

Malew Parish Commissioners

Financial statements

For the year ended 31 March 2009

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 2009. 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. This has been updated for 2008/09 in order to meet the new requirements of the Accounts and Audit Regulations 2007.

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 its 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.

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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 with the exception of Authority housing which is contained within the Housing Revenue Income and Expenditure Account.

Net expenditure is met from the following sources:

- Income from the General Rate Fund

For the year ended 31 March 2009, the over spend amounted to £248,025 (2008: £27,562), however the Commissioners spent £298,347 from revenue reserves towards the cost of a new warehouse.

The comparative figures have also been restated to exclude capital and loan interest payments that related to the housing revenue account. In addition, housing administration allowance of £1,760 has been credited to general revenue account. The net effects of these adjustments are to increase general revenue account reserves by £16,591.

Housing Revenue Account

The Housing Revenue Account shows the income and expenditure on Authority housing. The financial year 2008/09 resulted in a surplus of £450. As noted above, the comparative figures have been restated to reflect additional bank loan capital repaid and interest charges that relate to funds originally borrowed for housing purposes and to allocate an administration allowance of £1,760 to general revenue account. The net effects of these are to reduce housing reserve account by £15,642 and to increase the deficiency due from IOM Government by £950.

Capital Expenditure

Total capital expenditure in the year totalled £419,791 of which £383,291 was spent on the new warehouse at Balthane Industrial park. In addition, a second hand refuse vehicle costing £36,500 was purchased using financing from Isle of Man Bank.

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 149p in the £ on a rateable value of £354,171 during the year. Total rates arrears were £24,866 although £10,386 was received from Treasury on 1 May 2009. Prior year rates were recovered totalling £5,193.

Investments and Borrowing

During the year no external investments were made and the Authority borrowed £85,000 to part finance capital schemes as highlighted above. The remainder of the cost of the new warehouse was funded from general revenue reserves, whilst a refuse vehicle was funded by finance lease arrangements.

Malew Parish Commissioners

Explanatory Foreword (continued)

Reserves

The Authority's revenue reserves have decreased from £440,968 at 31 March 2008 to £201,807 at 31 March 2009. This is primarily as a result of planned warehouse spending and brings the authority's general reserves to a level within the recommended range of 20-25% of rate income.

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 31st March 2009, and amounts to £135,000 an increase of £48,000 on the previous year.

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 as at 21 November 2006.

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.

In addition, the election available within the Audit Directions 2008 to not include finance leases has been applied to these accounts. Such assets have been capitalised in previous years with a resulting credit to the capital discharged account.

Certain comparative figures have been restated to reflect changes to the allocation of interest charges from General Revenue Account to Housing Revenue Account.

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.

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, 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.

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.

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Statement of Accounting Policies (continued)

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.

Housing Deficiency

Housing deficiency is accounted for on an accruals basis and represents an amount due in respect of the shortfall in housing income over housing receipts in the year in accordance with the housing deficiency scheme operated by the Department of Local Government and the Environment.

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 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

The implementation of Financial Reporting Standard (FRS) 17 has changed the accounting treatment of pension costs.

For 2008/2009 the Authority have fully implemented the provisions of FRS 17, representing a change to accounting policies that have been applied in previous years.

The previous policy was to recognise liabilities in respect of retirement benefits only when employer contributions became payable to the Pension Fund or payments fell due to the pensioners for which the Commissioners were directly responsible.

The new accounting treatment better reflects the Authority's commitment in the long term to increase contributions to make up any shortfall to the Authority's proportion of net assets in the Pension Fund.

In accordance with the requirements of FRS 17, the Authority now accounts for retirement benefits when it is committed to give them, even if the actual payment will be many years into the future. The figures for 2007/2008 have been restated accordingly.

The financial statements therefore reflect, at fair value, the assets and liabilities arising from the Authority's retirement obligations. The operating cost of providing retirement benefits to employees is 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. There are additional entries as accepted practice for local authorities to negate the effects on ratepayers or balances.

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 now those recommended by the SORP and its annual reports are now prepared in accordance with the Pensions SORP.

