

Malew Parish Commissioners

Statement of Accounts

For the year ended 31 March 2012

Malew Parish Commissioners

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Malew Parish Commissioners

Explanatory Foreword

Introduction

This Statement provides a summary of the Authority's financial performance for the year ended 31 March 2012. 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, income from local ratepayers, refuse income, property rents and other sources.

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. This is the basis on which the Authority sets the rate for the year.

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

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

The **Statement of Total Recognised Gains and Losses** shows all gains and losses recognised by the Authority during the year which are not reflected in operating performance within the Income and Expenditure Account. This will include any gains or losses arising on the revaluation of fixed assets for the year together with the surplus or deficit relating to the annual measurement of the net liability to recover the cost of retirement benefits.

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

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

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

Malew Parish Commissioners

Explanatory Foreword (continued)

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

Income and Expenditure Account

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

Net expenditure is met from income from the General Rate Fund, rental income, refuse charges and other miscellaneous income.

For the year ended 31 March 2012, the surplus amounted to £42,504 (2011 surplus: £80,950).

Statement of the Movement on the General Fund Balance

As described on page 1, this statement is the basis on which the Authority's rate is set. For the year ended 31 March 2012, the deficit amounted to £1,467 (2011 deficit £36,089). This was mainly due to an increased rate income and tight cost control in comparison to last year.

Housing Revenue Income and Expenditure Account

The Housing Revenue Account shows the result for the year in respect of income and expenditure on Authority housing.

Statement on the Movement on the Housing Revenue Account Balance

This statement shows the result on the Housing Revenue Income and Expenditure Account adjusted for the additional amounts as required by Statute and non-statutory proper practices. Deficiency payments are received from Department of Social Care covering any deficit when required, however for the year ended 31 March 2012, no deficiency was required and the surplus of £3,716 was transferred to Housing Reserve Account.

Capital Expenditure

Total capital expenditure in the year totalled £1,351 (2011: £19,478), funded from general revenue reserve.

General Rate Fund and Refuse Rate Fund

The general rate income due and collected by the Authority is shown in the General Rate Fund. Rates were levied at 152p in the £ (2011: 152p) on an average rateable value of £364,449 (2011: £361,331) during the year. Total rates arrears were £12,009 (2011: £18,839). Prior year rates were recovered totalling £19,658 (2011: £4,888) and the Commissioners have written back £3,932 (2011 written off £4,773) of old arrears.

Investments and Borrowing

During the year, or in the prior year, no external investments or borrowings were made.

Malew Parish Commissioners

Explanatory Foreword (continued)

Reserves

The Authority's general revenue reserves have reduced from £144,999 at 31 March 2011 to £143,532 at 31 March 2012.

Pensions Liability

Financial Reporting Standard 17 "Retirement Benefits" (FRS17) requires the Authority to disclose certain information within its Statement of Accounts and this appears in note 27 to the Core Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Pension Scheme that is attributable to Malew Parish Commissioners.

This is the difference between future liabilities and assets, as valued at 31 March 2012, and amounts to £202,000 (2011: £174,000) a rise of £28,000 (2011: fall of £138,000).

The increase is due in part to negative asset returns and a change in the discount rate used.

Malew Parish Commissioners

Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

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

Tangible fixed assets

Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off.

Valuations

Asset valuations have been carried out in accordance with guidelines established by CIPFA and RICS and in accordance with the Statement of Recommended Practice.

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, historical costs have been used as a proxy for these values; as inflation is low, prices will not vary significantly over the estimated life of the assets while the Authority depreciates them on a prudent basis using conservative estimates of working lives. As a consequence, the use of historical costs rather than values for these items will not result in a material difference in the Accounts.

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.

Malew Parish Commissioners

Statement of Accounting Policies (continued)

Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land and non-operational property. Where depreciation is provided for, assets are being depreciated by applying the straight line method to Balance Sheet values over periods reflecting their estimated useful lives. Assets acquired under finance leases are depreciated over the lease period if this is shorter than their estimated useful life.

Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year: where values have changed materially in the period, the valuations are adjusted to reflect the change. Where a major change in asset values is due to a clear consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Income and Expenditure Account. When not associated with a clear consumption of economic benefits, it will be recognised in the Statement of Total Recognised Gains and Losses until the carrying amount reaches its depreciated historical cost and taken to the Revaluation Reserve. Thereafter any decrease will be taken to the Income and Expenditure Account.

In respect of non operational investment properties, revaluation adjustments are not taken to the profit and loss account but are taken to the statement of total recognised gains and losses, unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged in the profit and loss account of the period

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.

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Statement of Accounting Policies (continued)

Accruals of income and expenditure

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

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

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

The pension cost has been assessed by the Fund's actuary based on triennial valuations, the 2011/12 contributions being based on the results of the review as at 31 March 2010. These contributions are charged to the Accounts in accordance with statutory requirements. The financial statements have been prepared on the basis that the assets and liabilities arising from an employer's retirement benefit obligations and any related funding are reflected at fair value.

Malew Parish Commissioners

Statement of Accounting Policies (continued)

Pension Costs (continued)

The operating costs of providing retirement benefits to employees are recognised in the accounting periods 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 represent resources set aside for purposes such as general contingencies and cash flow management. The Authority maintains the following significant reserves:

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.

Housing Maintenance Account: set up to hold surplus monies received from an allowance of housing rents less repair expenditure incurred.

Housing Reserve Account: set up to hold surplus monies of housing rents over expenditure incurred.

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 financing transactions.

Pensions Reserve: this is a reserve matching the liability in respect of the Commissioners' share of the Isle of Man Local Authority Pension Scheme.

Usable Capital Receipts: these are amounts of capital receipts received to be used to finance future capital expenditure.

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.

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Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

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

The Responsible Financial Officer's responsibilities

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

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

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

The Responsible Financial Officer has also:

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

We certify that the accounts set out on pages 13 to 30 of this Statement present fairly the financial position of the Authority at 31 March 2012 and its income and expenditure for the year ending on that date.

Malew Parish Commissioners

Statement of Internal Control

Introduction

Regulation 8 of the Accounts and Audit Regulations 2007 requires the Authority to conduct a review at least once 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 Malew Parish 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 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.
- **board meetings**
The Board meets monthly and consists of a Chairman and 4 other Board members. The Board receive reports from the Authority's Officers on operational matters and ensure that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Board.

Malew Parish Commissioners

Statement of Internal Control (continued)

Internal control and corporate governance environment (continued)

- **comprehensive budgeting systems**
- **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 as described above, and
- the external auditors in their annual audit 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.

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 Authority's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2012.

(Signed) _____ (Signed) _____

(Chairman)

(Responsible Finance Officer)

Dated _____

Malew Parish Commissioners

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALEW PARISH COMMISSIONERS

We have audited the financial statements of Malew Parish Commissioners for the year ended 31 March 2012 which comprise the income and expenditure account, statement of the movement on the general fund balance, housing revenue income and expenditure account, statement of the movement on the housing revenue account balance, statement of total recognised gains and losses, the balance sheet, the cash flow statement, the general rate fund, the related notes and the statement of accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice as directed by the Isle of Man Treasury as relevant to local authorities ("SORP").

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

Respective responsibilities of Responsible Financial Officer and auditor

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

Scope of the audit of the financial statements

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

Basis for qualified opinion on financial statements

Included within 'Tangible Fixed Assets: Land and Property' are certain operational assets which were not depreciated in the preceding year as required by section 3.112 the SORP. Owing to the nature of the authority's accounting records for 'Tangible Fixed Assets' it is not possible to quantify the financial effect of this departure from the SORP.

