

Michael District Commissioners

Statement of Accounts

For the year ended 31 March 2016

Michael District Commissioners

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Michael District Commissioners

Explanatory Foreword

Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2016. 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 general government grants and 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 **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 and Refuse Rates Fund** shows the transactions of the Authority as a charging authority in respect of rates income.

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 and the results of the Glen Wyllin campsite which was run by the Authority as a commercial activity with the surpluses arising being used exclusively for the benefit of Michael district. The running of the operations of the campsite ceased on 29 February 2016

Expenditure relating to General Services is met from Income from the General and Refuse Rate Fund.

For the year ended 31 March 2016, the overall surplus amounted to £50,437 (2015: surplus £29,382). General Services showed a surplus for the year of £36,634 (2015: surplus £25,471) and the Glen Wyllin campsite produced a surplus for the year of £13,803 (2015: surplus £3,911).

Michael District Commissioners

Explanatory Foreword (continued)

Statement of the Movement on the General Fund Balance

For the year ended 31 March 2016, the surplus amounted to £31,725 (2015: surplus £10,985).

General Rate Fund

The general rate income due and collected by the Authority is shown in the General and Refuse Rate Fund. Rates were levied at 136p in the £ (2015: 131p) on a rateable value of £112,941 (2015: £112,333) during the year. Rates arrears were £3,932 (2015: £2,525) and prior year rates recovered totalled £960 (2015: £867).

Refuse Rate Fund

The refuse rate income due and collected by the Authority is shown in the General and Refuse Rate Fund. Rates were levied at 47p in the £ (2015: 47p) on a rateable value of £106,337 (2015: £105,403) during the year. Rates arrears were £2,178 (2015: £1,412) and prior year rates recovered totalled £571 (2015: £469).

Capital expenditure

Capital expenditure during the year amounted to £Nil (2015: £6,054).

Investments and Borrowing

During the year there were no external investments (2015: £nil) or new borrowings (2015: £Nil).

Reserves

The Authority's general reserves increased from £69,001 at 31 March 2015 to £100,726 at 31 March 2016. The main factors contributing to the increase were an increase in the rate charged and the retention of tight budgetary controls. On a year on year basis the Authority seeks to protect its reserves through a combination of planned contributions and budgeted under spending in the year. Adequate 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.

The Glen Wyllin Campsite reserves increased from £56,700 at 31 March 2015 to £80,242 at 31 March 2016. As at 29 February 2016 campsite operations were transferred to a third party and are no longer undertaken by the Commissioners.

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Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP") issued by Treasury. This SORP is recognised under the Audit Act 2006 and the Accounts and Audit Regulations 2013 as representing proper accounting practices.

The SORP is based on Accounting Standards and the Urgent Issues Task Force's (UITF) Abstracts issued by the Financial Reporting Council (the 'Standards'), except where these are inconsistent with specific statutory requirements. The SORP prescribes the accounting treatment and disclosures for all normal transactions of the authority. Where accounting treatments and disclosure requirements are not covered by the SORP, but which are covered the Standards, the requirements of the relevant standard should be followed.

The Standards upon which the SORP is based were replaced by the Financial Reporting Council for periods ending on or after 31 December 2015. The SORP has not been updated to reflect the requirements of the new standards, or those of another acceptable accounting framework such as the Code of Practice on Local Authority Accounting (modified as necessary for application to Isle of Man bodies) issued by the Chartered Institute of Public Finance & Accountancy (the "CIPFA Code"). Whilst there are measurement and presentational differences between the requirements of the SORP and those of the CIPFA code, these are not considered to be of sufficient significance such that the Statement of Accounts prepared in line with the SORP would not give a true and fair view.

Key principles of the SORP are set out below.

Tangible fixed assets

Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Where such expenditure on furniture and equipment is less than a de minimis level of £1,000 it is not capitalised but is charged to revenue in the year in which it is incurred. Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off. 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. Infrastructure assets are those that are inalienable and or which expenditure is recoverable only by continued use of the asset created.