The pension cost has been assessed by the Fund's actuary based on triennial valuations, the 2008/09 contributions being based on the results of the review as at 31 March 2007. 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 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.

Malew Parish Commissioners

Statement of Accounting Policies (continued)

Reserves

Reserves represent resources set aside for purposes such as general contingencies and cash flow management. The Authority maintains the following significant reserves:

General Reserve: set up to act as a buffer against the potential risks of increased expenditure to be charged to future years' Accounts and to assist in organisational development.

Housing Reserve: set up to hold surplus monies received from housing rents less expenditure incurred. During the current period, £450 was transferred representing the surplus for the year.

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.

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.

Malew Parish 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 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 33 of this Statement present fairly the financial position of the Authority at 31 March 2009 and its income and expenditure for the year ending on that date.

Malew Parish Commissioners

Statement of Internal Control

Introduction

Regulation 7 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)

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.

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 2009.

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

- A fixed asset register is now maintained detailing assets acquired in each accounting year
- Advice has been taken in respect of health and safety measures to be implemented or improved

(Signed) _____

(Chairman)

(Dated) _____

Malew Parish Commissioners

Statement on the System of Internal Financial Control

This statement is given in respect of the statement of accounts for the Malew Parish Commissioners. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by the RFO within the Authority. In particular, the system includes:

- 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
- clearly defined capital expenditure guidelines, and
- as appropriate, formal project management disciplines.

During the period, in accordance with Regulation 7 of the Accounts and Audit Regulations 2007, Alexander Elliott were appointed as Internal Auditors to the Authority for the year ended 31 March 2009.

The work carried out was limited to those areas, and the processes and procedures connected with those areas, identified in their “Initial Report on the Scope and Costing of 2008/09 Internal Audit Review” dated December 2008 and accepted by the Board as relevant.

The internal auditor provides an independent opinion on the adequacy and effectiveness of the system of internal financial control.

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 as described above, and
- the external auditors in their annual audit letter and other reports.

Internal Audit Conclusion

The internal auditor concluded that “it was particularly pleasing to see there are comparatively few issues that require attention. Overall the standards of work practice and procedures are of a very high standard and certainly in line, if not superior, to what we would expect to find in a commercial organisation”.

The Clerk will meet with the Board of Commissioners to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

Signed _____

Chairman

Dated _____

Malew Parish Commissioners

Report of the Independent Auditors to Malew Parish Commissioners

[Insert audit report]

Malew Parish Commissioners

Income and Expenditure Account

for the year ended 31 March 2009

Statement of net expenditure	<i>Notes</i>	Gross Expenditure	Income	2008/09 Net Expenditure	2007/08 Net Expenditure Restated
		£	£	£	£
Continuing operations:					
Finance and general purposes		178,317	5,372	172,945	201,702
Property		23,474	95,884	(72,410)	(46,813)
Works and development		23,919	-	23,919	24,742
Parks and leisure		12,638	-	12,638	18,997
Refuse disposal		217,616	54,350	163,266	187,120
Warehouse costs		298,347	-	298,347	-
Net cost of General Fund services		754,311	155,606	598,705	385,748
Housing Revenue Income and Expenditure Account					
Current service cost of Pension Scheme		25,691	25,691	-	-
		21,000	25,000	(4,000)	-
Net cost of services		801,002	206,297	594,705	385,748
Gain/loss on disposal of fixed assets					
Interest payable and finance charges				-	-
Interest and investment income				151,895	140,081
Pensions interest cost and return on pension assets				(3,375)	(20,525)
				6,000	-
Net operating expenditure				749,225	505,304
Sources of finance					
Income from the General Rate Fund				501,200	477,742
Net deficit for the year				(248,025)	(27,562)

The notes on pages 22 to 33 form part of these financial statements.

