



Michael District Commissioners

Barrantee Skylley Maayl

Michael District Commissioners

Financial Statements

For the year ended 31 March 2022



Michael District Commissioners

Barrantee Skylley Maayl

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Michael District Commissioners

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Explanatory Foreword

for the year ended 31 March 2022

Authority's objectives

The primary responsibilities of the Authority are:

- To have a consistent, open and transparent dialogue with residents and MHKs of Michael District and encourage participation in the fundamental level to the democratic process;
- To set a rate for the district to adequately meet budgeted expenditure and to provide funds to cover unplanned costs that may arise from time to time including the funding of capital works and improvements;
- To provide and maintain street lighting within the district through Manx Utilities;
- To provide a fortnightly refuse collection service through membership of Northern Parishes Refuse Collection Board;
- To provide, through membership of the Western Swimming Pool Board, facilities for the residents in the shape of the Western Swimming Pool in Peel;
- Liaise with Western Community Police Team
- Being a member of the Peel & Western District Community Housing Committee, to enable residents of Michael District, if they fulfil the application requirements, to request to be put on the Peel & Western District Community sheltered housing waiting list.
- To maintain public conveniences including accessible toilet facilities on the Main Road site
- To maintain Michael District amenity sites;
- To maintain grassy areas and sod banks through regular grass cutting and sod clipping, except on the TT course.

Overall financial performance and results for the year

The Income and Expenditure Account covers the day to day running costs of the Authority's services. Expenditure relating to General Services is met from Income from the General and Refuse Rate Fund.

For the year ended 31 March 2022, the overall deficit amounted to £831 (2021: £10,878 deficit).

However, following adjustments to the result for the year as shown in the Statement of Movement on Reserves, the General Revenue reserve result for the year shows a deficit of £11,589 (2021: surplus £20,527). The result was as budgeted and included revenue contribution to capital spend of £5,661 for the year (2021: £2,237).

As at 31 March 2022, the district has general revenue reserves of £137,873 (2021: £149,462).



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Explanatory Foreword - continued

for the year ended 31 March 2022

Significant achievements and future plans

Achievements – up to present date (October 2022)

The Board of Commissioners felt that the Michael Community Civic Centre needed repairs. The Board had a Damp & Timber report on the building, which highlighted that there was rising damp in the kitchen along with wood worm in the kitchen and roof space. A structural survey report was also carried out on the building. The Civic Community Centre was the first of its type to be built on the Isle of Man. Michael District Commissioners applied for and were awarded a Manx Lottery Community Award of £ 49,200. A refurbished kitchen and new safety flooring were installed and we are encouraging residents to use this facility. In September 2022, we replaced the arched double doors which lead onto the Main Road . They were hand built and are a very good replication of the old doors and painted in the same colour as before.

July 2022, an opening day was held for the launch of the new kitchen. A representative from the Manx Lottery Trust attended along with Michael District Young Commissioners. A plaque was uncovered by the Young Commissioners which is an acknowledgement to the Manx Lottery Trust for the award we were given.

Part of the Community Award has been used to replace the Northern Gable door to start our drive to reduce our carbon footprint. The door is now safety compliant and without a leaking letter box.

The Board of Commissioners have explored how we can reduce carbon emissions, helping in our small way the Government reach their zero net target. The kitchen gas boiler was serviced and is now working at 98% efficiency.

The Board had a energy management review of the building. As a result, we concluded that solar Panels wouldn't be suitable, and an all-electric system would be expensive to run. We therefore adjusted what was already there to make for a more efficient, and cost effective running of our heating system e.g. Temperature controlled radiators with magnetic foil behind each one which allows sensitive heating control of each room, and can be controlled via a app.

Michael District Commissioners opted to use their own electronic devices, although this has remained a individual personal choice. There will be reasons to have hard copies. Generally, as a result, the Board has reduced paper ink and manpower by increasingly going digital.

The Michael Heritage Trust now have a permanent base and room to house their historic literature, photos and displays and items of historic significance ad infinitum.

