

Michael District Commissioners

Statement of Accounts

For the year ended 31 March 2017

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 2017. 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 prior year included 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 2017, the overall surplus amounted to £16,640 (2016: surplus £50,437). General Services showed a surplus for the year of £16,640 (2016: surplus £36,634) and the Glen Wyllin campsite produced a surplus for the year of £Nil (2016: surplus £13,803).

Michael District Commissioners

Explanatory Foreword (continued)

Statement of the Movement on the General Fund Balance

For the year ended 31 March 2017, the deficit amounted to £5,622 (2016: surplus £31,725). During the year the general rate fund contributed £28,302 towards the purchase of fixed assets (2016: £Nil).

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 £ (2016: 136p) on a rateable value of £113,287 (2016: £112,941) during the year. Rates arrears were £4,739 (2016: £3,932) and prior year rates recovered totalled £1,679 (2016: £960).

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 £ (2016: 47p) on a rateable value of £106,357 (2016: £106,337) during the year. Rates arrears were £2,630 (2016: £2,178) and prior year rates recovered totalled £921 (2016: £571).

Capital expenditure

Capital expenditure during the year amounted to £28,302 (2016: £Nil).

Investments and Borrowing

During the year there were no external investments (2016: £Nil) or new borrowings (2016: £Nil).

Reserves

The Authority's general reserves increased from £100,726 at 31 March 2016 to £175,346 at 31 March 2017. As mentioned below, £80,242 has been transferred from Glen Wyllin Campsite reserves to general reserves.

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 of £80,242 at 31 March 2016 have been transferred to general revenue reserves in the current year. 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.

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 2016/17 contributions being based on the results of the review as at 31 March 2016. 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 past 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.

Michael District Commissioners

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.

Michael District Commissioners

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs through the appointment of a Responsible Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- 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 2017 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.

Michael District Commissioners

Statement of Internal Control (continued)

Review of internal control and corporate governance environment

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

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

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

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.

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

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 2017.

Chairman

Date

6th November 2017

Responsible Financial Officer

Date

6th November 2017

Michael District Commissioners

INDEPENDENT CHARTERED ACCOUNTANT'S 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 2017 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 rates 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.

Michael District Commissioners

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

Conclusion

Based on our review, 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 2017, 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

Grant Thornton Limited

Chartered Accountants

Douglas, Isle of Man

Date: *17 November 17*

Michael District Commissioners

Income and Expenditure Account

for the year ended 31 March 2017

Statement of net expenditure	Gross Expenditure £	Gross Income £	2017 Net Expenditure £	2016 Net Expenditure £
General services	(207,889)	4,336	(203,553)	(181,741)
Glen Wyllin campsite	-	-	-	14,245
Pension current service cost	(1,000)	-	(1,000)	(2,000)
Net cost of services	(208,889)	4,336	(204,553)	(169,496)
Interest paid			(267)	(865)
Interest income			47	37
Pension interest cost and expected return on pension assets			-	-
Net operating expenditure			(204,773)	(170,324)
Source of finance				
Income from rates				
General rates			147,794	147,351
Refuse rates			73,619	73,410
			221,413	220,761
Net surplus for the year			16,640	50,437
Analysis of net surplus for the year				
General services			16,640	36,634
Glen Wyllin campsite			-	13,803
			16,640	50,437

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 2017

	2017 £	2016 £
Surplus for the year on the income and expenditure account	16,640	50,437
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	9,932	12,611
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	1,000	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	(8,147)	(17,645)
Capital expenditure met by General Fund	(28,302)	-
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)
Glen Wyllin campsite - Depreciation charge for the year	-	(5,130)
Glen Wyllin campsite – Loss on disposal of assets	-	(4,609)
	<u>(5,622)</u>	<u>31,725</u>
General Fund Balance brought forward	100,726	69,001
Transfer from Glen Wyllin campsite account	80,242	-
General Fund Balance carried forward	<u>175,346</u>	<u>100,726</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 2017*

	2017 £	2016 £
Surplus for the year on the income and expenditure account	16,640	50,437
Actuarial (losses)/gains on pension fund assets and liabilities	(35,000)	7,000
Total recognised (losses)/gains for the year	<u>(18,360)</u>	<u>57,437</u>