Malew Parish Commissioners

Statement of the Movement on the General Fund Balance for the year ended 31 March 2009

	<i>Notes</i>	2008/09	2007/08
		£	Restated £
Surplus/(deficit) for the year on the income and expenditure account		(248,025)	(27,562)
Net additional amounts required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year			
Reversal of net charges made for retirement benefits in accordance with FRS 17		27,000	-
Pensions in the year		(25,000)	-
		<hr/>	<hr/>
		(246,025)	(27,562)
General Fund Balance brought forward		377,264	404,826
		<hr/>	<hr/>
General Fund Balance carried forward		131,239	377,264
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 33 form part of these financial statements.

Malew Parish Commissioners

Housing Revenue Income and Expenditure Account

for the year ended 31 March 2009

	<i>Notes</i>		2008/09	2007/08
		£	£	Restated £
Income				
Dwelling rents	21	25,691		23,460
Contributions towards expenditure including Housing Deficiency Payments	22	-		950
			<hr/>	<hr/>
Total income			25,691	24,410
Expenditure				
Repairs and maintenance		8,379		7,819
Administration allowance		1,918		1,760
Transfer to housing maintenance reserve				-
			<hr/>	<hr/>
			10,297	14,831
Surplus for the year on the HRA income and expenditure account			15,394	14,831
Interest payable and similar charges			14,944	14,831
			<hr/>	<hr/>
Surplus/deficit for the year on the HRA income and expenditure account			450	-
			<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 33 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 2009

	<i>Notes</i>	2008/09	2007/08
		£	£
Surplus/deficit for the year on the HRA income and expenditure account		450	-
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			
Transfers to/from housing reserve		(450)	-
		<hr/>	<hr/>
		-	-
Housing Revenue Account Balance brought forward		-	-
		<hr/>	<hr/>
Housing Revenue Account Balance carried forward		-	-
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 33 form part of these financial statements.

Malew Parish Commissioners

Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

	<i>Notes</i>	2008/09 £	2007/08 £
Deficit on the income and expenditure account for the year		(248,025)	(27,562)
Surplus arising on revaluation of fixed assets	<i>1</i>	40,932	-
Actuarial losses on Pension Fund Assets and Liabilities	<i>25</i>	(46,000)	-
Total recognised gains and losses for the year		<u>(253,093)</u>	<u>(27,562)</u>

Malew Parish Commissioners

Balance Sheet

As at 31 March 2009

	<i>Notes</i>	2009 £	2008 Restated £
Fixed assets			
Tangible fixed assets	<i>1</i>	3,088,993	2,582,680
Current assets			
Debtors	<i>5</i>	130,492	49,840
Cash at bank	<i>6</i>	204,724	539,306
		335,216	589,146
Current liabilities			
Short-term borrowing	<i>10</i>	(132,451)	(116,428)
Creditors	<i>7</i>	(63,472)	(77,392)
		(195,923)	(193,820)
Net current assets		139,293	395,326
Total assets less current liabilities		3,228,286	2,978,006
Long-term liabilities			
Liability relating to defined benefit pension scheme	<i>25</i>	(135,000)	(87,000)
Long-term borrowing	<i>10</i>	(1,143,171)	(1,142,557)
Total assets less liabilities		1,950,115	1,748,449
Financed by:			
Revaluation reserve	<i>8</i>	787,332	746,400
Accumulated surpluses	<i>9</i>	201,807	440,968
Pensions reserve	<i>25</i>	(135,000)	(87,000)
Capital discharged	<i>8</i>	1,095,976	648,081
		1,950,115	1,748,449

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

and were signed on

Chairman

RFO

Malew Parish Commissioners

Cash Flow Statement for the year ended 31 March 2009

	£	2009 £	£	2008 £
Net cash inflow from operating activities		93,716		95,665
Returns on investments and servicing of finance				
Interest received	3,375		20,528	
Interest paid	<u>(66,441)</u>		<u>(60,230)</u>	
Net cash outflow for returns on investments and servicing of finance		(63,066)		(39,702)
Capital expenditure				
Payments to acquire tangible assets	(383,291)		(11,688)	
Receipts from sales of tangible assets	<u>-</u>		<u>-</u>	
Net cash outflow for capital expenditure		(383,291)		(11,688)
Net cash outflow before management of liquid resources and financing		(352,641)		44,275
Financing				
Other new short term loans	85,000		-	
Repayment of other short term loans	<u>(66,939)</u>		<u>(67,478)</u>	
Net cash inflow from financing		18,061		(67,478)
Increase / (decrease) in cash in the year		<u>(334,580)</u>		<u>(23,203)</u>

