

Port Erin Village Commissioners

Financial Statements

For the year ended 31 March 2021

Port Erin Village Commissioners

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Port Erin Village Commissioners

Members, Officers and Advisers

Port Erin Village Commissioners is responsible for the village district of Port Erin. As of the 2016 census, Port Erin consisted of 1,611 households and 3,484 residents according to the 2016 Isle of Man Census Report.

Port Erin Commissioners operates from its offices located at 12 Bridson Street, Port Erin, IM9 6AN.

The Board of Port Erin Commissioners consists of nine elected members. The members for the year ended 31 March 2021 and to July 2021 were:

- Mr G B T Egee - Chair & representative member for Southern Civic Amenity Site Board
- Mr A S George – Vice Chair & representative member of Marashen Crescent Housing Committee
- Mr J A N Watterson - representative member of Southern Area Swimming Pool Board
- Mr P H Crellin
- Mrs B C Guy
- Mr G J Callister
- Mrs D Sim
- Mr M G Morley
- Mr A Tinkler

Following the local authority elections in July 2021, the Commissioners were

- Mr G B T Egee - Chair & representative member for Southern Civic Amenity Site Board
- Mr M G Morley – Vice Chair & representative member of Southern Area Swimming Pool Board
- Mrs B C Guy – representative member of Southern Sheltered Joint Housing Board
- Mr G J Callister
- Mrs D Sim
- Mr M G Morley
- Mrs H MacKenzie

The Local Authority General Election scheduled to take place in April 2020 was postponed due to the Covid-19 pandemic, with legislation implemented to extend the term of the existing Board throughout the financial period.

Mr J M Roberts is employed as Clerk to the Commissioners and also undertakes the role of Responsible Financial Officer, Miss H R Fox is employed as Housing Officer, Mr A P Renshaw as Finance Officer and Mr N Corlett as Administrator.

The Board adheres to the Isle of Man Government Code of Conduct and maintains a register of members interests which is held at the office.

The appointed internal auditor by Port Erin Commissioners for the period of the statement of accounts was Alexander Elliott.

The external auditor appointed by Isle of Man Government Treasury for the period of the statement of accounts was Baker Tilly (Isle of Man) LLC.

The accountants appointed by Port Erin Commissioners for the period of the statement of accounts was Suntera Accounting & Tax Limited.

Port Erin Village Commissioners

Explanatory Foreword

Authority's Objectives

The objectives of the Authority are to provide its rate payers with the best value service, make Port Erin an attractive place to live, work and visit and ensure that it operates in a professional and transparent manner.

Overall financial performance and results of the year

An operating surplus of £27,227 has increased the general rate reserves to £222,276. The collaborative agreement reached with Malew Parish Commissioners continues to work well with shared resources of refuse collection vehicles and a street sweeper. £85,050 was transferred from capital reserves in the year to complete the purchase of land off Ballafesson Road, Port Erin for the creation of a glamping and campsite.

Port Erin Commissioners provided administrative services to the Southern Civic Amenity Site Board over the period.

The Covid-19 pandemic affected operations over the financial period with staff working remotely for a number of weeks throughout the financial period, and changes implemented into working practices to protect staff to ensure the continued provision of statutory and important services within the district. There have been delays to all capital projects over the financial period due to border restrictions and availability of materials.

Finances

With the general rate reserves of £222,276, the following financial year has been budgeted to operate at a deficit of £139,381 to reduce the reserves. Several capital projects are ongoing including the replacement Works Depot at Breagle Glen and the Glamping Site at Ballafesson Road.

Two loans were drawn down during the financial period. £875,365 was borrowed over a term of 30 years to fund the new Works Depot and car parking improvements at Breagle Glen and £56,404 was borrowed over a term of 10 years to fund a Multi-Use Games Area at Breagle Glen.

With the delays and timing of these capital projects, any planned income has also been delayed until those projects are completed.

Significant achievements

Port Erin Commissioners continues to work closely on waste services and street cleaning with Malew Parish Commissioners as part of their collaboration agreement. Further strategic operational opportunities are continuing to be explored which will offer increased value to rate payers of each Local Authority Area over the forthcoming financial year.