Valuations

Asset valuations have been carried out in accordance with guidelines established by RICS. 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 and plant and equipment, historic 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 historic costs rather than values for these items will not result in a material difference in the Accounts. Infrastructure assets and community assets are included in the Balance Sheet at historical cost (net of depreciation where appropriate); if this could not be ascertained, a nominal value has been used. There is no material effect on the Accounts. Non-operational assets have been valued at the lower of net current replacement cost or net realisable value. Routine valuations will be carried out at intervals of not more than five years, although major changes in value are recorded as they occur.

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Statement of Accounting Policies (continued)

Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land. 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. In the prior year, depreciation of buildings was based on historic cost, contrary to the accounting treatment required by the SORP.

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. Impairment reviews are carried out on all assets, other than non-depreciable land, where no depreciation charge is made or the estimated remaining useful life of the asset exceeds 50 years.

Disposals

Income from the disposal of fixed assets is accounted for on an accruals basis.

Government grants

Government grants are accounted for on an accruals basis and income has been credited, in the case of revenue grants, to the appropriate revenue account to match the expenditure to which they relate or, in the case of capital grants, to a government grants deferred account. Amounts are released from the government grants deferred account to offset any amortisation charges charged to the revenue account in respect of intangible fixed assets to which the grants relate. Grants and contributions from other organisations have been treated in the same way as Government grants.

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 and charges due from customers 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.

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Statement of Accounting Policies (continued)

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.

Pension costs

Pension arrangements for Authority employees are delegated to the Isle of Man Local Government Superannuation 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 2015/16 contributions being based on the results of the review as at 31 March 2013. 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:

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.

General Revenue Account: 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.

Glen Wyllin Campsite Account: relates to the income and expenditure arising from the operation of the campsite by the commissioners.

Pensions reserve: reserve created to match the liability in respect of the Commissioners' share of the Isle of Man Local Government Pension Scheme.

Provisions

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

Stocks

Stocks have been valued at the lower of cost and net realisable value.

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Statement of Accounting Policies (continued)

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Accounts. Material contingent assets are disclosed in notes to the Accounts if the inflow of a receipt or economic benefit is probable. Material contingent liabilities are disclosed in notes if there is a possible obligation which may require a payment or a transfer of economic benefits. The nature and estimated financial effect of each item are disclosed.

Events after the balance sheet date

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

Investments

The Authority has representation on the board of the Western Civic Amenity Site ('the Committee'). The Committee comprises representative members from various western local authorities, whereby each representative member has access to the rewards, and exposure to the associated risks, arising from the operation of the Committee. The Committee is managed jointly by its representative members, with no single member having control or the right to exercise dominant or significant influence. Accordingly the Authority's interest in the Committee is considered to be an 'Investment' as defined by the SORP. The Authority, together with the other representative members, fund the Committee to the extent necessary to maintain its operations, but have made no capital contribution to the Board and therefore the investment is recorded at nil value.

On 1 July 2013, the Western Civic Amenity Site ("the Committee") transferred its operations, assets and liabilities to a new entity the Western Civic Amenity Site Board and the Committee ceased to exist. The Authority, from that date, has representation on the Board of the Western Civic Amenity Site Board under the same terms as set out above.

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Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

The Responsible Financial Officer's responsibilities

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

In preparing this Statement of Accounts, the Responsible Financial Officer is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the SORP.

The Responsible Financial Officer should also:

- keep proper accounting records which are up to date;
- take reasonable steps for the prevention and detection of fraud and other irregularities.

In our opinion, the accounts set out on pages 12 to 28 of this Statement present fairly the financial position of the Authority at 31 March 2016 and its income and expenditure for the year ending on that date.

Michael District Commissioners

Statement of Internal Control

Introduction

Regulation 8 of the Accounts and Audit Regulations 2013 requires the Authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement on internal control within the Authority's statement of accounts.

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

Responsibilities of the Board and the Responsible Financial Officer

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

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

Internal control and corporate governance environment

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

- ***Authority's corporate governance framework***
A corporate governance framework has been developed which documents the Authority's policies and procedures in relation to community focus, performance management, internal control, risk management, delegated authority, human resources management, standards of conduct and management of Health & Safety and the environment. The framework provides a structure for documenting the legislation, regulations, policies, procedures and other internal controls which, when taken together, form the Authority's internal control and corporate governance environment.
- ***Board meetings***
The Board meets monthly and consists of a Chairman and 6 other Board members. The Board receives reports from the Authority's Officers on operational matters and ensures that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Board.