Malew Parish Commissioners

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALEW PARISH COMMISSIONERS (CONTINUED)

Qualified opinion on financial statements

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

- give a true and fair view of the state of the authority's affairs as at 31 March 2012 and of its result for the year then ended;
- have been prepared in accordance with the requirements of the SORP; and
- have been prepared in accordance with the Accounts and Audit Regulations 2007 made under the Audit Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the section 4 of the Audit Act 2006 requires us to report to you if, in our opinion:

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

PKF (Isle of Man) LLC

Douglas, Isle of Man
[Date]

Malew Parish Commissioners

Income and Expenditure Account

for the year ended 31 March 2012

	Gross Expenditure	Gross Income	2011/12 Net Expenditure	2010/11 Net Expenditure
	£	£	£	£
Continuing operations:				
Finance and general purposes	243,631	4,262	239,369	207,446
Property	18,136	89,586	(71,450)	(66,072)
Works and development	27,178	-	27,178	31,252
Parks and leisure	12,179	-	12,179	17,156
Refuse disposal	250,963	53,438	197,525	191,650
Depreciation charge	43,053	-	43,053	22,884
Impairment of warehouse	-	-	-	94,576
Net current service cost of pension scheme	31,000	33,000	(2,000)	5,000
Past service gains of pension schemes	-	-	-	(106,000)
Housing Revenue Income and Expenditure Account	19,318	29,760	(10,442)	(22,220)
Net cost of services	645,458	210,046	435,412	375,672
Interest payable and finance charges			49,076	53,848
Interest and investment income			(179)	(174)
Pensions interest cost and return on pension assets			3,000	6,000
Net operating expenditure			487,309	435,346
Sources of finance				
Income from the General Rate Fund			529,813	516,296
Net surplus for the year			42,504	80,950

The notes on pages 21 to 30 form part of these financial statements.

Malew Parish Commissioners

Statement of the Movement on the General Fund Balance for the year ended 31 March 2012

	2011/12	2010/11
	£	£
Surplus for the year on the income and expenditure account	42,504	80,950
Amounts included in the income and expenditure account but to be excluded when determining the Movement on the General Fund Balance		
Reversal of net charges made for retirement benefits	34,000	42,000
Pensions in the year	(33,000)	(31,000)
Past service gains	-	(106,000)
Depreciation charge for the year	43,053	22,884
Impairment of new warehouse and office	-	94,576
Amounts not included in the Income and Expenditure account but to be included when determining the Movement on the General Fund Balance for the year		
Revenue contribution to capital assets	(1,351)	(19,478)
Capital repayments	(69,369)	(67,593)
Capital payments on finance leases	(7,300)	(30,730)
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		
Surplus on housing revenue account	(10,004)	(21,698)
	(1,467)	(36,089)
General Fund Balance brought forward	144,999	181,088
General Fund Balance carried forward	143,532	144,999

The notes on pages 21 to 30 form part of these financial statements.

Malew Parish Commissioners

Housing Revenue Income and Expenditure Account for the year ended 31 March 2012

	<i>Notes</i>	2011/12		2010/11
		£	£	£
Income				
Dwelling rents	24	29,760		28,518
Expenditure				
Repairs and maintenance		3,898	4,143	
Administration allowance		2,220	2,155	
Depreciation		13,200	-	
		<u>(19,318)</u>	<u> </u>	<u>(6,298)</u>
		10,442		22,220
Interest payable and similar charges		<u>(438)</u>		<u>(522)</u>
Surplus for the year on the HRA income and expenditure account		<u>10,004</u>		<u>21,698</u>

The notes on pages 21 to 30 form part of these financial statements.

Malew Parish Commissioners

Statement of the Movement on the Housing Revenue Account Balance for the year ended 31 March 2012

	2011/12	2010/11
	£	£
Surplus for the year on the HRA income and expenditure account	10,004	21,698
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the Housing Revenue Account Balance for the year		
Depreciation	13,200	-
Capital repayments	(14,505)	(14,421)
Transfers to housing maintenance account	(4,983)	(5,426)
	<u>3,716</u>	<u>1,851</u>
Housing Revenue Account Balance brought forward	5,738	3,887
Housing Revenue Account Balance carried forward	<u>9,454</u>	<u>5,738</u>

Statement of Total Recognised Gains and Losses for the year ended 31 March 2012

	<i>Notes</i>	2011/12	2010/11
		£	£
Surplus on the income and expenditure account for the year		42,504	80,950
Impairment of investment property		-	(11,445)
Surplus arising on revaluation of fixed assets	<i>1</i>	-	646,129
Actuarial (losses)/gains on Pension Fund Assets and Liabilities	<i>27</i>	(27,000)	43,000
Total recognised gains and losses for the year		<u>15,504</u>	<u>758,634</u>