We held a Hop tu Naa competition in October 2021, which was held throughout the village and was very well received and increased participation from residents.

We also held a Christmas Tree and Garden decorating competition in December 2021, and it was a real joy to see all the houses that took part, being lit up and fabulously decorated.

In July 2022, we held a “Eat cake for the Queen” Jubilee celebrations where we invited residents to come to the Michael Football Club to eat cake, drink tea and have a picnic in celebration of the Queens Jubilee. It was very well attended, and we have made inroads in reaching out to the Community that has been lacking in the past.



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Explanatory Foreword - continued

for the year ended 31 March 2022

Young Commissioners meetings were held and we had some interesting items for discussion, including changing the bins in the Crowe's field playground to have anti-gull attachments, to reduce litter in the area.

Street light heads were replaced as and when a problem arose. However, we have not yet had the survey from Manx Utilities to identify those that are at risk.

Coastal erosion is still a very big concern of residents and we have been liaising with Tim Johnston on how best to progress the representation of this concern and to enable a suitable outcome.

The BMX park – the Commissioners were able to find out who the new owner of the old Trout Farm is, as the BMX park is leased from the owner of this land. It is due for renewal in the next two years. The new owner has been contacted and is supportive of our continual use of the leased land for use as a BMX park (subject to negotiation).

The Garden Competition will take place this year with limited success due to the late date and the long drought, and a change in the date will be scheduled for next year.

Plans

The Board have plans to create a contact group with other Northern Parishes, so that good practice and shared experiences can help us improve our service to residents and if possible, become a single voice to lobby Government.

The Commissioners are also now looking to start a refurbishment project to the exterior of the Civic Community Centre. Further work on the interior will be progressed once the exterior is made good and watertight. The Board are also hoping to replace the windows at the roadside of the building and refurbishing the toilets inside the building. We are still looking for roofers and builders to refurbish the roof and the make good the stonework on the outside. In these times, it is very difficult to find such trades.

With all this refurbishment, we are planning to increase the use of the hall by encouraging residents to use the facilities for childrens' parties, social events etc.

Further steps to decrease our carbon footprint will be to replace the photocopier/printer. It is over 15years old and is expensive to run and does not connect with modern devices. By doing this, we can encourage residents to use the office facilities, via wifi, should they need to.

We are also exploring the how to maintain a post office presence in the village. The refurbishment of the Toilet and water supply to Glen Mooar is also planned.

The Board also plans to liaise with the Dept of Infrastructure on a regular basis to maintain the momentum of creating the limited parking bays in their carpark behind the old bank, and to lobby for further extension of the refurbishment of the disused railway line.

The Commissioners also commit to an undertaking to support and promote local Community events with ideas and prizes. The events that encourage all members of the community and judged within the homes and buildings in the community were very successful and will be the format going forward next year.



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Statement of Responsibilities for the Statement of Accounts *for the year ended 31 March 2022*

The Authority's responsibilities

The Authority is required to:

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

The Responsible Financial Officer's responsibilities

The Responsible Financial Officer is responsible for the preparation of the Authority's Statement of Accounts.

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

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

The Responsible Financial Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.



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Statement of Responsibilities for the Statement of Accounts

for the year ended 31 March 2022

Independent Chartered Accountants' Assurance Review Report to The Members of Michael District Commissioners

We have reviewed the statement of accounts of Michael District Commissioners for the year ended 31 March 2022 which comprise the comprehensive income and expenditure statement, the Statement of Movement on Reserves, the Balance Sheet, the Cash Flow Statement and Notes to the 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).

Responsible Financial Officer's responsibility for the statement of accounts

As explained more fully in the Responsible Financial Officer's Responsibilities Statement set out on page 7, 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.

Accountants' responsibility

Our responsibility is to express a conclusion on the statement of accounts. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements and ICAEW Technical Release TECH 09/13AAF (Revised) Assurance review engagements on 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 United Kingdom Generally Accepted Accounting Practice. ISRE 2400 (Revised) also requires us to comply with the ICAEW Code of Ethics and the FRC's Ethical Standard, as applicable.