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Statement of Internal Control (continued)

The Authority initially engaged an independent external third party to provide an internal audit of the Authority's systems and controls in relation to Glen Wyllin campsite operations. However when Glen Wyllin campsite operations were agreed to be transferred this was discontinued. As such no internal audit will be received for the year ended 31 March 2016.

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 2016.

Chairman

Responsible Financial Officer

Date

2/11/2016

Date

2/11/2016

Michael District Commissioners

INDEPENDENT CHARTERED ACCOUNTANTS' REVIEW REPORT TO THE COMMISSIONERS OF MICHAEL DISTRICT COMMISSIONERS

Report on the Financial Statements

We have reviewed the accompanying financial statements of Michael District Commissioners for the year ended 31 March 2016 that comprise the statement of accounting policies, the income and expenditure account, statement of the movement on the general fund balance, the statement of total recognised gains and losses, balance sheet, the cash flow statement, the general and refuse rate fund and the related notes for the year then ended. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006.

Responsible Financial Officer's Responsibility for the Financial Statements

As explained more fully in the Statement of Responsibilities, 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.

Accountant's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the reviewer becomes aware of matters that cause the reviewer to believe the financial statements as a whole may be materially misstated. We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Matters arising

During our review, it has come to our attention that an adequate and effective internal audit system has not been maintained as no formal internal audit review has been carried out which is contrary to the Accounts and Audit Regulation 2013.

Michael District Commissioners

INDEPENDENT CHARTERED ACCOUNTANTS' REVIEW REPORT TO THE COMMISSIONERS OF MICHAEL DISTRICT COMMISSIONERS (Continued)

Conclusion

Except for the matter referred to above, nothing has come to our attention that causes us to believe that these financial statements have not been prepared:

- so as to give a true and fair view of the financial affairs of the authority for the year ended 31 March 2016, and comply with the requirements of any other statutory provision applicable to them, and;
- in compliance with any regulations under section 12 of the Act, and any directions under section 13, which are applicable to them.



Grant Thornton Limited
Chartered Accountants
Douglas, Isle of Man

Date: 10 November 2016

Michael District Commissioners

Income and Expenditure Account

for the year ended 31 March 2016

Statement of net expenditure	Gross Expenditure £	Gross Income £	2016 Net Expenditure £	2015 Net Expenditure £
General services	(183,181)	1,440	(181,741)	(185,691)
Glen Wyllin campsite	(87,507)	101,752	14,245	4,473
Pension current service cost	(2,000)	-	(2,000)	(2,000)
Net cost of services	(272,688)	103,192	(169,496)	(183,218)
Interest paid			(865)	(1,118)
Interest income			37	27
Pension interest cost and expected return on pension assets			-	-
Net operating expenditure			(170,324)	(184,309)
Source of finance				
Income from rates				
General rates			147,351	140,797
Refuse rates			73,410	72,894
			<u>220,761</u>	<u>213,691</u>
Net surplus for the year			<u>50,437</u>	<u>29,382</u>
Analysis of net surplus for the year				
General services			36,634	25,471
Glen Wyllin campsite			13,803	3,911
			<u>50,437</u>	<u>29,382</u>

The notes on pages 20 to 28 form part of these financial statements

Michael District Commissioners
Statement of the Movement on the General Fund Balance
for the year ended 31 March 2016

	2016 £	2015 £
Surplus for the year on the income and expenditure account	50,437	29,382
Amounts included in the income and expenditure account but required to be excluded by statute when determining the movement on the General Fund Balance		
Depreciation charge for the year - on cost	12,611	13,646
Depreciation charge for the year - on revaluation surplus	3,255	3,255
Loss on sale of fixed assets	4,609	-
Excess of employer pension contributions over pensions cost	2,000	2,000
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
Loan capital repayments	(17,645)	(12,800)
Capital expenditure met by General Fund	-	(15,457)
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		
Glen Wyllin campsite - Net surplus for the year	(13,803)	(3,911)
Glen Wyllin campsite - Depreciation charge for the year	(5,130)	(5,130)
Glen Wyllin campsite - Loss on disposal of assets	(4,609)	-
	<u>31,725</u>	<u>10,985</u>
General Fund Balance brought forward	69,001	58,016
General Fund Balance carried forward	<u>100,726</u>	<u>69,001</u>

The notes on pages 20 to 28 form part of these financial statements.