The notes on pages 21 to 30 form part of these financial statements

Malew Parish Commissioners

Balance Sheet

As at 31 March 2012

	<i>Notes</i>	2012	2011
		£	£
Fixed assets			
Tangible fixed assets	<i>1</i>	3,526,465	3,581,367
Current assets			
Debtors	<i>5</i>	69,380	38,921
Cash at bank	<i>6</i>	333,408	435,153
		<u>402,788</u>	<u>474,074</u>
Current liabilities			
Finance lease liabilities	<i>12</i>	(7,300)	(7,300)
Short-term borrowing	<i>11</i>	(86,181)	(83,600)
Creditors	<i>7</i>	(102,975)	(181,493)
		<u>(196,456)</u>	<u>(272,393)</u>
Net current assets		206,332	201,681
		<u> </u>	<u> </u>
Total assets less current liabilities		3,732,797	3,783,048
Long-term liabilities			
Liability relating to defined benefit pension scheme	<i>27</i>	(202,000)	(174,000)
Finance lease liabilities	<i>12</i>	-	(7,300)
Long-term borrowing	<i>11</i>	(945,022)	(1,031,477)
		<u> </u>	<u> </u>
Total assets less liabilities		2,585,775	2,570,271
		<u> </u>	<u> </u>
Financed by:			
Revaluation reserve	<i>8</i>	1,408,394	1,422,017
Accumulated surpluses	<i>9</i>	228,996	221,764
Pensions reserve	<i>8</i>	(202,000)	(174,000)
Usable capital receipts	<i>8</i>	24,948	24,948
Capital adjustment account	<i>8</i>	1,125,437	1,075,542
		<u> </u>	<u> </u>
		2,585,775	2,570,271
		<u> </u>	<u> </u>

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

Chairman

RFO

The notes on pages 21 to 30 form part of these financial statements

Malew Parish Commissioners

Cash Flow Statement

for the year ended 31 March 2012

Revenue activities	2011/12	2010/11
£	£	£
Cash outflows		
Cash paid to and on behalf of employees	(239,369)	(233,389)
Other operating cash payments	(321,317)	(262,688)
	<u> </u>	<u> </u>
Cash inflows		
Rents	29,476	28,518
Rates receipts	429,956	580,044
Other operating cash receipts	141,797	143,232
	<u> </u>	<u> </u>
Net cash inflow from revenue activities	40,543	255,717
	<u> </u>	<u> </u>
Returns on Investments and servicing of finance		
Cash outflows		
Interest paid	48,577	(50,438)
Interest element of finance leases	1,364	(4,424)
	<u> </u>	<u> </u>
Cash inflows		
Interest received	179	174
	<u> </u>	<u> </u>
	(49,762)	(54,862)
	<u> </u>	<u> </u>
Capital activities		
Cash outflows		
Purchase of fixed assets	(1,351)	(19,478)
	<u> </u>	<u> </u>
	(1,351)	(19,478)
	<u> </u>	<u> </u>
Net cash (outflow) / inflow before financing	(10,570)	181,551
	<u> </u>	<u> </u>
Financing		
Cash outflows		
Repayments of amounts borrowed	(83,874)	(82,014)
Capital element of finance lease rental payments	(7,300)	(30,730)
	<u> </u>	<u> </u>
	(91,174)	(112,744)
	<u> </u>	<u> </u>
Net (decrease) / increase in cash	(101,744)	68,807
	<u> </u>	<u> </u>

Malew Parish Commissioners

Notes to the Cash Flow Statement

for the year ended 31 March 2012

1. Reconciliation of net surplus to cash inflow from revenue activities

	2011/12	2010/11
	£	£
Net surplus for the year on general fund income and expenditure account	42,504	80,950
Impairment of asset	-	94,576
Depreciation	56,253	22,884
Interest paid	48,577	53,848
Interest element of finance leases	1,364	4,424
Interest received	(179)	(174)
Increase in debtors	(30,459)	(2,667)
(Decrease) / increase in creditors	(78,517)	101,906
Adjustment to housing reserve	-	(5,030)
Pension appropriations	1,000	(95,000)
	<hr/>	<hr/>
Net cash inflow from revenue activities	40,543	255,717
	<hr/>	<hr/>