Scope of the assurance review

A review of statement of accounts in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK). Accordingly, we do not express an audit opinion on these statement of accounts.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the authority's affairs as at 31 March 2022, and of its results for the year then ended;
- in accordance with any regulations under Section 12 and any directions, as applicable, under Section 13 of the Audit Act 2006; and
- in accordance with any other statutory provisions applicable to them.



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Statement of Responsibilities for the Statement of Accounts *for the year ended 31 March 2022*

Use of our report

This report is made solely to the authority's members, as a body, in accordance with the terms of our engagement letter dated 17 June 2020. Our review has been undertaken so that we may state to the authority's members those matters we have agreed with them in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members, as a body for our work, for this report or the conclusions we have formed.

Crowe Isle of Man LLC
Crowe Isle of Man LLC - Chartered Accountants

6th Floor, Victory House
Prospect Hill
Douglas
Isle of Man
IM1 1EQ

Date *23rd December 2022*



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Statement of Internal Control

for the year ended 31 March 2022

Introduction

Regulation 6 of the Accounts and Audit Regulations 2018 requires the Authority to conduct a review at least once a year of the effectiveness of its systems of internal control and include a statement on internal control within the Authority's Statement of Accounts.

This statement is made by the 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 Finance 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 Finance Officer and other senior officers supports the strategy and policy approved by the Board.

The Board 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.

In this instance, the current Board currently do not have policies and procedures in place in relation to the above, even though this was identified in an internal audit May 2020/21. The current board has made a start on human resources and Health and Safety of staff but all these and other actions are still to be formed into a Policy and Procedure manual. The new clerk has undertaken to put these in place.



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Statement of Internal Control

for the year ended 31 March 2022

Internal control and corporate governance environment (continued)

- **Board meetings**

The Board meets monthly and consists of a Chairman and 6 other Board members. The Board receive reports from the Authority's Officers on operational matters and ensure that the work of the Responsible Finance Officer and other senior officers supports the strategy and policy approved by the Board.

In this instance, the new clerk will be formulating a new method of reporting to the monthly board.

Internal control and corporate governance environment (continued)

- comprehensive budgeting systems; *This is just a VT system which is now being appraised by our new clerk and will report back to the Board on its effectiveness.*
- regular reviews of periodic and annual financial reports to evaluate financial performance against forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against the forecasts; and clearly defined capital expenditure guidelines.

Review of internal control and corporate governance environment

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

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 with a yearly report; and
- the external reviewers in their annual letter and other reports.

The internal auditor concluded that there were no high risk observations although a number of medium risk observations were identified.

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



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Statement of Internal Control

for the year ended 31 March 2022

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.

We wrote in our last audit “We are a new board from July 2021, after the year end of 2021. As such, we feel we should start the process of reviewing internal controls to ensure that they are adequate and robust going forward”.

We have, since writing the above, had highly significant personnel issues that have impacted on our ability to perform our duties as a Board, but which thankfully now have been resolved. We have now recruited a clerk which will enable the Board to concentrate on the overall strategy of the Michael District Commissioners Board’s outcomes and plans. Progress is being made to bring an appropriate level of control for the successful running of the Board.

(Signed) *A. Thillywhite* (Chairman)

(Signed) *E. O'Donnell* (Responsible Finance Officer)

Dated 16/12/22

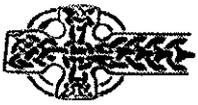


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Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

	Notes	2021/22 £	2020/21 £
Income			
General services		(272,347)	(254,318)
Pension current service cost		(4,000)	(1,000)
Net cost of services		<u>(276,347)</u>	<u>(255,318)</u>
Interest income		6	12
Pension interest cost and expected return on pension assets		-	(1,000)
		<u>(276,341)</u>	<u>(256,306)</u>
Net operating expenditure			
Source of finance			
Income from rates			
General rates	5	160,618	158,197
Refuse rates	6	105,892	105,231
		<u>266,510</u>	<u>263,428</u>
(Deficit)/surplus on provision of services		(9,831)	7,122
Other Comprehensive Income and Expenditure			
Remeasurement of net pension liability		9,000	(18,000)
Net deficit for the year		<u>(831)</u>	<u>(10,878)</u>