Michael District Commissioners

Statement of Total Recognised Gains and Losses *for the year ended 31 March 2016*

	2016 £	2015 £
Surplus for the year on the income and expenditure account	50,437	29,382
Actuarial gains/(losses) on pension fund assets and liabilities	7,000	(7,000)
Total recognised gains for the year	<u>57,437</u>	<u>22,382</u>

The notes on pages 20 to 28 form part of these financial statements.

Michael District Commissioners

Balance Sheet

as at 31 March 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible fixed assets	5		348,059		373,334
Current assets					
Debtors	4	14,162		4,638	
Cash at bank	3	153,846		131,055	
			<u>168,008</u>	<u>135,693</u>	
Current liabilities					
Creditors	7	15,155		27,475	
Accruals	7	6,257		21,769	
Short-term borrowing	8	8,199		13,574	
			<u>29,612</u>	<u>62,818</u>	
			138,396		72,875
			486,455		446,209
Long-term liabilities					
Long-term borrowing	8		(14,762)		(26,953)
Defined benefit pension scheme liabilities	17		(17,000)		(22,000)
			<u>454,693</u>		<u>397,256</u>
Total assets less liabilities					
Financed by:					
Revaluation reserve	12		241,456		244,712
Capital adjustment account	12		49,269		48,843
General revenue account	12		100,726		69,001
Glen Wyllin campsite account	12		80,242		56,700
Pension reserve	12/17		(17,000)		(22,000)
			<u>454,693</u>		<u>397,256</u>

The financial statements were approved and authorised for issue by the Authority on 2/11/16 and were signed on their behalf by:

Michael R. Commissioners.

Chairman

Responsible Financial Officer

The notes on pages 20 to 28 form part of these financial statements.

Michael District Commissioners

Cash Flow Statement

for the year ended 31 March 2016

Revenue activities	Notes	2016 £	2016 £	2015 £
Cash outflows				
Cash paid to and on behalf of employees		(41,427)		(52,709)
Other operating cash payments		<u>(226,076)</u>		<u>(223,213)</u>
			(267,503)	(275,922)
Cash inflows				
Rates receipts		211,591		232,427
Cash received for goods or services		<u>97,098</u>		<u>119,588</u>
			308,689	352,015
Net cash inflow/(outflow) from revenue activities	1		41,186	76,093
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid		(865)		(1,118)
Cash inflows				
Interest received		<u>37</u>		<u>27</u>
Net servicing of finance			(828)	(1,091)
Capital activities				
Cash outflows				
Purchase of fixed assets		<u>-</u>	<u>-</u>	<u>(15,457)</u>
			<u>-</u>	<u>(15,457)</u>
Net cash inflow/(outflow) before financing	2		40,358	59,545
Financing				
Cash outflows				
Repayments of amounts borrowed		<u>(17,645)</u>		<u>(12,800)</u>
		<u>(17,645)</u>		<u>(12,800)</u>
Cash inflows				
New loans raised		<u>-</u>		<u>-</u>
			(17,645)	(12,800)
Net increase in cash	3		22,713	46,745

Michael District Commissioners

Notes to the Cash Flow Statement

for the year ended 31 March 2016

1. Reconciliation of deficit to cash inflow from revenue activities

	2016	2015
	£	£
Net surplus for the year	50,437	29,382
Depreciation	15,866	16,901
Loss on sale of assets	4,609	-
Interest paid	865	1,118
Interest received	(37)	(27)
Appropriations to pension reserve	2,000	2,000
(Increase)/decrease in debtors	(4,724)	24,212
(Decrease)/increase in creditors	(27,830)	2,507
	<u>41,186</u>	<u>76,093</u>
Net cash inflow from revenue activities	<u>41,186</u>	<u>76,093</u>

