste haulage and disposal	213,933		174,214	
Rent and rates	9,256		4,064	
Depreciation	2,569		2,413	
	357,366		307,652	
Parish contributions	(300,000)		(300,000)	
Recycling and scrap income	(45,461)		(35,812)	
		11,905		(28,160)
Miscellaneous				
Seats, promenade shelters, street nameplates & town clock maintenance	10,236		13,788	
Street and decorative lighting maintenance	69,051		79,925	
CC TV town area	8,616		3,914	
Local services	67,682		78,717	
Property repairs private sector	1,044		3,487	
Depreciation	28,378		37,136	
		185,007		216,967
		896,919		827,386

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 2019

Parks and Leisure

	2019		2018	
	£	£	£	£
Advertising and entertainment				
Publicity	193		840	
Seasonal entertaining and attractions	40,913		38,063	
Ramsey in Bloom	10,483		11,183	
	51,589		50,086	
Camper van permit income	(3,114)		(2,995)	
Advertising income	(200)		(287)	
		48,275		46,804
Amenities and Services				
Mooragh Park amusements maintenance		7,329		6,583
Mooragh Park Gardens and Land				
Wages	166,751		167,137	
Maintenance	68,285		90,069	
Skate Park	767		903	
Depreciation	26,231		22,515	
	262,034		280,624	
Area rents	(602)		(127)	
		261,432		280,497
Trading Concessions				
Rates, insurance and licences	5,854		5,418	
Courts and greens maintenance	15,981		25,854	
Maintenance of buildings	41,547		18,812	
Depreciation	12,070		8,723	
	75,452		58,807	
Rent & rates	(51,814)		(51,191)	
		23,638		7,616
Swimming Pool				
Rate contribution		16,443		16,390
Maintenance of Properties		8,419		5,333
Ramsey & Northern Districts Housing Committee				
Wages etc.	30,315		12,364	
Income	(28,558)		(14,126)	
		1,757		(1,762)
Parks and Leisure carried forward		367,293		361,461

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 2019

Parks and Leisure - continued

	2019		2018	
	£	£	£	£
Parks and Leisure brought forward		367,293		361,461
Library				
Salaries	95,763		94,434	
Repairs and maintenance	18,483		16,745	
Depreciation	33,902		35,567	
	148,148		146,746	
Library fee income	(10,730)		(10,431)	
		137,418		136,315
		<u>504,711</u>		<u>497,776</u>

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