The Board has instructed a contractor to proceed with the design and build of a new Works Depot at Breagle Glen to consolidate its works department into one location which will enhance the working environment for staff and create greater efficiencies.

Port Erin Village Commissioners

Explanatory Foreword - continued

Significant achievements - continued

Port Erin Commissioners has completed the purchase of land off Ballafession Road, Port Erin which will be leased to an operator to create a glamping site with 30 pods along with provision for camping and campervans. A petition will be submitted to the Department of Infrastructure seeking permission to offer a lease to the operator for a term of 20 years and 11 months.

The former Bridson Street Bus Shelter and Public Toilets which was leased to Rushen Heritage Trust to repurpose the building as a Rushen Heritage Trust Centre progressed over the period, but the opening of the Centre had been delayed due to the Covid19 pandemic.

Issues likely to shape future performance

The ongoing Covid19 pandemic continues to give cause for concern with ongoing supply issues and increases in cost for goods and services.

The Cosy Nook Café redevelopment planning application submitted in June 2020 was yet to be determined by the Planning Division when a Building Preservation Notice was served by the Department of Environment, Food & Agriculture. The notice effectively put the project on hold whilst the Department explored whether the Cosy Nook should be added to the Protected Buildings Register. Dependent upon the outcome, the project may be delayed for some time.

The delayed Local Authority General Election is expected to be held during the next financial year which will see the Board reduce from 9 to 7 members.

The Board is exploring the possibility of the addition of Beach Huts to Port Erin Beach which will provide an additional visitor attraction and potential income to Port Erin Commissioners, as well as the potential conversion of the public shelter on Shore Road and market style huts to offer additional beach side business opportunities.

Port Erin Village 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 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.

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.

Port Erin Village Commissioners

Report of the Independent Auditor to the Members of Port Erin Village Commissioners for the year ended 31 March 2021

Opinion

We have audited the Statement of Accounts of Port Erin Village Commissioners for the year ended 31 March 2021 which comprise the Comprehensive Income and Expenditure Statement, the Statement of Movement on Reserves, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the authority's affairs as at 31 March 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Accounts and Audit Regulations 2018 made under the Audit Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Responsible Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Responsible Financial Officer has not disclosed in the Statement of Accounts any identified material uncertainties that may cast significant doubt about the authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Port Erin Village Commissioners

Report of the Independent Auditor to the Members of Port Erin Village Commissioners for the year ended 31 March 2021 - continued

Other information

The Responsible Financial Officer is responsible for the other information. The other information comprises the information included in this report, other than the Statement of Accounts and our auditors report there on. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Statement of Accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the section 6 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
- any transaction effected by or on accounts 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.

Responsibilities of Responsible Financial Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 6, the Responsible Financial Officer is responsible for the preparation of the Statement of Accounts and for being satisfied that they give a true and fair view, and for such internal control as the Responsible Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Responsible Financial Officer is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the authority intends to cease operations, or has no realistic alternative but to do so.

Port Erin Village Commissioners

Report of the Independent Auditor to the Members of Port Erin Village Commissioners for the year ended 31 March 2021 - continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Responsible Financial Officer.
- Conclude on the appropriateness of the Responsible Financial Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement of Accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement of Accounts, including the disclosures, and whether the Statement of Accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Port Erin Village Commissioners

Report of the Independent Auditor to the Members of Port Erin Village Commissioners for the year ended 31 March 2021 - continued

Auditor's responsibilities for the audit of the Statement of Accounts (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Irregularities including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Examples of the procedures which we performed included:

- Gaining an understanding of the legal and regulatory framework applicable to Port Erin Village Commissioners including, but not limited to, the Accounts and Audit Regulations 2018, Local Government Act 1985, Local Government Act 2006, Rating and Valuation Act 1953, Public Health Act 1990, Housing Act 1955 and Companies Act 2006 and identified the principal risks of non-compliance with the relevant laws and regulations and whether non-compliance would have a material effect on the financial statements;
- Enquiring of the management team and with the Company's/Council's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using analytical procedures to identify any unusual or unexpected relationships;
- Reviewing minutes of meetings held throughout the year and post year end;
- Documenting each of the material accounting processes and performing detailed walkthroughs to confirm that they are operating effectively and in line with our understanding;
- Agreeing the financial statements' disclosures to underlying supporting documentation; and
- Reviewing the internal audit reports prepared in so far as they relate to the financial statements.