2. Reconciliation of the movement in net funds

	2016	2015
	£	£
Net funds at 1 April 2015	90,527	30,982
Movement in net debt:		
Increase in cash in the period	22,713	46,745
Outflow from decrease in debt financing	17,645	12,800
	<u>40,358</u>	<u>59,545</u>
Net funds at 31 March 2016	<u>130,885</u>	<u>90,527</u>

3. Reconciliation of financing and management of liquid resources

	Balance at 1 April 2015	Cash Movement	Non-cash Movement	Balance at 31 March 2016
	£	£	£	£
Cash in hand	131,055	22,791	-	153,846
Overdraft	-	(78)	-	(78)
	<u>131,055</u>	<u>22,713</u>	<u>-</u>	<u>153,768</u>
Net debt:				
Due within one year	(13,574)	17,645	(12,192)	(8,121)
Due after one year	(26,954)	-	12,192	(14,762)
	<u>90,527</u>	<u>40,358</u>	<u>-</u>	<u>130,885</u>

Michael District Commissioners

General and Refuse Rates Fund

As at 31 March 2016

	Notes	2016 £	2015 £
General rates levied for the year	1	153,723	147,603
Less: Discounts		(5,069)	(4,852)
Exempt and unoccupied properties		<u>(1,303)</u>	<u>(1,954)</u>
Taken to Income & Expenditure Account		147,351	140,797
Collection charges		(2,060)	(1,795)
Write off		48	(304)
General Revenue Account rate income		<u>145,339</u>	<u>138,698</u>
Refuse rates levied for the year	1	76,409	76,265
Less: Discounts		(2,436)	(2,439)
Exempt and unoccupied properties		<u>(564)</u>	<u>(931)</u>
Taken to Income & Expenditure Account		73,409	72,895
Collection charges		(727)	(928)
Write off		25	(89)
Refuse Revenue Account rate income		<u>72,707</u>	<u>71,878</u>
Total General Revenue and Refuse Revenue Accounts rate income		218,046	210,576
Add: Due from Treasury re: prior year			
General rates	-		15,121
Refuse rates	-		<u>7,663</u>
			22,784
Arrears brought forward			
General rates	2,663		2,019
Refuse rates	<u>1,277</u>		<u>986</u>
		<u>3,940</u>	<u>3,005</u>
		<u>221,986</u>	<u>236,365</u>
Total Rates Collectable			
General rates		148,002	155,838
Refuse rates		73,984	80,527
		<u>221,986</u>	<u>236,365</u>

The notes on pages 20 to 28 form part of these financial statements

Michael District Commissioners

General and Refuse Rates Fund (continued)

As at 31 March 2016

	Notes	2016 £	2015 £
Rates received for the year:			
General rates			
Current year rates		140,405	137,325
Arrears collected		960	867
Balance from Treasury re: prior year		-	15,121
		<u>141,365</u>	<u>153,313</u>
Refuse rates			
Current year rates		69,655	70,982
Arrears collected		571	469
Balance from Treasury re: prior year		-	7,663
		<u>70,226</u>	<u>79,114</u>
Total rates received in the year		211,591	232,427
Balances outstanding			
General rates			
Due from Treasury re: current year		2,568	-
Arrears - current year	2	2,319	1,677
Arrears - prior years		<u>1,613</u>	<u>848</u>
		<u>6,500</u>	<u>2,525</u>
Refuse rates			
Due from Treasury re: current year		1,717	-
Arrears - current year	2	1,311	985
Arrears - prior years		<u>867</u>	<u>428</u>
		<u>3,895</u>	<u>1,413</u>
Balances outstanding carried forward		10,395	3,938
Total			
General rates		147,865	155,838
Refuse rates		74,121	80,527
		<u>221,986</u>	<u>236,365</u>

The notes on pages 20 to 28 form part of these financial statements

Michael District Commissioners

Notes

(forming part of the financial statements for the year ended 31 March 2016)