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

Michael District Commissioners

Balance Sheet

as at 31 March 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Tangible fixed assets	5		363,174		348,059
Current assets					
Debtors	4	41,021		14,162	
Cash at bank	3	139,697		153,846	
			<u>180,718</u>	<u>168,008</u>	
Current liabilities					
Creditors	7	11,807		15,155	
Accruals	7	28,017		6,257	
Short-term borrowing	8	8,200		8,200	
			<u>48,024</u>	<u>29,612</u>	
			132,694		138,396
			<u>495,868</u>		<u>486,455</u>
Long-term liabilities					
Long-term borrowing	8		(6,535)		(14,762)
Defined benefit pension scheme liabilities	17		(53,000)		(17,000)
			<u>436,333</u>		<u>454,693</u>
Total assets less liabilities					
			<u>436,333</u>		<u>454,693</u>
Financed by:					
Revaluation reserve	12		238,202		241,456
Capital adjustment account	12		75,785		49,269
General revenue account	12		175,346		100,726
Glen Wyllin campsite account	12		-		80,242
Pension reserve	12/17		(53,000)		(17,000)
			<u>436,333</u>		<u>454,693</u>

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

6 November 2017
Michael Commissioners.

Chairman

Responsible Financial Officer

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

Michael Commissioners.

Michael District Commissioners

Cash Flow Statement

for the year ended 31 March 2017

Revenue activities	Notes	2017 £	2017 £	2016 £
Cash outflows				
Cash paid to and on behalf of employees		(24,325)		(41,427)
Other operating cash payments		(179,613)	(203,938)	(226,076)
				<u>(267,503)</u>
Cash inflows				
Rates receipts		217,201		211,591
Cash received for goods or services		9,336		97,098
			<u>226,537</u>	<u>308,689</u>
Net cash inflow from revenue activities	1		<u>22,599</u>	<u>41,186</u>
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid		(267)		(865)
Cash inflows				
Interest received		47		37
			<u>(220)</u>	<u>(828)</u>
Net servicing of finance				
Capital activities				
Cash outflows				
Purchase of fixed assets			(28,302)	
Net cash (outflow)/inflow before financing	2		<u>(5,923)</u>	<u>40,358</u>
Financing				
Cash outflows				
Repayments of amounts borrowed		(8,148)		(17,645)
		<u>(8,148)</u>		<u>(17,645)</u>
Cash inflows				
New loans raised		-		-
			<u>(8,148)</u>	<u>(17,645)</u>
Net (decrease)/increase in cash	3		<u>(14,071)</u>	<u>22,713</u>

Michael District Commissioners

Notes to the Cash Flow Statement

for the year ended 31 March 2017

1. Reconciliation of surplus to cash inflow from revenue activities

	2017 £	2016 £
Net surplus for the year	16,640	50,437
Depreciation	13,187	15,866
Loss on sale of assets	-	4,609
Interest paid	267	865
Interest received	(47)	(37)
Appropriations to pension reserve	1,000	2,000
(Increase) in debtors	(26,859)	(4,724)
Increase/(decrease) in creditors	18,411	(27,830)
	<hr/>	<hr/>
Net cash inflow from revenue activities	22,599	41,186
	<hr/> <hr/>	<hr/> <hr/>

2. Reconciliation of the movement in net funds

	2017 £	2016 £
Net funds at 1 April 2016	130,885	90,527
Movement in net debt:		
(Decrease)/increase in cash in the period	(14,071)	22,713
Outflow from decrease in debt financing	8,148	17,645
	<hr/>	<hr/>
	(5,923)	40,358
	<hr/>	<hr/>
Net funds at 31 March 2017	124,962	130,885
	<hr/> <hr/>	<hr/> <hr/>

3. Reconciliation of financing and management of liquid resources

	Balance at 1 April 2016 £	Cash Movement £	Non-cash Movement £	Balance at 31 March 2017 £
Cash in hand	153,846	(14,149)	-	139,697
Overdraft	(78)	78	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	153,768	(14,071)	-	139,697
Net debt:				
Due within one year	(8,121)	8,148	(8,227)	(8,200)
Due after one year	(14,762)	-	8,227	(6,535)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net funds	130,885	(5,923)	-	124,962
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Michael District Commissioners
 General and Refuse Rates Fund
 As at 31 March 2017