2. Reconciliation of the movement in net debt

	2011/12		2010/11
	£	£	£
Net debt at 1 April	(694,525)		(876,619)
Movement in net debt:			
(Decrease)/increase in cash in the period	(101,744)	68,807	
Inflow from decrease in debt financing	91,174	113,287	182,094
	<hr/>	<hr/>	<hr/>
Net debt at 31 March	(705,095)		(694,525)
	<hr/>		<hr/>

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2011 £	Cash movement £	Balance at 31 March 2012 £
Cash in hand	435,152	(101,744)	333,408
Net debt:			
Due within one year	(83,600)	(2,581)	(86,181)
Due after one year	(1,031,477)	86,455	(945,022)
Finance leases	(14,600)	7,300	(7,300)
	<hr/>	<hr/>	<hr/>
Total net debt	(694,525)	(10,570)	(705,095)
	<hr/>	<hr/>	<hr/>

Malew Parish Commissioners

General Rate Fund

For the year ended at 31 March 2012

	£	2012 £	£	2011 £
Total rates levied for the year		553,963		547,954
<i>Add:</i>				
Due (to)/from Treasury re prior year	(70,851)		7,934	
Arrears brought forward	18,839	(52,012)	14,259	22,193
		501,951		570,147
<i>Less:</i>				
Discounts	(22,839)		(22,055)	
Exempt and unoccupied properties	(1,311)		(9,389)	
Collection fee	(6,006)		(5,685)	
Refunds	-		(214)	
		(30,156)		(37,343)
Rates adjustments by Treasury		3,932		(4,772)
Total rates collectable		475,727		528,032
Rates received in the year:				
Current year rates	481,149		567,222	
Arrears collected	19,658		4,888	
Balance (to)/from Treasury re previous year	(70,851)		7,934	
Total rates received in the year		429,956		580,044
Balances outstanding carried forward:				
Due from/(to)Treasury re current year	33,762		(70,851)	
Arrears - current year	8,896		14,241	
- previous years	3,113		4,598	
		45,771		(52,012)
		475,727		528,032

At 31 March 2011, an overpayment had been made in error by the Treasury which meant that the Authority owed £70,851 to Treasury. This was deducted from rate receipts by Treasury in 2011/12 before payment over to the Authority.

Malew Parish Commissioners

Notes to the Financial Statements

(forming part of the financial statements for the year ended 31 March 2012)

1. Tangible fixed assets

	Land and Property £	Equipment and Wheelie Bins £	Total £
Cost/valuation			
At 31 March 2011	3,455,000	306,007	3,761,007
Additions in the year	-	1,351	1,351
Disposals in the year	-	(22,000)	(22,000)
At 31 March 2012	3,455,000	285,358	3,740,358
Depreciation			
At 31 March 2011	-	179,640	179,640
Charge for the year	33,100	23,153	56,253
Disposals in the year	-	(22,000)	(22,000)
At 31 March 2012	33,100	180,793	213,893
Net book value			
At 31 March 2012	3,421,900	104,565	3,526,465
At 31 March 2011	3,455,000	126,367	3,581,367

Valuation of land and property

The Authority has included land and property at valuation. Valuations were carried out by Chrystal Commercial, Chartered Surveyors in March 2011. The basis for valuation is set out in the statement of accounting policies. Assets have been valued as follows:

	Operational Social housing dwellings £	Operational Specialised property £	Operational Non Specialised property £	Non Operational property £	Infra- structure & Community assets £	Total £
Valuation as at 31 March 2011	<u>960,000</u>	<u>1,350,000</u>	<u>615,000</u>	<u>530,000</u>	<u>Nominal</u>	<u>3,455,000</u>

Included within the above valuation is land valued at £1,420,000.