Malew Parish Commissioners

Notes to the Cash Flow Statement

for the year ended 31 March 2009

1. Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£	£
Operating surplus	159,026	108,688
Increase in debtors	(80,652)	(23,344)
(Decrease) / increase in creditors within one year	(15,342)	10,321
	<u>93,716</u>	<u>95,665</u>
Net cash inflow from operating activities	<u>93,716</u>	<u>95,665</u>

2. Analysis of net debt

	1 April 2008	Cash flow	Other non- cash changes	31 March 2009
	£	£	£	£
Net cash:				
Cash at bank in hand	539,306	(334,580)	-	204,726
	<u>539,306</u>	<u>(334,580)</u>	<u>-</u>	<u>204,726</u>
Debt:				
Debts falling due within one year	(1,258,985)	(16,639)	-	(1,275,624)
	<u>(1,258,985)</u>	<u>(16,639)</u>	<u>-</u>	<u>(1,275,624)</u>
Net Debt	<u>(719,679)</u>	<u>351,219</u>	<u>-</u>	<u>(1,070,898)</u>

3. Reconciliation of net cash flow to movement in net debt

	2009	2008
	£	£
Decrease in cash in the year	(334,580)	(23,203)
Cash (inflow)/ outflow from increase in debt	(16,639)	67,478
	<u>(351,219)</u>	<u>44,275</u>
Movement in net debt in the year	<u>(351,219)</u>	44,275
Opening net debt	(719,679)	(763,954)
	<u>(719,679)</u>	<u>(763,954)</u>
Closing net debt	<u>(1,070,898)</u>	<u>(719,679)</u>

Malew Parish Commissioners

General Rate Fund

as at 31 March 2009

	<i>Notes</i>	2009		2008
		£	£	£
Total rates levied for the year		526,697		506,944
<i>Add:</i>				
Due from Treasury re prior year	17,480		5,368	
Arrears brought forward	15,095	32,575	12,271	17,639
		<hr/>		<hr/>
<i>Less:</i>		559,272		524,583
Discounts	20,737		21,615	
Exempt and unoccupied properties	1,567		7,469	
Collection fee	5,619		5,350	
Refunds	3,193		2,942	
		<hr/>	<hr/>	
		(31,116)		(37,376)
		<hr/>		<hr/>
Total rates collectable		528,156		487,207
		<hr/> <hr/>		<hr/> <hr/>
Rates received in the year:				
Current year rates	480,617		448,187	
Arrears collected	5,193		3,901	
Balance from Treasury re previous year	17,480		5,368	
		<hr/>	<hr/>	
Total rates received in the year		503,290		457,456
Balances outstanding carried forward:				
Due from Treasury re current year	10,386		17,480	
Arrears - current year	7,712		3,226	
- previous years	6,768		9,045	
		<hr/>	<hr/>	
		24,866		29,751
		<hr/>		<hr/>
		528,156		487,207
		<hr/> <hr/>		<hr/> <hr/>

Malew Parish Commissioners

Notes

(forming part of the financial statements for the year ended 31 March 2009)

1. Tangible fixed assets

Operational assets	Property	Equipment and Wheelie Bins	Total
	£	£	£
Cost/valuation			
At 31 March 2008	2,487,265	141,578	2,628,843
Additions in the year	383,291	148,533	531,824
Disposals in the year	-	(576)	(576)
Revaluations	40,932	-	40,932
At 31 March 2009	2,911,488	289,535	3,201,023
Depreciation			
At 31 March 2008	-	46,163	46,163
Charge for the year	-	65,867	65,867
Disposals in the year	-	-	-
At 31 March 2009	-	112,030	112,030
Net book value			
At 31 March 2009	2,911,488	177,505	3,088,993
At 31 March 2008	2,487,265	95,415	2,582,680

Valuation of fixed assets

The Authority has included land and property at valuation, although the new office development is included at cost. Valuations have been carried out by Chrystal Commercial, Chartered Surveyors in November 2006.