	Notes	2017 £	2016 £
General rates levied for the year	1	154,117	153,723
Less: Discounts		(5,063)	(5,069)
Exempt and unoccupied properties		(1,260)	(1,303)
Taken to Income & Expenditure Account		<u>147,794</u>	<u>147,351</u>
Collection charges		(1,824)	(2,060)
Write off		93	48
General Revenue Account rate income		<u>146,063</u>	<u>145,339</u>
Refuse rates levied for the year	1	76,604	76,410
Less: Discounts		(2,451)	(2,437)
Exempt and unoccupied properties		(534)	(564)
Taken to Income & Expenditure Account		<u>73,619</u>	<u>73,409</u>
Collection charges		(905)	(727)
Write off		54	25
Refuse Revenue Account rate income		<u>72,768</u>	<u>72,707</u>
Total General Revenue and Refuse Revenue Accounts rate income		218,831	218,046
Add: Due from Treasury re: prior year			
General rates		2,568	-
Refuse rates		1,716	-
		<u>4,284</u>	<u>-</u>
Arrears brought forward			
General rates		3,932	2,663
Refuse rates		2,178	1,277
		<u>6,110</u>	<u>3,940</u>
		<u>229,225</u>	<u>221,986</u>
Total Rates Collectable			
General rates		152,563	148,002
Refuse rates		76,662	73,984
		<u>229,225</u>	<u>221,986</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 2017

	<i>Notes</i>	2017	2016
		£	£
Rates received for the year:			
General rates			
Current year rates		140,634	140,405
Arrears collected		1,679	960
Balance from Treasury re: prior year		2,568	-
		<u>144,881</u>	<u>141,365</u>
Refuse rates			
Current year rates		69,682	69,655
Arrears collected		921	571
Balance from Treasury re: prior year		1,717	-
		<u>72,320</u>	<u>70,226</u>
Total rates received in the year		217,201	211,591
Balances outstanding			
General rates			
Due from Treasury re: current year		2,943	2,568
Arrears - current year	2	2,392	2,319
Arrears - prior years		<u>2,346</u>	<u>1,613</u>
		<u>7,681</u>	<u>6,500</u>
Refuse rates			
Due from Treasury re: current year		1,713	1,717
Arrears - current year	2	1,320	1,311
Arrears - prior years		<u>1,310</u>	<u>867</u>
		<u>4,343</u>	<u>3,895</u>
Balances outstanding carried forward		12,024	10,395
Total			
General rates		152,562	147,865
Refuse rates		76,663	74,121
		<u>229,225</u>	<u>221,986</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 2017)

1. Rates levied for the year

	2017 £	2016 £
General rates		
Rate levied at 136p in the £ (2016 £: 136p) on a certified rateable value of £113,287 (2016: £112,941)	154,071	153,600
Adjustments for revaluation during the year	46	123
	<u>154,117</u>	<u>153,723</u>
Refuse rates		
Rate levied at 47p in the £ (2016: 47p) on a certified rateable value of £106,357 (2016: £106,337)	49,988	49,826
Adjustments for revaluation during the year	16	42
	<u>50,004</u>	<u>49,868</u>
Standing charge levied at £35 per household (2016: £35) on 760 households (2016: 758)	26,600	26,530
Adjustments	-	12
	<u>26,600</u>	<u>26,542</u>
	<u>76,604</u>	<u>76,410</u>
Total general and refuse levied	<u>230,721</u>	<u>230,133</u>

2. Rates arrears

	2017 £	2016 £
Current year	<u>3,712</u>	<u>3,630</u>

Arrears relating to the current financial year represent 1.61% (2016: 1.61%) of the combined general rates and refuse rates levied for the year.

3. Cash at bank

The cash figure at 31 March 2017 was £139,697 (2016: £153,846). 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 2017)

4. Debtors	2017	2016
	£	£
VAT	2,744	1,248
Rates - general and refuse		
Government Departments	4,656	4,285
Ratepayers	7,368	6,109
Less: provision for bad debts		
General rates	(2,346)	(1,613)
Refuse rates	(1,310)	(867)
	11,112	9,162
Other debtors and prepayments	29,909	5,000
	41,021	14,162

The provision for bad debts covers rates arrears up to and including 31 March 2017.