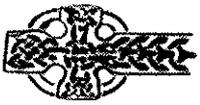


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Statement of Movement on Reserves
for the year ended 31 March 2022

	Notes	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £
Total comprehensive income and expenditure		(9,831)	-	-	9,000
Depreciation and impairment of fixed assets	1	14,239	(12,842)	(1,397)	-
Net charges made for retirement benefits	14	4,000	-	-	(4,000)
Release of Manx Lottery grant		(14,336)	14,336	-	-
Fixed assets financed from General Fund		(5,661)	5,661	-	-
		(11,589)	7,155	(1,397)	5,000
Balance brought forward		149,462	193,637	119,945	(44,000)
Balance carried forward		137,873	200,792	118,548	(39,000)



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Statement of Movement on Reserves
for the year ended 31 March 2021

	General revenue reserve £	Capital adjustment account £	Revaluation reserve £	Pensions reserve £
Total comprehensive income and expenditure	7,122	-	-	(18,000)
Depreciation and impairment of fixed assets	13,642	(12,245)	(1,397)	-
Net charges made for retirement benefits	2,000	-	-	(2,000)
Loan fund principal repayments				
Fixed assets financed from General Fund	(2,237)	2,237	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	20,527	(10,008)	(1,397)	(20,000)
Balance brought forward	128,935	203,645	121,342	(24,000)
Balance carried forward	<hr/>	<hr/>	<hr/>	<hr/>
	149,462	193,637	119,945	(44,000)



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Balance Sheet

as at 31 March 2022

	Notes	2022	2021
		£	£
Fixed assets			
Tangible fixed assets	1	351,742	345,983
Current assets			
Debtors	3	48,839	36,050
Cash at bank		154,370	108,150
		<u>203,209</u>	<u>144,200</u>
Current liabilities			
Creditors	4	(97,738)	(27,139)
Net current assets		<u>(97,738)</u>	<u>(27,139)</u>
Total assets less liabilities		<u>105,471</u>	<u>117,061</u>
		<u>457,213</u>	<u>463,044</u>
Long-term liabilities			
Liability relating to defined benefit pension scheme		<u>(39,000)</u>	<u>(44,000)</u>
Total assets less liabilities		<u>418,213</u>	<u>419,044</u>
Financed by:			
Revaluation reserve		118,548	119,945
General revenue		137,873	149,462
Pensions reserve		(39,000)	(44,000)
Capital adjustment account		200,792	193,637
		<u>418,213</u>	<u>419,044</u>

The financial statements were approved by the Authority on behalf by:

Chairman

and were signed on their

RFO



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Cash Flow Statement

for the year ended 31 March 2022

	<i>Notes</i>		2022	2021
		£	£	£
Net (deficit)/surplus on provision of services		(9,831)		7,122
Adjustments to net (deficit)/surplus on provision of services for non-cash movements	<i>9</i>	76,048		18,697
Adjustments for items included in net surplus on provision of services that are investing and financing activities		(6)		(12)
Net cash flows from Operating Activities			66,211	25,807
Net cash flows from Investing Activities	<i>10</i>	(19,997)		(2,237)
Net cash flows from Financing Activities	<i>11</i>	6		12
			(19,991)	(2,225)
Net (decrease) or increase in cash and cash equivalents			46,220	23,582
Cash & cash equivalents at the beginning of the reporting period			108,150	84,568
Cash & cash equivalents at the end of the reporting period			154,370	108,150



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Statement of Accounting Policies

for the year ended 31 March 2022

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 Isle of Man Audit Act 2006 and the Accounts and Audit Regulations 2018, which have superseded 2013. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain land and buildings as specified in the accounting policies below.

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

2. Going concern

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a World pandemic. The COVID-19 pandemic has not had a significant, immediate impact on the authority's operations.

3. Income

Rates receivable

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

Other income

Other income is credited to the Comprehensive Statement of Income and Expenditure on a receivable basis.