Depreciation methodologies

Depreciation is provided on equipment and wheelie bins as they have a finite useful life. Depreciation is calculated, using the straight line method, on cost, over periods reflecting the following estimated useful lives:

Equipment and Wheelie Bins - 10 years
Property – 50 years
Computer equipment – 5 years

Expenditure in relation to street lighting is expensed in the year incurred and not capitalised.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

2. Assets held

Operational assets	Number at 31 March 2011	Net Changes 2012	Number at 31 March 2012
Dwellings:			
Standard dwellings	8	-	8
Other Land and Buildings	3	-	3
Depots and warehouses	1	-	1
Public Halls	1	-	1
Public Offices	1	-	1
Refuse vehicles	4	-	4
Parks and open spaces	1	-	1

3. Capital expenditure and financing

	2011/12 £	2010/11 £
Capital investment		
Operational assets	<u>1,351</u>	<u>19,478</u>
Sources of finance		
Funded from general revenue reserves	<u>1,351</u>	<u>19,478</u>

4. Capital commitments

There were no commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2012 or 2011.

5. Debtors

	2012 £	2011 £
Amounts falling due in one year (net of bad debt provisions):		
Government departments	33,762	-
Ratepayers	12,009	18,839
Sundry debtors	11,685	8,318
Prepayments	11,924	11,764
	<u>69,380</u>	<u>38,921</u>

At the year end a provision of £2,520 (2011: £2,158) has been made against doubtful refuse debts.

6. Cash

The cash in hand figure at 31 March 2012 was £333,408 (2011: £453,153). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 18 to 19.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

7. Creditors

	2012 £	2011 £
Government departments	-	70,850
Sundry creditors and accruals	102,975	110,643
	<u>102,975</u>	<u>181,493</u>

8. Reserves

	Pensions reserve £	Revaluation reserve £	Capital adjustment account £	Usable capital receipts £
Balance at 1 April 2011	(174,000)	1,422,017	1,075,542	24,948
Movement in year	(28,000)	(13,623)	49,895	-
	<u>(202,000)</u>	<u>1,408,394</u>	<u>1,125,437</u>	<u>24,948</u>
Balance at 31 March 2012	<u>(202,000)</u>	<u>1,408,394</u>	<u>1,125,437</u>	<u>24,948</u>

9. Accumulated surpluses

	General Revenue account £	Housing Reserve Account £	Housing maintenance account £	Total £
Balance at 1 April 2011	144,999	5,738	71,027	221,764
Net surplus / (deficit) for year	(1,467)	3,716	4,983	7,232
	<u>143,532</u>	<u>9,454</u>	<u>76,010</u>	<u>228,996</u>
Balance at 31 March 2012	<u>143,532</u>	<u>9,454</u>	<u>76,010</u>	<u>228,996</u>

10. Analysis of net assets employed

	2012 £	2011 £
General Fund	1,608,084	1,602,584
Housing revenue account	977,691	967,687
	<u>2,585,775</u>	<u>2,570,271</u>

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

11. Borrowings

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

	2012	2011
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	1,031,203	1,115,077
Analysis of loans by maturity:		
Less than 1 year	86,181	83,600
Between 1 and 2 years	88,107	85,907
Between 2 and 5 years	218,834	260,192
Between 5 and 10 years	278,395	264,176
Over 10 years	359,686	421,202
Total outstanding	1,031,203	1,115,077

In recent years the authority has taken out IOM Bank Loan finance to fund long term capital projects. Each of these loans are unsecured and repayable over a period between 10 and 20 years. The loans are either variable rate or fixed term loans. The interest charged on the fixed term loan is 5.52% and on the variable term loan is 0.45% above Bank base rate.

Such loans have been sanctioned on a loan by loan basis by both Treasury and the Department of Infrastructure and/or the Department of Social Care and are secured by way of a Letter of Comfort issued by Treasury.

12. Finance leases

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

	Equipment and wheelie bins
	£
Net book value at 1 April 2011	25,550
Depreciation	(3,650)
Net book value at 31 March 2012	21,900

Outstanding obligations to make payments under these finance leases (excluding finance costs) at 31 March 2012, accounted for as deferred liabilities, are as follows:

	Vehicles, plant and equipment
	£
Obligations payable in 2012/13	7,300

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

13. Contingent assets and liabilities

No such amounts exist at the Balance Sheet date or at 31 March 2011.

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. Members' allowances

During 2011/12 the Authority paid £5,033 (2010/11: £5,531) to its Members in respect of their attendance at meetings, undertaking duties and responsibilities.