The basis for valuation is set out in the statement of accounting policies. The Commissioners are of the opinion that the current market value of the new office development is not materially different to its cost.

The Authority has reviewed the values of assets in these categories of assets during 2008/09 and a number of assets were revalued as at 31 March 2009 and there were no material changes in the value of the remainder arising from impairment or other causes.

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:

Equipment and Wheelie Bins - 10 years

The use of these depreciation methodologies means that the Authority is not required to carry out a detailed impairment review

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

2. Assets held

Operational assets	Number at 31 March 2008	Net Changes 2008/09	Number at 31 March 2009
Dwellings			
Standard dwellings	8	-	8
Sheltered accommodation	-	-	-
Other Land and Buildings	3	-	3
Car parks	-	-	-
Cemeteries	-	-	-
Depots and warehouses	-	1	1
Public Conveniences	-	-	-
Public Halls	1	-	1
Public Offices	1	-	1
Recreational properties	-	-	-
Sports Centres	-	-	-
Miscellaneous properties	-	-	-
Refuse vehicles	5	(1)	4
Infrastructure Assets	-	-	-
Community Assets	-	-	-
Historic properties	-	-	-
Parks and open spaces	1	-	1
Non-Operational assets	-	-	-
Commercial properties	-	-	-
Retail properties	-	-	-
Miscellaneous commercial	-	-	-
Other properties	-	-	-
Agricultural land	-	-	-
Garages (general fund)	-	-	-

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

3. Capital expenditure and financing

	2008/09 £	2007/08 £
Capital investment		
Operational assets	419,791	-
Non-operational assets	-	-
	<u>419,791</u>	<u>-</u>
	<u><u>419,791</u></u>	<u><u>-</u></u>
Sources of finance		
Isle of Man Bank Loans	85,000	-
Funded from general revenue reserves	298,291	-
Funded by finance lease	36,500	-
	<u>419,791</u>	<u>-</u>
	<u><u>419,791</u></u>	<u><u>-</u></u>

4. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2009 are listed below:

	31 March 2009 £	31 March 2008 £
Housing	-	383,347
	<u>-</u>	<u>383,347</u>
	<u><u>-</u></u>	<u><u>383,347</u></u>

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

5. Debtors

	2009	2008
	£	£
Debtors:		
Amounts falling due in one year (net of bad debt provisions):		
Government departments	4,225	5,780
Ratepayers	24,865	32,575
Sundry debtors	101,402	11,485
	<u>130,492</u>	<u>49,840</u>

Sundry debtors include an amount of £76,441 due to the authority in respect of legal costs incurred in the year in relation to the erection of dwellings at Crossag Farm.

6. Cash

The cash in hand figure at 31 March 2009 was £204,724 (2008: £539,306). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 19 to 22.

7. Creditors

	2009	2008
	£	£
Sundry creditors and accruals	63,472	77,392
	<u>63,472</u>	<u>77,392</u>

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

8. Capital reserves and accounts

	Revaluation reserve £	Capital discharged account £
Balance at 1 April 2008	746,400	648,081
Net surplus for year	-	447,895
Transfers to/from other reserves	-	-
HRA capital expenditure from repairs reserve	-	-
Unrealised gains from revaluation of fixed assets	40,932	-
	<u>787,332</u>	<u>1,095,976</u>
Balance at 31 March 2009	<u><u>787,332</u></u>	<u><u>1,095,976</u></u>

9. Revenue reserves

	General fund £	Housing reserve account £	Total £
Balance at 1 April 2008 (restated)	377,264	63,704	440,968
Net (deficit) / surplus for year	(246,025)	6,864	(239,161)
Appropriations to/from revenue	-	-	-
Actuarial gains/ losses from pensions	-	-	-
Transfers to/from other reserves	-	-	-
HRA capital expenditure from repairs reserve	-	-	-
	<u>131,239</u>	<u>70,568</u>	<u>201,807</u>
Balance at 31 March 2009	<u><u>131,239</u></u>	<u><u>70,568</u></u>	<u><u>201,807</u></u>