1. Rates levied for the year

	2016	2015
General rates	£	£
Rate levied at 136p in the £ (2015 £: 131p) on a certified rateable value of £112,941 (2015: £112,333)	153,600	147,156
Adjustments for revaluation during the year	123	447
	<u>153,723</u>	<u>147,603</u>
Refuse rates		
Rate levied at 47p in the £ (2015: 47p) on a certified rateable value of £106,337 (2015: £105,403)	49,826	49,539
Adjustments for revaluation during the year	42	160
	<u>49,868</u>	<u>49,699</u>
Standing charge levied at £35 per household (2015: £35) on 758 households (2015: 760)	26,530	26,600
Adjustments	12	(35)
	<u>26,542</u>	<u>26,565</u>
	<u>76,410</u>	<u>76,264</u>
Total general and refuse levied	<u>230,133</u>	<u>223,867</u>
2. Rates arrears	2016	2015
	£	£
Current year	<u>3,630</u>	<u>3,937</u>

Arrears relating to the current financial year represent 1.61% (2015: 1.75%) of the combined general rates and refuse rates levied for the year.

3. Cash at bank

The cash figure at 31 March 2016 was £153,846 (2015: £131,055). An analysis of the cash movement and the movement in net debt is provided in the cashflow statement and its notes on pages 16 to 17.

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

4. Debtors	2016	2015
	£	£
VAT	1,247	1,204
Rates - general and refuse		
Government Departments	4,285	0
Ratepayers	6,109	3,937
Less: provision for bad debts		
General rates	(1,613)	(848)
Refuse rates	(867)	(428)
	9,161	3,865
Other debtors and prepayments	5,000	773
	14,161	4,638

The provision for bad debts covers rates arrears up to and including 31 March 2016.

5. Tangible Fixed assets

	Land & Buildings £	Addition to Leased Premises £	Street Lights £	Equipment £	Glen Wyllin shop, equipment £	Vehicles £	Total £
Cost and valuation							
At 31 March 2015	340,000	49,696	30,672	13,915	9,108	3,000	446,391
Additions	-	-	-	-	-	-	-
Disposals	-	(23,403)	-	-	(9,108)	(3,000)	(35,511)
Cost and valuation							
At 31 March 2016	340,000	26,293	30,672	13,915	-	-	410,880
Depreciation							
31 March 2015	13,008	15,676	21,269	12,334	7,770	3,000	73,057
Depreciation for year	6,504	7,451	940	641	330	-	15,866
Disposals	-	(15,002)	-	-	(8,100)	(3,000)	(26,102)
Depreciation							
At 31 March 2016	19,512	8,125	22,209	12,975	-	-	62,821
Net Book Value							
At 31 March 2016	320,488	18,168	8,463	940	-	-	348,059
At 31 March 2015	326,992	34,020	9,403	1,581	1,338	-	373,334
Assets at cost	-	18,168	8,463	940	-	-	27,571
Assets at valuation	320,488	-	-	-	-	-	320,488
	320,488	18,168	8,463	940	-	-	348,059

The streetlights are infrastructure and all of the other assets are operational assets.

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

5. Tangible Fixed assets (continued)

Valuation of fixed assets

Valuations were carried out by Chrystals Commercial, Chartered Surveyors of Douglas Isle of Man, the Authority's external valuer, as at 31 March 2014. Included within the valuation is land valued at £120,000 which has not been depreciated. The basis for valuation is set out in the Statement of Accounting Policies. The Authority plans to revalue its fixed assets every five years.

Depreciation Methodologies

Depreciation is provided on all assets with a finite useful life, other than freehold land. Depreciation is calculated, using the straight line method, on Balance Sheet values over periods reflecting the following estimated useful lives:

	<u>Years</u>
Buildings	40
Streetlights	10
Equipment	7
Vehicles	5
Leased assets	Over period of lease

Assets held

	Number at 31 March 2015	Changes 2015/16	Number at 31 March 2016
Operational assets			
Car parks	2	-	2
Depots	-	-	-
Public conveniences	2	-	2
Public halls/offices	1	-	1
Recreational properties	3	-	3
Miscellaneous properties	-	-	-
Vehicles, Plant and Equipment			
Vehicles	1	-	1
Equipment	1	-	1
Infrastructure Assets			
Community assets	-	-	-
Historic properties	-	-	-
Park and open spaces	1	-	1
Streetlights	157	-	157
Non-operational assets	-	-	-

6. Capital commitments

There were no commitments for capital expenditure that had started, or legal contracts entered into, at 31 March 2016 (2015: capital commitment of £Nil).