We also addressed the risk of management override of internal controls, principally the posting of inappropriate journals and management bias in accounting estimates, and evaluated whether there is evidence of bias by the Directors/management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Port Erin Village Commissioners

Auditor's responsibilities for the audit of the Statement of Accounts (continued)

Our audit testing might include testing complete populations of certain transactions and balances, however it typically involves selecting a limited number of items for testing rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

Use of our report

This report is made solely to the authority's members, 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 authority's members 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 authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Baker Tilly Isle of Man Ltd

Baker Tilly Isle of Man LLC

Chartered Accountants

PO Box 95

2a Lord Street

Douglas

Isle of Man

IM99 1HP

Date: *14 November 2021*

Port Erin Village Commissioners

Statement of Internal Control

Introduction

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

This statement is made by the Port Erin Village 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 Authority and the Responsible Financial Officer

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

The Authority 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 Authority.

In discharging this responsibility, the Authority 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 on-going 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.
- ***Authority meetings***
The Authority meets monthly and consists of a Chairman and 8 other Authority members. The Authority 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 Authority.

Port Erin Village Commissioners

Statement of Internal Control (continued)

Review of internal control and corporate governance environment

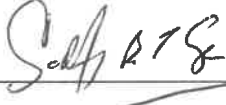
The effectiveness of the Authority's internal control and corporate governance arrangements is continuously assessed by the work of management and the Authority.

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 the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2021.

During the year ended 31 March 2021, no high risk observations were made.

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

(Signed) 
(Chairman)

(Signed) 
(Responsible Financial Officer)

(Dated) 2nd November 2021

Port Erin Village Commissioners

Comprehensive Income and Expenditure Statement

for the year ended 31 March 2021

| | Notes | Gross Expenditure | Income | 2020/21 Net | 2019/20 Net |
|---|-------|----------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Administration and general expenses | | 322,744 | 119,643 | 203,101 | 233,760 |
| Glens and Shore Management | | 43,732 | 6,082 | 37,650 | 16,393 |
| Rowany Golf Course and misc rents | | 4,426 | 61,674 | (57,248) | (48,943) |
| Roads, public conveniences, street lighting, refuse collection and sewers | | 641,214 | 90,576 | 550,638 | 516,877 |
| Public amenities | | 105,600 | 492 | 105,108 | 143,849 |
| Net current service cost of pensions | | 24,000 | - | 24,000 | 22,000 |
| Net cost of General Fund services | | 1,141,716 | 278,467 | (863,249) | (883,936) |
| Housing Income and Expenditure Account | 8 | 951,456 | 1,153,770 | 202,314 | 70,354 |
| Deficiency receivable | 8 | - | 73,309 | 73,309 | 95,000 |
| Net cost of services | | 2,093,172 | 1,505,546 | (587,626) | (718,582) |
| Income from the General Rate Fund | 7 | | | 894,469 | 885,789 |
| Interest payable and similar charges | | | | (226,034) | (273,564) |
| Interest and investment income | | | | - | 2,822 |
| Pension interest cost and expected return on pension assets | 16 | | | (21,000) | (25,000) |
| Surplus/(deficit) on provision of services | | | | 59,809 | (128,535) |
| Other Comprehensive Income and Expenditure | | | | | |
| Remeasurement of net pension liability | 16 | | | (612,000) | 164,000 |
| Revaluation adjustment | 1 | | | - | 110,539 |
| Total comprehensive income and expenditure | | | | (552,191) | 146,004 |