Grants

Grants are conditional income received from grant programmes and are credited to the Comprehensive Statement of Income and Expenditure when the condition it met.

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 not simply when cash payments are made or received.

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.



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Statement of Accounting Policies (continued)

for the year ended 31 March 2022

6. Tangible fixed assets

Tangible fixed assets have physical substance and are held by the Authority for the provision of services or for administrative purposes on a continuing basis.

(a) Recognition

Expenditure on the acquisition or creation of tangible fixed assets and subsequent expenditure that adds to, replaces part of, or services tangible fixed assets, is capitalised on an accruals basis where:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the Authority; and
- The cost can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense to the relevant service when it is incurred.

(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 Assets - historic cost;
- Plant and equipment - historic cost;
- Assets under construction – historic cost; and
- Land and buildings are measured at current value which is determined as the amount that would be paid for the asset in its existing use ("existing use value" – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate.

For non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for current value.

(c) Revaluation

A class of assets included in the Balance Sheet at current value (fair value for Surplus assets) may be revalued on a rolling basis provided revaluation of the class of assets is completed within five years. The valuations are undertaken with sufficient regularity to ensure that their carrying amount is not materially different from current value (fair value for Surplus assets). All valuations are undertaken by a qualified valuer, using a professional valuer contracted to the Authority.



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Statement of Accounting Policies (continued)

for the year ended 31 March 2022

6. Tangible fixed assets - continued

(c) Revaluation - continued

Short-life assets, such as vehicles and computer equipment are not revalued but are measured at depreciated historic cost as a proxy for fair value.

Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. When assets are subject to revaluation losses they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- 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); and
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

(e) Depreciation

Depreciation is provided for on all Tangible Fixed Assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and community assets) and assets that are not yet available for use (i.e. assets under construction).



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Statement of Accounting Policies (continued)

for the year ended 31 March 2022

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

Land – Not depreciated
Property and Dwellings – 40 years
Street Lights – 10 years
Equipment – 7 to 10 years
Vehicles – 5 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 current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

(f) Disposals

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

7. 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.

8. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

9. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



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Statement of Accounting Policies (continued) *for the year ended 31 March 2022*

10. Employee benefits

The authority provides a range of benefits to employees, including paid holiday arrangements and a defined benefit pension plan.

(a) Short term benefits

Short term benefits, including holiday pay and maternity pay, are recognised as an expense in the period in which the service is received.

(b) Defined benefit pension plan

The authority participates in the Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The authority and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the pensions liabilities with investment assets. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the authority's defined benefit obligation at the end of the reporting date less the fair value of the plan assets attributable to the authority's members at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the administering authority engages independent actuaries to calculate the obligation of the authority. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Comprehensive Income and Expenditure Statement. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net pension liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.



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Statement of Accounting Policies (continued)

for the year ended 31 March 2022

11. 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.

12. 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' Accounts and to assist in organisational development.

The following accounts have been established in accordance with the capital accounting provisions. They are not fully backed by cash, nor generally available to finance expenditure.

Revaluation Reserve: representing principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.

Capital Adjustment Account: amounts set aside from capital receipts or revenue resources to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

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

13. Grant Policy

Amounts due to the authority are credited to the Comprehensive Income and Expenditure Statement when the conditions attached to the grants or contributions are satisfied. Amounts advanced as grants and Contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or non-specific Grant Income.



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Significant Judgements and Estimates

for the year ended 31 March 2022

(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 (next due in 2023) for assets held on the Balance Sheet at revalued amount. This means that not all assets are revalued formally every year. However a desktop review is undertaken of the assets that were not formally revalued during the year, taking into account factors such as changes to building cost indices since the asset's last revaluation and the impact of revaluations in 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.
- Property, Plant and Equipment assets are judged to be held for their service potential rather than future resale value and therefore the authority does not allocate residual values to assets when calculating depreciation. This could lead to the potential overstatement of depreciation and the understatement of asset carrying values in the Balance Sheet. The calculation of depreciation, however, does not affect the amount to be collected from rate payers.
- The authority has judged that amounts held on deposit or invested for periods of less than three months are sufficiently liquid as to be classed as cash equivalents. Judgement is also required as to whether the primary purpose of holding such investments is for meeting short term cash commitments (in which case the investment is classified as a cash equivalent) or for investment return (in which case the investment remains classified as a short term investment).