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

10. Long term borrowing

Loans outstanding, and not due to mature for more than one year, are the amounts borrowed from external lenders at the balance sheet date. They may be analysed as follows:

	2009	2008
	£	£
Analysis of loans by type:		
Isle of Man Bank Loans	1,275,622	1,258,985
Analysis of loans by maturity:		
Less than 1 year	132,451	116,428
Between 1 and 2 years	132,451	116,428
Between 2 and 5 years	397,354	349,284
Between 5 and 10 years	613,366	676,845
More than 10 years		
Total outstanding	1,275,622	1,258,985

11. Contingent assets and liabilities

No such amounts exist at the Balance Sheet date.

12. 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.

13. Members' allowances

During 2008/09 the Authority paid £6,055 to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (2007/08 £7,712).

14. 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	2008/09	Total	2007/08
		Number of Employees		Number of Employees
		Leavers in year		Leavers in year
£50,000 - £74,999	0	0	0	0

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

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. Details of transactions with government departments are set out in Note 6 to the Cash Flow Statement.

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.

No related party disclosures arose in relation to officers.

16. Audit fees

During 2008/09 the Authority incurred the following fees relating to external audit and inspection:

	2008/09	2007/08
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	250	241

17. Total rateable value

The total rateable value of the Town at 31 March 2009 is £354,171 (2008: £338,296) at the year end with a 149p rate being charged (2008:149p).

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

18. Housing fixed assets

	Operational assets			Total operational assets £	Non- operational assets £	Total £
	Dwellings £	Garages £	Other £			
Gross valuation						
At 31 March 2008	805,525	-	-	805,525	-	805,525
Additions in the year	-	-	-	-	-	
Revaluations in the year	80,975	-	-	80,975	-	80,975
Disposals in the year	-	-	-	-	-	
Impairments	-	-	-	-	-	
At 31 March 2009	886,500	-	-	886,500	-	886,500

Authority Dwellings are valued on a basis that reflects their use for social housing. The vacant possession value of dwellings at 1 April 2008 was £1,560,000 compared to the balance sheet value of £886,500

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

No charges for impairment were necessary in either 2007/08 or 2008/09.

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

19. HRA capital expenditure

Capital expenditure on HRA land and buildings was financed as follows:

	2008/09	2007/08
	£	£
Major repairs reserve	-	-
Borrowing	-	-
Grants	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

20. Housing maintenance reserve

	2008/09	2007/08
	£	£
Balance at 1 April 2008	63,704	56,956
Transfers	6,414	-
Transfer from housing revenue account	450	6,748
	<u>70,568</u>	<u>63,704</u>
	<u><u>70,568</u></u>	<u><u>63,704</u></u>

21. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 0% of the rental debit for the year, compared to 0% in 2007/08.

22. Housing deficiency grant

Housing deficiency grant is paid from central government to meet the shortfall which might be incurred by the Authority. The amount of deficiency received is shown as follows:

	2008/09	2007/08
	£	£
Deficiency repayable at year end re 2008/09	(1,555)	-
Deficiency receivable at year end re 2007/08	950	950
Deficiency receivable at year end re 2006/07	-	-
Deficiency receivable at year end re 2005/06	4,830	4,830
	<u>4,830</u>	<u>4,830</u>
	<u><u>4,830</u></u>	<u><u>4,830</u></u>

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

23. Housing stock

The housing stock of dwellings at 31 March 2009 was made up as follows:

	2008/09	2007/08
	£	£
Houses and bungalows	8	8
Flats and maisonettes	-	-
Other	-	-
	<hr/>	<hr/>
	8	8
	<hr/> <hr/>	<hr/> <hr/>

There were no changes to housing stock in the year.

24. Rent arrears

There were no rent arrears at either 31 March 2008 or 2009.