Port Erin Village Commissioners

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

| | Notes | General revenue reserve £ | Capital adjustment account £ | Revaluation reserve £ | Capital receipts reserve £ | Housing Revenue reserve £ | Housing maintenance reserve £ | Pensions Reserve £ |
|--|-------|------------------------------------|---------------------------------------|-----------------------------|-------------------------------------|------------------------------------|--|--------------------------|
| Total comprehensive income and expenditure | | 59,809 | - | - | - | - | - | (612,000) |
| Depreciation and impairment of fixed assets | | 171,005 | (350,172) | (216,958) | - | - | 396,125 | |
| Net charges made for retirement benefits | | 45,000 | - | - | - | - | - | (45,000) |
| Loan fund principal repayments | | (155,603) | 702,540 | - | - | - | (546,937) | - |
| Fixed assets financed from Revenue reserve | | (167,547) | 228,158 | - | - | - | (60,611) | - |
| Transfer from capital receipts reserve | | 85,050 | - | - | (85,050) | - | - | - |
| Transfer to/from Housing Maintenance Reserve Account | | (77,295) | - | - | - | - | 77,295 | - |
| Transfer from capital adjustment account | | 66,808 | (66,808) | | | | | |
| | | <u>27,227</u> | <u>513,718</u> | <u>(216,958)</u> | <u>(85,050)</u> | <u>-</u> | <u>(134,128)</u> | <u>(657,000)</u> |
| Balance brought forward | | 195,049 | 3,485,300 | 18,194,848 | 102,674 | (4,506) | 59,247 | (948,000) |
| Balance carried forward | | 222,276 | 3,999,018 | 17,977,890 | 17,624 | (4,506) | (74,881) | (1,605,000) |

Port Erin Village Commissioners

Statement of Movement on Reserves

for the year ended 31 March 2020

| | Notes | General revenue reserve £ | Capital adjustment account £ | Revaluation reserve £ | Capital receipts reserve £ | Housing Revenue reserve £ | Housing maintenance reserve £ | Pensions Reserve £ |
|--|-------|------------------------------------|---------------------------------------|-----------------------------|-------------------------------------|------------------------------------|--|--------------------------|
| Total comprehensive income and expenditure | | (128,535) | - | 110,539 | - | - | - | 164,000 |
| Depreciation and impairment of fixed assets | | 167,061 | (342,095) | (216,955) | - | - | 391,989 | |
| Net charges made for retirement benefits | | 47,000 | - | - | - | - | - | (47,000) |
| Loan fund principal repayments | | (139,710) | 670,859 | - | - | - | (531,149) | - |
| Fixed assets financed from Housing Maintenance Reserve | | (545,536) | 588,464 | - | - | - | (42,928) | - |
| Transfer from capital receipts reserve | | 236,435 | - | - | (236,435) | - | - | - |
| Transfer to/from Housing Maintenance Reserve Account | | 74,369 | - | - | - | - | (74,369) | - |
| Transfer from capital adjustment account | | 63,707 | (63,707) | - | - | - | - | - |
| | | (225,209) | 853,521 | (106,416) | (236,435) | - | (256,457) | 117,000 |
| Balance brought forward | | 420,258 | 2,631,779 | 18,301,264 | 339,109 | (4,506) | 315,704 | (1,065,000) |
| Balance carried forward | | 195,049 | 3,485,300 | 18,194,848 | 102,674 | (4,506) | 59,247 | (948,000) |