(b) Estimates

The authority is required to disclose those estimates and assumptions which it has made in the preparation of its accounts for which there is the potential for a material adjustment within the next financial year.

- Pension Liability - The estimation of the net pension liability depends on a number of complex and inter-related actuarial assumptions and judgements, i.e. the rate of inflation, rate of increase in salaries, age of retirement, rate of increase in pensions, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide expert advice about the assumptions to be applied. As a result there is inevitably some uncertainty concerning the value of the net pension liability in the financial statements. Changes in the assumptions can give rise to major changes in the liability within the year and across years, i.e. actuarial gains and losses.



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Notes to the Financial Statements
for the year ended 31 March 2022

1. Tangible fixed assets

	Land & Buildings £	Street Lights £	Equipment £	Total £
Cost and valuation				
At 31 March 2021	304,902	56,763	70,540	432,205
Additions	19,997	-	-	19,997
At 31 March 2022	324,899	56,763	70,540	452,202
Depreciation				
As at 31 March 2021	13,990	38,932	33,300	86,222
Depreciation for year	4,670	3,549	6,019	14,238
At 31 March 2022	18,660	42,481	39,319	100,460
Net Book Value				
At 31 March 2022	306,239	14,282	31,221	351,742
At 31 March 2021	290,912	17,831	37,240	345,983

Valuation of land and property

Valuations were carried out by Chrystals Commercial, Chartered Surveyors of 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. The Authority plans to revalue its fixed assets every five years.

- **Buildings only**

Historical cost of revalued fixed assets

Included within the above are assets with a original price paid as follows:

Land and buildings - £204,164 (2021: £184,167).



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Notes to the Financial Statements (continued)

for the year ended 31 March 2022

2. Assets Held

	2022	2021
	£	£
Operational assets		
Car parks	3	3
Public conveniences	2	2
Public halls/offices	1	1
Recreational properties	3	3

Infrastructure Assets

Streetlights	157	157
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3. Debtors

	2022	2021
	£	£
Government departments	22,685	8,031
Ratepayers	7,411	11,528
Value added tax	2,773	963
Sundry debtors	15,970	15,528
	<u>48,839</u>	<u>36,050</u>

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

	2022	2021
	£	£
Ratepayers – non-payment of rates	12,126	11,784

4. Creditors

	2022	2021
	£	£
Sundry creditors and accruals	18,692	9,027
Amounts owed to other local government entities	15,950	16,216
Trade creditors	28,232	1,896
Manx Lottery Grant received	34,864	-
	<u>97,738</u>	<u>27,139</u>



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Notes to the Financial Statements (continued) for the year ended 31 March 2022

5. General Rate Account

	2022		2021	
	£	£	£	£
Total rates levied for the year		166,982		165,548
Add:				
Due from Treasury re: prior year	4,747		6,204	
Arrears brought forward	14,091	18,838	9,715	15,919
		185,820		181,467
Less:				
Discounts	(5,349)		(5,283)	
Exempt and unoccupied properties	(1,015)		(2,067)	
Collection fee	(1,870)		(1,898)	
		(8,234)		(9,248)
Irrecoverable amounts and re-rating adjustments		(75)		51
Total rates collectable		177,511		172,270
Rates received in the year:				
Current year rates	140,701		144,652	
Arrears collected	6,840		2,576	
Balance from Treasury re: previous year	4,747		6,204	
Total rates received		152,288		153,432
Balances outstanding carried forward:				
Due from Treasury re: current year				
Arrears:	13,778		4,747	
- Current year	4,269		6,901	
- Previous year	7,176		7,190	
		25,223		18,838
		177,511		172,270
			2022	2021
			£	£
General rates levied for the year		166,982		165,548
Less: Discounts, exempt/uninhabitable properties & refunds		(6,364)		(7,351)
Per Comprehensive Income and Expenditure Statement		160,618		158,197