5. Tangible Fixed assets

	Land & Buildings	Addition to Leased Premises	Street Lights	Equipment	Total
	£	£	£	£	£
Cost and valuation					
At 31 March 2016	340,000	26,293	30,672	13,915	410,880
Additions	3,792	-	20,974	3,536	28,302
Disposals	-	-	-	-	-
Cost and valuation					
At 31 March 2017	343,792	26,293	51,646	17,451	439,182
Depreciation					
As at 31 March 2016	19,512	8,125	22,209	12,975	62,821
Depreciation for year	6,504	2,651	3,037	995	13,187
Disposals	-	-	-	-	-
Depreciation					
At 31 March 2017	26,016	10,776	25,246	13,970	76,008
Net Book Value					
At 31 March 2017	317,776	15,517	26,400	3,481	363,174
At 31 March 2016	320,488	18,168	8,463	940	348,059
Assets at cost	-	15,517	26,400	3,481	45,398
Assets at valuation	317,776	-	-	-	317,776
	317,776	15,517	26,400	3,481	363,174

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 2017)

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 2016	Changes 2016/17	Number at 31 March 2017
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 £39,930 of commitments for capital expenditure that had started, or legal contracts entered into, at 31 March 2017 (2016: capital commitment of £Nil).

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2017)

7. Creditors	2017	2016
	£	£
Deposits	-	7,095
Accruals and other creditors	28,017	6,256
Trade creditors	11,807	8,061
	<u>39,824</u>	<u>21,412</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 £4,304 (2016: £4,466), which is met out of general rates revenue, is included in other creditors.

Other creditors also include £1,713 (2016: £1,717) due to NPRCB being refuse rates collected but not yet passed on. Campsite deposits held at the end of the prior year were due to the new operator. There are no such deposits at the end of the current year.

8. Loans

	2017	2016
	£	£
Analysis of loans by type		
Bank loans	<u>14,735</u>	<u>22,883</u>
Analysis of loans by maturity :		
Less than one year	8,200	8,121
Between one and two years	6,535	8,244
Between two and five years	-	6,518
Between five and ten years	-	-
More than 10 years	-	-
	<u>14,735</u>	<u>22,883</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 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 2017, the Authority paid £1,834 (2016: £249) to members 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 (2016: no employees).

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2017)

11. Assurance fees

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

	2017	2016
	£	£
External assurance services	<u>1,940</u>	<u>1,900</u>

12. Reserves

	Revaluation Reserve	Capital adjustment account
	£	£
Balance at 1 April 2016	241,456	49,269
General revenue account transfers	-	-
Depreciation charge for the year	(3,254)	(9,932)
Loan capital repayments	-	8,146
Contribution to asset purchase	-	28,302
	<u>238,202</u>	<u>75,785</u>
Balance at 31 March 2017	<u>238,202</u>	<u>75,785</u>

Revenue Reserves	Pension reserve	General revenue account	Glen Wyllin Account
	£	£	£
Balance at 1 April 2016	(17,000)	100,726	80,242
Net surplus for year	-	16,640	-
Movement in the year	(36,000)	-	-
Transfer to revaluation reserve	-	3,255	-
Transfer to capital adjustment account	-	(26,517)	-
Transfer between reserves	-	80,242	(80,242)
Reverse FRS17 pensions adjustment	-	1,000	-
	<u>(53,000)</u>	<u>175,346</u>	<u>-</u>
Balance at 31 March 2017	<u>(53,000)</u>	<u>175,346</u>	<u>-</u>

Michael District Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2017)

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.

The authority contributes to the upkeep and maintenance of the Western Swimming pool. During the year £2,832 (2016: £2,824) was paid to Western Swimming Pool Board. The authority also contributes to the running of the Western Civic Amenity Site and made contributions of £26,959 (2016: £26,959) in the year. The authority also paid £76,604 (2016: £76,410) to Northern Parishes Refuse Board in respect of refuse collection costs.