16. Employees' remuneration

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

Remuneration Band	Total	2011/12	Total	2010/11
		Number of Employees Leavers in year		Number of Employees Leavers in Year
£50,000 - £74,999	0	0	0	0

17. 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.

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

No related party disclosures arose in relation to officers.

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

18. Audit fees

During 2011/12 the Authority incurred the following fees relating to external audit and inspection:

	2011/12	2010/11
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	5,615	5,325

19. Total rateable value

The total rateable value of the Parish at 31 March 2012 is £378,873 (2011: £361,331) with a 152p rate being charged (2011:152p).

20. Statement of Movement on the General Fund Balance

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

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

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

21. Housing fixed assets

	Dwellings
	£
Gross valuation	
At 31 March 2012	960,000
	<hr/>
Depreciation	
At 31 March 2011	-
Charge for the year	13,200
At 31 March 2012	<hr/>
	13,200
	<hr/>
Net book value	
At 31 March 2012	946,800
	<hr/>
At 31 March 2011	960,000
	<hr/>

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

21. Housing fixed assets (continued)

Authority Dwellings are valued on a basis that reflects their use for social housing. These assets were revalued during the year ended 31 March 2011. The vacant possession value of dwellings at 31 March 2011 was £1,600,000 compared to the balance sheet value of £960,000.

The difference in value represents the economic cost to the Government of providing social housing at less than open market rents.

22. HRA capital expenditure

No capital expenditure on HRA land and buildings was incurred in either the year ended 31 March 2012 or 2011.

23. Housing maintenance reserve

	2011/12	2010/11
	£	£
Balance at 1 April 2011	71,027	74,518
Transfer from housing revenue account	4,983	5,426
Adjustment in respect of previous periods	-	(5,030)
Transfer to housing reserve account	-	(3,887)
	<u>76,010</u>	<u>71,027</u>

24. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids of £Nil (2011: £Nil) represent 0% of the rental debit for the year, compared to 0% in 2010/11.

25. Housing stock

The housing stock of dwellings at 31 March 2012 was made up as follows:

	2011/12	2010/11
	No	No
Houses and bungalows	<u>8</u>	<u>8</u>

There were no changes to housing stock in the year.

26. Rent arrears

There were rent arrears of £285 as at 31 March 2012 (2011: £Nil).

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

27. Pensions

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

During the financial year the cost of pensions contributions £33,023 (2011: £34,279) has been charged to the Income and Expenditure Account. The Authority must also disclose its share of the assets and liabilities related to the scheme for its employees. The assets and liabilities of the Scheme as at 31 March 2012 were valued by the Fund's actuaries, Hymans Robertson, using the projected unit method, which assesses the future liabilities of the Scheme discounted to their present value. The main financial assumptions used in the calculations are:

Assumptions	31 March 2012 % per annum	31 March 2011 % per annum
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions	2.5%	3.1%
Rate for discounting scheme liabilities	4.8%	5.5%
Expected return on assets	5.3%	6.7%

The actuary has also adopted a set of demographic assumptions that are consistent with those used for the Pension Scheme at the last triennial valuation on 31st March 2010. The actuary used this valuation as the basis for the FRS17 calculations. The assets in the Isle of Man Local Government Pension Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Pension Scheme Accounts.

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

	31 March 2012 £	31 March 2011 £
Fair value of employer assets	565,000	528,000
Present value of funded scheme liabilities	(767,000)	(702,000)
Net pensions liability	<u>(202,000)</u>	<u>(174,000)</u>

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

	31 March 2012 £	31 March 2011 £
Equities	362,000	354,000
Bonds	141,000	116,000
Property	51,000	42,000
Cash	11,000	16,000
Estimated employer assets	<u>565,000</u>	<u>528,000</u>

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

27. Pensions (continued)

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

	2011/12 £	2010/11 £
Past service gains	-	106,000
Net cost of service		
Current service cost	31,000	36,000
Employer contributions	(33,000)	(31,000)
	<u>(2,000)</u>	<u>5,000</u>
Net operating expenditure		
Interest cost	39,000	39,000
Expected return on employer assets	(36,000)	(33,000)
	<u>3,000</u>	<u>6,000</u>