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Notes to the Financial Statements (continued)

for the year ended 31 March 2022

6. Refuse Rate Account

	2022	2021
	£	£
Refuse rates levied for the year	110,038	109,929
Add:		
Due from Treasury re: prior year	3,284	3,438
Arrears brought forward	9,220	6,419
	12,504	9,857
	122,542	119,786
Less:		
Discounts	(3,399)	(3,394)
Exempt and unoccupied properties	(747)	(1,304)
Collection fee	(1,429)	(1,266)
	<u>(5,575)</u>	<u>(5,964)</u>
Irrecoverable amounts and re-rating adjustments	(282)	46
Total rates collectable	<u>116,685</u>	<u>113,868</u>
Rates received in the year:		
Current year rates	92,413	96,055
Arrears collected	3,989	1,871
Balance from Treasury re: previous year	3,284	3,438
Total refuse rates received	<u>99,686</u>	<u>101,364</u>
Balances outstanding carried forward:		
Due from Treasury re: current year		
Arrears:	8,907	3,284
- Current year	3,142	4,627
- Previous year	4,950	4,593
	<u>16,999</u>	<u>12,504</u>
	<u>116,685</u>	<u>113,868</u>

	2022	2021
	£	£
Refuse rates levied for the year	110,038	109,929
Less: Discounts, exempt/uninhabitable properties & refunds	(4,146)	(4,698)
Per Comprehensive Income and Expenditure Statement	<u>105,892</u>	<u>105,231</u>



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Notes to the Financial Statements (continued)

for the year ended 31 March 2022

7. Employee remuneration

During the year and the prior year, there were no employees whose remuneration, excluding pension contributions, was £50,000.

Key management compensation

Key management personnel compensation paid amounted to £24,751 including employers pension contributions (2021: £25,088).

Members' allowances

During the year the Authority paid £1,062 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2021: £694).

8. 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. It also provides funding in the form of grants and prescribes the terms of many transactions that the Commissioners has with other parties ie. housing rents.

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. ***Clerk to publish shortly.***

Related party transactions and balances with the above parties are disclosed within the relevant notes to the financial statements.

During the period:

Authority paid £43,803 (2021: £35,078) to Western Civic Amenity Site

Authority paid £2,895 (2021: £2,895) to Western Swimming Pool Board.

The Authority also paid £110,038 (2021: £109,929) in respect of refuse collection costs to Northern Parishes Refuse Board. At the year end, £16,216 (2021: £7,054) was due in this respect.

The Authority also paid £17,472 (2021: £13,739) to Manx Utility Authority during the year in respect of electricity charges and street lighting maintenance and lighting charges

One commissioner is a relative of an employee and at year end 2022 received a salary of £2,880 (2021: £2880 with and additional £290 payment).



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Notes to the Financial Statements (continued) for the year ended 31 March 2022

9. 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:

	2022	2021
	£	£
Depreciation, impairment & revaluation losses for non-current assets	14,239	13,642
Increase/(decrease) in creditors	70,598	6,577
(Increase)/decrease in debtors	(12,789)	(3,522)
Net charges for retirement benefits	4,000	2,000
	<u>76,048</u>	<u>18,697</u>

10. Cash flow statement – Investing activities

	2022	2021
	£	£
Purchase of tangible fixed assets	(19,997)	(2,237)
	<u>(19,997)</u>	<u>(2,237)</u>

11. Cash flow statement – Financing activities

	2022	2021
	£	£
Bank interest received	6	12
	<u>6</u>	<u>12</u>

12. Independent examination fees

During 2021/22 the Authority incurred the following fees relating to independent examination:

	2022	2021
	£	£
Fees payable with regard to assurance review services	2,400	2,350
	<u>2,400</u>	<u>2,350</u>

13. Total rateable value

The total rateable value of the District at 31 March 2021 is £116,075 (2021: £115,774) with a 1.44p rate being charged (2021: 1.44p). Refuse rates were levied at 67p in the £ (2021: 67p) on a rateable value of £109,029 (2021: £108,844).