Port Erin Village Commissioners

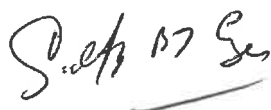
Balance Sheet

as at 31 March 2021

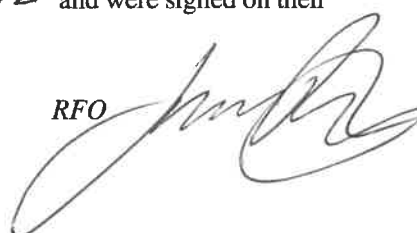
| | Notes | 2021 £ | 2020 £ |
|---|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible fixed assets | | | |
| Operational assets | 1 | 26,639,172 | 26,981,057 |
| Non-operational assets | 1 | 2,122,731 | 2,119,816 |
| | | <u>28,761,903</u> | <u>29,100,873</u> |
| Long-term Debtors | 3 | 98,416 | 120,236 |
| | | <u>28,860,319</u> | <u>29,221,109</u> |
| Current assets | | | |
| Debtors | 4 | 292,523 | 314,640 |
| Cash at bank | | 893,126 | 166,202 |
| | | <u>1,185,649</u> | <u>480,842</u> |
| Current liabilities | | | |
| Short-term borrowing | 6 | 664,726 | 693,835 |
| Creditors – amounts falling due within one year | 5 | 224,963 | 214,984 |
| | | <u>889,689</u> | <u>908,819</u> |
| Net current assets/(liabilities) | | <u>295,960</u> | <u>(427,977)</u> |
| Total assets less current liabilities | | <u>29,156,279</u> | <u>28,793,132</u> |
| Long-term borrowing | 6 | 7,018,858 | 6,760,520 |
| Pension liabilities | 16 | 1,605,000 | 948,000 |
| | | <u>(8,623,858)</u> | <u>(7,708,520)</u> |
| Total assets less liabilities | | <u>20,532,421</u> | <u>21,084,612</u> |
| Financed by: | | | |
| Revaluation reserve | | 17,977,890 | 18,194,848 |
| Capital adjustment account | | 3,999,018 | 3,485,300 |
| Pensions reserve | | (1,605,000) | (948,000) |
| General fund | | 222,276 | 195,049 |
| Housing maintenance reserve | | (74,881) | 59,247 |
| Housing account | | (4,506) | (4,506) |
| Capital receipts reserve | | 17,624 | 102,674 |
| | | <u>20,532,421</u> | <u>21,084,612</u> |

The financial statements were approved by the Authority on 2/11/21 and were signed on their behalf by:

Chairman



RFO



Port Erin Village Commissioners

Cash Flow Statement

for the year ended 31 March 2021

| | Notes | £ | 2021 £ | 2020 £ |
|--|-------|------------------|------------------|-------------|
| Net surplus/(deficit) on provision of services | | 59,809 | | (128,535) |
| Adjustments to net surplus/(deficit) on provision of services for non-cash movements | 11 | 666,044 | | 673,328 |
| Adjustments for items included in net surplus/(deficit) on provision of services that are investing and financing activities | | 226,174 | | 269,718 |
| Net cash flows from Operating Activities | | | 952,027 | 814,511 |
| Net cash flows from Investing Activities | 12 | (228,158) | | (588,462) |
| Net cash flows from Financing Activities | 13 | 3,055 | | (940,576) |
| | | | (225,103) | (1,529,038) |
| Net increase/(decrease) in cash and cash equivalents | | | 726,924 | (714,527) |
| Cash & cash equivalents at the beginning of the reporting period | | | 166,202 | 880,729 |
| Cash & cash equivalents at the end of the reporting period | | | 893,126 | 166,202 |

Port Erin Village Commissioners

Statement of Accounting Policies

1. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' Section 1A ('FRS 102'), and with the Audit Act 2006 and the Accounts and Audit Regulations 2018. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain land and buildings as specified in the accounting policies below.

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

2. Going concern

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a World pandemic. The COVID-19 pandemic has not had a significant, immediate impact on the authority's operations but the board is aware that if the current situation becomes prolonged then this may change. The primary impact of the pandemic on the authority is the potential impact on cash flow. However, after reviewing the budget of the authority, the board have a reasonable expectation that the authority has adequate resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

3. Income

(a) Rates receivable

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

(b) Rentals

Rent revenue is measured at fair value of the consideration received or receivable and represents the amount receivable for the services rendered.

(c) Housing deficiency

Housing deficiency is accounted for on an accruals basis and represents amounts due for the period in respect of the shortfall in housing income over housing receipts in the year.

4. Accruals of income and expenditure

The accounts of the authority are maintained on an accruals basis: activity is accounted for in the year that it takes place not simply when cash payments are made or received.

5. Value Added Tax

Value Added Tax is included in income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

Port Erin Village Commissioners

Statement of Accounting Policies (Continued)

6. Tangible fixed assets

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

(a) Recognition

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

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

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

(b) Measurement (Valuation Bases)

All assets are initially measured at cost. The initial cost includes all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Borrowing costs are not capitalised.

Subsequent to initial recognition, assets are then carried on the Balance Sheet using the following measurement bases:

- Social Housing and all other tangible fixed assets are measured at current value which is determined as the amount that would be paid for the asset in its existing use ("existing use value" – EUV).