The net deficit on the scheme has increased from £174,000 to £202,000. An analysis of the movement during the year is shown below:

	2011/12 £	2010/11 £
Net pension liability at the beginning of the year	(174,000)	(312,000)
Current service cost	(31,000)	(36,000)
Employer contributions	33,000	31,000
Expected net return on employer assets	(3,000)	(6,000)
Actuarial (losses) /gains	(27,000)	43,000
Past service gain	-	106,000
Net pension liability at the end of the year	<u>(202,000)</u>	<u>(174,000)</u>

The recommended financial assumptions used in the report also include the following information:

Breakdown of the expected return on assets by category	2011/12 £	2010/11 £
Equities	6.2%	7.5%
Bonds	3.3%	4.9%
Property	4.4%	5.5%
Cash	3.5%	4.6%

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:

Malew Parish Commissioners

Notes to the Financial Statements (continued)

(forming part of the financial statements for the year ended 31 March 2012)

27. Pensions (continued)

	2011/12		2010/11	
	£	Actuarial gain/loss as % of assets/ liabilities	£	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	565,000		528,000	
Total present value of liabilities	(767,000)		(702,000)	
Difference between the actual and expected return on assets	(28,000)	4.96%	2,000	0.38%
Experience (gains)/losses on liabilities	(10,000)	1.30%	13,000	1.85%
Changes in the assumptions underlying the present value of Scheme Liabilities	-	-	-	-
Actuarial (losses) /gains recognised in the statement	(27,000)	3.52%	43,000	6.12%

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

The net liability represents the difference between the value of the Authority's share of assets in the Scheme and the value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in the global equity markets after 1 April 2012 would also have an impact on the capital value of the pension fund assets.

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

28. Investments

The Authority has representation on the board of the Southern Civic Amenity Site ('the Board'), a Joint Board established under the Southern Civic Amenity Board Order 2000, in accordance with section 7 of the Local Government Act 1985.

The Board comprises representative members from various southern local authorities whereby each representative member has access to the rewards, and exposure to the associated risks, arising from the operation of the Board. The Board 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 Board is considered to be an 'Investment' as defined by the SORP. The Authority, together with the other representative members, fund the Board 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.

Malew Parish Commissioners

Detailed Income and Expenditure Account

for the year ended 31 March 2012

Income	2012		2011	
	£	£	£	£
Rates Receivable		529,813		516,296
Bank Interest	179		174	
Search fees	1,750		1,900	
Village hall hire	20,230		19,886	
Refuse collection	53,438		54,017	
Lease of office	69,356		67,334	
Administration allowance	2,220		2,155	
Miscellaneous	292		517	
		<u>147,465</u>		<u>145,983</u>
Total income		677,278		662,279
Expenditure				
Clerk's salary and expenses	60,241		57,324	
Street lighting	27,178		31,252	
Refuse collection	191,873		186,014	
Rate collection charges	6,006		5,684	
Office expenses	98,059		101,657	
Accountancy fees	8,962		8,485	
External audit fees	5,615		5,558	
Internal audit fees	1,200		3,200	
Insurance	17,043		5,209	
Village hall expenses	18,136		21,147	
Public areas and grounds	2,204		7,640	
Members' expenses	5,033		5,531	
Loan capital repayments	69,369		67,593	
Loan interest	46,375		48,702	
Finance lease repayment charges	7,300		30,730	
Legal and professional fees	40,997		8,972	
Swimming pool contribution	9,162		9,015	
Finance lease interest	1,364		3,881	
Civic amenity site	59,090		59,653	
Bank charges	898		742	
Miscellaneous	4,045		3,469	
Toilets	814		502	
Rates written (back)/off	(3,932)		4,772	
Bad debt provision	362		2,158	
Assets purchased by revenue	1,351		19,478	
		<u>(678,745)</u>		<u>(698,368)</u>
Total expenditure		(678,745)		(698,368)
Deficit for the year		(1,467)		(36,089)
Balance brought forward		<u>144,999</u>		<u>181,088</u>
Balance carried forward		143,532		144,999

This page does not form part of the audited financial statements