25. 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. As disclosed in the statement of accounting policies, as no valuation was carried out at 31 March 2008, comparative figures are not available.

During the financial year the cost of pensions contributions £24,974 (2008: £24,866) 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.

As no valuation was carried out at 31 March 2008, no comparative figures have been disclosed in the Income and Expenditure account, although the balance sheet has been restated to include the pensions liabilities.

The assets and liabilities of the Scheme as at 31 March 2009 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 2009	31 March 2008
	% per annum	% per annum
Rate of inflation	3.1%	3.6%
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	3.1%	3.6%
Rate for discounting scheme liabilities	6.9%	6.9%

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 2007.

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

25. Pensions (continued)

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 2009	31 March 2008
	£	£
Estimated employer assets	314,000	352,000
Present value of scheme liabilities	(449,000)	(439,000)
Present value of unfunded liabilities	-	-
	<hr/>	<hr/>
Net pensions liability	(135,000)	(87,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2008/09
	£
Net cost of service	
Current service cost	21,000
Interest cost	31,000
Expected return on employer assets	(25,000)
	<hr/>
Net Return	27,000
Movement on pension reserve	(2,000)
Actual amount charged against rate income for LGPS contributions in the year:	<hr/>
Employer Contributions Payable to the Scheme	25,000
	<hr/> <hr/>

The net deficit on the scheme has increased from £87,000 to £135,000. An analysis of the movement during the year is shown below:

	2008/09
	£
Net pension liability at the beginning of the year	(87,000)
Current service cost	(21,000)
Past service costs	-
Employer contributions	25,000
Contributions in respect of unfunded benefits	-
Expected net return on employer assets	(6,000)
Actuarial gains/(losses)	(46,000)
	<hr/>
Net pension liability at the end of the year	(135,000)
	<hr/> <hr/>

Malew Parish Commissioners

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

25. Pensions (continued)

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:

	£	2008/09 Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	314,000	-
Total present value of liabilities	(449,000)	-
Difference between the actual and expected return on assets	(38,000)	12.1%
Experience losses on liabilities	-	-
Changes in the assumptions underlying the present value of Scheme Liabilities	-	-
Actuarial losses recognised in the statement	(38,000)	14.7%

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 2009 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.

Malew Parish Commissioners

Detailed Income and Expenditure Account

for the year ended 31 March 2009

	2009	Restated	2008
Income	£	£	Restated £
<i>Rates Receivable</i>	501,200		477,742
<i>Other Income</i>			
Bank Interest	3,375	20,525	
Search fees	2,650	3,800	
Village hall hire	16,311	10,981	
Refuse collection	54,350	56,652	
Lease of office	62,682	60,850	
Warehouse rent	16,891	-	
Administration allowance	1,918	1,760	
Miscellaneous	804	600	
	158,981		155,168
Total income	660,181		632,910
Expenditure			
Clerk's salary and expenses	53,481	52,212	
Street lighting	23,919	24,742	
Revenue contribution re warehouse	298,347	-	
Refuse collection	163,056	191,227	
Rate collection charges	5,619	5,350	
Office expenses	85,615	98,744	
Accountancy fees	6,827	6,227	
External audit fees	250	240	
Internal audit fees	2,300	-	
Insurance	16,439	17,006	
Village hall expenses	23,474	25,018	
Public areas and grounds	4,367	7,478	
Members' expenses	6,055	7,712	
Loan capital repayments	56,052	58,882	
Loan interest	68,617	53,692	
Hire purchase repayment charges	25,503	25,753	
Legal fees	(2,463)	17,156	
Swimming pool contribution	7,794	10,881	
Hire purchase interest	987	987	
Civic amenity site	54,559	52,545	
Bank charges	736	767	
Miscellaneous	4,130	3,215	
Election expenses	64	-	
Toilets	478	638	
Total expenditure	(906,206)		(660,472)
Deficit for the year	(246,025)		(27,562)
Balance brought forward (restated)	377,264		404,826
Balance carried forward	131,239		377,264