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

7. Creditors	2016	2015
	£	£
Deposits	7,095	15,919
Accruals	6,257	21,769
Other creditors	8,061	11,556
	<u>21,413</u>	<u>49,244</u>

The Authority is required to pay refuse collection costs to Northern Parishes Refuse Collection Board (NPRCB) at an amount equating to the gross refuse rate levied. The actual net refuse rates collectable by Treasury fall short of this figure because of discounts, allowances for exempt and unoccupied properties, collection charges and the current year arrears. The shortfall for the current year of £4,466 (2015: £5,283), which is met out of general rates revenue, is included in other creditors.

Other creditors also include £1,717 (2015: £959) due to NPRCB being refuse rates collected but not yet passed on. Campsite deposits held are due to the new operator.

8. Loans

	Total	Total
	2016	2015
	£	£
Analysis of loans by type		
Bank loans	<u>22,883</u>	<u>40,527</u>
Analysis of loans by maturity :		
Less than one year	8,121	13,574
Between one and two years	8,244	12,907
Between two and five years	6,518	14,046
Between five and ten years	-	-
More than 10 years	-	-
	<u>22,883</u>	<u>40,527</u>

The Isle of Man Bank loan is unsecured and repayable by 30 April 2023 with interest charged on the loan at a variable rate of 1.25% above base rate. The Lombard Manx loan was repaid during the year.

The Isle of Man bank loan has been sanctioned by both Treasury and the Department of Infrastructure and is secured by way of a letter of comfort issued by Treasury.

9. Members attendance allowances

During 2016, the Authority paid £249 (2015: £366) to one member in respect of their attendance at meetings, undertaking duties and responsibilities.

10. Employees' remuneration

During the year there were no employees whose remuneration exceeded the disclosure threshold of £50,000 under section 4.31 (7) of the SORP (2015: no employees).

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

11. Assurance fees

The commissioners incurred the following fees relating to the external assurance services:

	2016 £	2015 £
External assurance services	1,900	1,900

12. Reserves

	Revaluation Reserve £	Capital adjustment account £
Balance at 1 April 2015	244,712	48,843
General revenue account transfers		
Depreciation charge for the year	(3,256)	(7,481)
Loan capital repayments	-	17,645
Loss on disposal of assets	-	(4,608)
Glen Wyllin campsite transfers		
Depreciation charge for the year		(5,130)
Balance at 31 March 2016	<u>241,456</u>	<u>49,269</u>

Revenue Reserves	Pension reserve £	General revenue account £	Glen Wyllin Account £
Balance at 1 April 2015	(22,000)	69,001	56,700
Net surplus for year		50,437	
Movement in the year	5,000	-	-
Transfer to revaluation reserve		3,255	
Transfer to capital adjustment account		(10,164)	9,739
Transfer between reserves		(13,803)	13,803
Reverse FRS17 pensions adjustment		2,000	
Balance at 31 March 2016	<u>(17,000)</u>	<u>100,726</u>	<u>80,242</u>

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

13. Contingent assets and liabilities

There are no known contingent assets or liabilities at either the current or prior period year end.

14. Post balance sheet events

There have been no events since the date the balance sheet was produced that would require adjustment of the financial statements or disclosure in the notes to the accounts.

15. 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 - Note 9 refers to related party transactions for Members attendance allowance claims.

16. 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 the terms of the resources consumed and generated over the last twelve months. However, the authority raises rates on a different accounting basis, the main difference being that capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.

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.