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 2017)

17. Pensions (continued)

Breakdown of the expected return on assets by category:

	2017	2016
Equities	5.7%	5.6%
Bonds	2.0%	3.0%
Property	3.7%	3.8%
Cash	2.5%	2.5%

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

	2017	2016
	£	£
Current service cost	5,000	4,000
Expected return on employer assets	(2,000)	(2,000)
Interest on pension scheme liabilities	2,000	2,000
	<u>5,000</u>	<u>4,000</u>
FRS17 pension costs	<u>5,000</u>	<u>4,000</u>

The Scheme net deficit of £17,000 at 31 March 2016 increased to £53,000 at 31 March 2017. An analysis of the movement during the year is shown below:

	2017	2016
	£	£
Net pension liability at the beginning of the year	(17,000)	(22,000)
Current service cost	(5,000)	(4,000)
Interest cost	(2,000)	(2,000)
Employer contributions	4,000	2,000
Expected return on employer assets	2,000	2,000
Actuarial losses/gains	(35,000)	7,000
	<u>(53,000)</u>	<u>(17,000)</u>
Net pension liability at the end of the year	<u>(53,000)</u>	<u>(17,000)</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:

	2017	2016
	£	£
Fair value of employer assets at end of year	96,000	40,000
Experience adjustments on scheme assets:		
Actuarial gains recognised in the statement	49,000	9,000
Percentage of scheme assets - %	51.0%	22.5%
Present value of scheme liabilities	149,000	57,000
Experience adjustments on scheme liabilities:		
Actuarial losses recognised in the statement	(84,000)	(2,000)
Percentage of scheme liabilities - %	56.4%	3.5%
Difference between expected and actual return on assets	5,000	2,000
Percentage of scheme assets - %	5.2%	5%

Michael District Commissioners
Detailed General Income and Expenditure Account
for the year ended 31 March 2017

	2017 £	2016 £
Income		
Property search fees	3,640	1,190
Miscellaneous income	296	50
Garden Rental	400	200
	<u>4,336</u>	<u>1,440</u>
Expenditure		
Accountancy fees	2,480	750
Amenity areas maintenance	5,545	5,629
Assurance fees / Audit fees	2,290	775
Bad debts written off		
General rates	(93)	(48)
Refuse rates	(54)	(25)
Bank charges	356	670
Cleaning & public conveniences	3,414	2,368
Depreciation	13,187	10,736
Election expenses	81	-
Employers NI	1,201	486
Insurance	3,686	2,645
Internal audit fee	-	850
Legal & actuarial fees	685	639
Office expenses	5,723	3,682
Litter, dog bins & by-law duties	7,819	6,834
Meeting attendance allowances	1,834	249
Miscellaneous expenses	5,448	3,974
Photocopier maintenance	371	80
Provision for bad debts – (release)/charge		
General rates	733	765
Refuse rates	444	439
Rates	491	675
Rate collection charges	2,729	2,787
Refuse collection costs		
Net collections by IOM Treasury	72,300	71,944
Shortfall met out of General Rates Revenue	4,304	4,466
Repairs and renewals	9,305	6,611
Salary and wages	23,124	15,059
Speed signs maintenance	160	960
Street lighting	10,535	9,398
Western Civic Amenity Site Board – contribution	26,959	26,959
Western Local Authorities Swimming Pool Board - contribution	2,832	2,824
Total Expenditure	<u>207,889</u>	<u>183,181</u>
Net expenditure from services	<u>(203,553)</u>	<u>(181,741)</u>

Michael District Commissioners
 Detailed Glen Wyllin Income and Expenditure Account
 For the year ended 31st March 2017

	2017	2016
	£	£
Income		
Pitch and tent hire fees	-	88,007
Shop Sales	-	13,001
Miscellaneous income	-	744
	<hr/>	<hr/>
	-	101,752
Expenditure		
Accountancy fees	-	750
Assurance fees	-	775
Bank charges	-	363
Campsite advertising	-	433
Campsite Gas	-	-
Campsite rental	-	6,500
Cleaning	-	1,537
Contractors	-	2,400
Clerk's wages	-	-
Credit card processing fees	-	1,067
Depreciation	-	5,130
Electricity hook up	-	4,066
Employers NI	-	1,000
Insurance	-	2,551
Internal audit fee	-	850
Light & heat	-	2,821
Loss on disposal of assets	-	4,609
Miscellaneous expenses	-	3,604
Motoring costs	-	522
Office expenses	-	53
Rates & metered water	-	2,453
Repairs and renewals	-	9,936
Salary and wages	-	24,882
Shop purchases	-	6,762
Telephone	-	1,110
Tents and equipment	-	150
Waste disposal	-	3,183
	<hr/>	<hr/>
	-	87,507
Net income from services	<hr/>	<hr/>
	-	14,245