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Notes to the financial statements (Continued)

for the year ended 31 March 2022

14. 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 2022	31 March 2021
Rate of increase in salaries	4.05%	3.65%
Rate of increase in pensions	3.25%	2.85%
Rate for discounting scheme liabilities	2.6%	2.0%

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

The mortality assumptions used were as follows:

	31 March 2022 Years
Longevity at the age of 65 for current pensioners	
• Men	21.2
• Women	24.2
Longevity at the age of 65 for future pensioners	
• Men	22.6
• Women	25.7

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

	2022 %	2021 %
Equity instruments	50	54
Bonds	35	32
Property	15	14
Cash	-	-
Total	<u>100</u>	<u>100</u>



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Notes to the financial statements (Continued)

for the year ended 31 March 2022

14. Post employment benefits - continued

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Total £
At 1 April 2021	74,000	118,000	(44,000)
Benefits paid	-	-	-
Plan participants contributions	1,000	1,000	-
Employer contributions	5,000	-	5,000
Current service cost	-	9,000	(9,000)
Interest income/(expense)	2,000	2,000	-
Remeasurement gains/(losses)			
• Actuarial gains	-	(5,000)	5,000
• Return on plan assets excluding interest income	4,000	-	4,000
At 31 March 2022	<u>86,000</u>	<u>125,000</u>	<u>(39,000)</u>

Total cost recognised as an expense:

	2022 £	2021 £
Current service cost	9,000	6,000
Interest cost	2,000	2,000
	<u>11,000</u>	<u>8,000</u>
	2022 £	2021 £
Interest income	2,000	1,000
Return on plan assets less interest income	4,000	10,000
Total return on plan assets	<u>6,000</u>	<u>11,000</u>

15. Capital commitments

There were no commitments for capital expenditure that had started, or legal contracts entered into as at 31 March 2021 or 2022.

16. Grants Note

During the year the Authority received £49,200 worth of grants from Manx Lottery Trust for updating Civic Hall Kitchen. £14,336 (2021: £nil) was credited to the comprehensive income and expenditure statement and £34,864 (2021: £nil) was deferred and recognised as a creditor.



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Detailed Income and Expenditure Account
For the year ended 31 March 2022

	2022	2021
	£	£
Income		
Property search fees	3,140	3,330
Hall rental	1,215	735
Miscellaneous income	-	(1,125)
Garden rental	200	200
Release of Manx Lottery grant	14,336	-
	<u>18,891</u>	<u>3,140</u>
Expenditure		
Accountancy fees	4,926	2,906
Amenity areas maintenance	8,587	7,386
Assurance fees	2,400	2,885
Bad debts written off		
General rates	(14)	(51)
Refuse rates	356	(46)
Bank charges	265	206
Cleaning & public conveniences (wages now under salary costs)	2727	4,990
Community events	429	1,037
Depreciation	14,238	13,642
Election expenses	3,421	897
Employer's NI (now under salary costs)		1,639
Insurance	3,511	3,471
Internal audit fee	1,800	1,800
Legal & actuarial fees	3,661	820
Office expenses	6,222	4,015
Litter, dog bins & by-law duties	7,811	8,108
Meeting attendance allowances	1,062	694
Miscellaneous expenses	2,211	1,662
Provision for bad debts – (release)/charge		
General rates	75	1,815
Refuse rates	282	1,295
Rates	483	440
Rate collection charges	3,299	3,163
Refuse collection charges	104,463	103,966
Shortfall met out of General Rates Revenue	5,575	5,963
Repairs and renewals	17,805	10,459
Salary costs and wages/NI contribution	32,095	25,088
Street lighting	16,850	11,235
Western Civic Amenity Site Board– contribution	43,803	35,078
Western Local Authorities Swimming Pool Board - contribution	2,895	2,895
	<u>291,238</u>	<u>257,458</u>
Net expenditure from services	<u>272,347</u>	<u>254,318</u>

This page does not form part of the reviewed financial statements