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

17. Pensions

As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make these payments. The Authority participates in the Isle of Man Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2012. This is a defined benefit statutory scheme. The Authority and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the 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 2016 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 Mar 2016 per annum	31 Mar 2015 per annum
Rate of increase in salaries	3.7%	3.8%
Rate of increase in pensions	2.2%	2.4%
Rate for discounting scheme liabilities	3.6%	3.2%
Rate of expected return on assets	3.6%	3.2%

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

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

	31 Mar 2016 £	31 Mar 2015 £
Estimated employer assets	40,000	37,000
Present value of scheme liabilities	(57,000)	(59,000)
Net pensions liability	<u>(17,000)</u>	<u>(22,000)</u>

Fair value of the pension assets can be analysed as follows:

	2016 £	2015 £
Equities	23,000	24,000
Bonds	11,000	7,000
Property	6,000	5,000
Cash	-	1,000
Total	<u>40,000</u>	<u>37,000</u>

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

17. Pensions (continued)

Breakdown of the expected return on assets by category:

	2016	2015
Equities	5.7%	5.7%
Bonds	2.6%	2.5%
Property	3.8%	3.9%
Cash	2.5%	2.6%

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

	2016	2015
	£	£
Current service cost	4,000	7,000
Expected return on employer assets	(2,000)	(2,000)
Interest on pension scheme liabilities	2,000	2,000
	<u>4,000</u>	<u>7,000</u>
FRS17 pension costs	<u>4,000</u>	<u>7,000</u>

The Scheme net deficit of £22,000 at 31 March 2015 decreased to £17,000 at 31 March 2016. An analysis of the movement during the year is shown below:

	2016	2015
	£	£
Net pension liability at the beginning of the year	(22,000)	(13,000)
Current service cost	(4,000)	(7,000)
Interest cost	(2,000)	(2,000)
Employer contributions	2,000	5,000
Expected return on employer assets	2,000	2,000
Actuarial losses	7,000	(7,000)
	<u>(17,000)</u>	<u>(22,000)</u>
Net pension liability at the end of the year	<u>(17,000)</u>	<u>(22,000)</u>

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:

	2016	2015
	£	£
Fair value of employer assets at end of year	40,000	37,000
Experience adjustments on scheme assets:		
Actuarial (losses)/gains recognised in the statement	9,000	2,000
Percentage of scheme assets - %	22.5%	5.4%
Present value of scheme liabilities	57,000	59,000
Experience adjustments on scheme liabilities:		
Actuarial losses recognised in the statement	(2,000)	(9,000)
Percentage of scheme liabilities - %	3.5%	15.2%
Difference between expected and actual return on assets	2,000	2,000
Percentage of scheme assets - %	5%	5.4%

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2016)

17. Pensions (continued)

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

The net liability represents the difference between the value of the Authority's share of assets in the Scheme and the value of 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 global equity markets after 1 April 2015 would also have an impact on the capital value of the pension fund assets.

The current contribution rates aim to recover the above liabilities over the next 20 years.

In addition, full details of the Scheme accounts can be obtained from Douglas Borough Council.

Michael District Commissioners
Detailed Glen Wyllin Income and Expenditure Account
For the year ended 31st March 2016

	2016	2015
	£	£
Income		
Pitch and tent hire fees	88,007	87,269
Shop Sales	13,001	12,044
Miscellaneous income	744	1,294
	<u>101,752</u>	<u>100,607</u>
Expenditure		
Accountancy fees	750	0
Assurance fees	775	770
Bank charges	363	399
Campsite advertising	433	489
Campsite Gas	-	362
Campsite rental	6,500	6,500
Cleaning	1,537	1,773
Contractors	2,400	4,550
Clerk's wages	-	6,797
Credit card processing fees	1,067	1,123
Depreciation	5,130	5,130
Electricity hook up	4,066	4,065
Employers NI	1,000	1,629
Insurance	2,551	2,798
Internal audit fee	850	950
Light & heat	2,821	1,265
Loss on disposal of assets	4,609	-
Miscellaneous expenses	3,604	3,587
Motoring costs	522	669
Office expenses	53	692
Rates & metered water	2,453	3,028
Repairs and renewals	9,936	4,186
Salary and wages	24,882	25,372
Shop purchases	6,762	8,278
Telephone	1,110	1,139
Tents and equipment	150	7,386
Waste disposal	3,183	3,197
	<u>87,507</u>	<u>96,134</u>
Net income from services	<u>14,245</u>	<u>4,473</u>