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

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

(c) Revaluation

A class of assets included in the Balance Sheet at current value may be revalued on a rolling basis provided revaluation of the class of assets is completed within five years.

The valuations are undertaken with sufficient regularity to ensure that their carrying amount is not materially different from current value. All valuations are undertaken by a qualified valuer, using a professional valuer contracted to the authority.

Port Erin Village Commissioners

Statement of Accounting Policies (Continued)

6. Tangible fixed assets - continued

(c) Revaluation - continued

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

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

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

(d) Impairment

Assets are subject to an annual impairment review at the end of each financial year for evidence of reductions in value. Where indications exist and the reduction is material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

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

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

Port Erin Village Commissioners

Statement of Accounting Policies (Continued)

6. Tangible fixed assets - continued

(e) Depreciation

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

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

Operational assets:

| | |
|-------------------------------------|----------------|
| Property and dwellings | 30 to 50 years |
| Community assets | 15 years |
| Other buildings | 20 to 30 years |
| Motor vehicles, plant and equipment | 3 to 10 years |
| Street lighting | 15 years |

The useful life of an asset is estimated on a realistic basis and is regularly reviewed as part of the revaluation process. Where the useful life of a fixed asset is revised, depreciation is charged over the revised life of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

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

(f) Disposals

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

7. Investment Property

Investment Properties are those that are used solely to earn rentals or for capital appreciation purposes. Properties that are used to facilitate the delivery of services are not Investment Properties.

Investment properties are measured initially at cost and subsequently at fair value. The assets are not depreciated but are subject to five yearly revaluation reviews according to market conditions at the year-end. All valuations are undertaken by a qualified valuer. Gains and losses on revaluation and disposal are posted to the Comprehensive Income and Expenditure Statement. These unrealised gains and losses are reversed out in the Statement of Movement on Reserves to the Revaluation reserve. Proceeds on the sale of such assets would be reversed out to the Capital Adjustment account.

Port Erin Village Commissioners

Statement of Accounting Policies (Continued)

8. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

9. Government Grants and Contributions

Government grants and other third party contributions / donations are accounted for on an accruals basis and recognised when the conditions attached to the payments have been met and there is reasonable assurance that they will be received.

(a) Revenue Grants

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

(b) Housing Deficiency

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

10. Debtors

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

11. Creditors

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

Port Erin Village Commissioners

Statement of Accounting Policies (Continued)

12. Employee benefits

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

(a) Short term benefits

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

(b) Defined benefit pension plan

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

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

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

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

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

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

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

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

Port Erin Village Commissioners

Statement of Accounting Policies (Continued)

13. Provisions

Provisions are made for any liability of uncertain timing where there is a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year that the obligation arises and are based on the best estimate of the amount that is likely to settle the obligation.

14. Reserves

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

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

Housing Maintenance Reserve: set up to hold surplus monies received from housing rents less expenditure incurred.

Housing Revenue Reserve: set up to hold surplus monies received from housing rents less expenditure incurred.

Capital Receipts Reserve: these are amounts of capital monies received to be used to finance future capital expenditure

Earmarked Reserves: surplus monies held from specific funds set aside for specific purposes

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

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

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

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

Port Erin Village Commissioners

Significant Judgements and Estimates

(a) Judgements

In applying the accounting policies set out above the authority has had to make assumptions and form judgements about transactions which are complex in nature and where there is uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

- The authority operates a rolling 5 year revaluation programme for assets held on the Balance Sheet at revalued amount. This means that not all assets are revalued formally every year. However a desktop review is undertaken of the assets that were not formally revalued during the year, taking into account factors such as changes to building cost indices since the asset's last revaluation and the impact of revaluations in year for similar assets. As a result it is judged that the potential difference in value that would result from formal revaluation is not material in the context of the overall carrying value of the assets, and therefore the risk of material misstatement to the Balance Sheet is low.
- Property, Plant and Equipment assets are judged to be held for their service potential rather than future resale value and therefore the authority does not allocate residual values to assets when calculating depreciation. This could lead to the potential overstatement of depreciation and the understatement of asset carrying values in the Balance Sheet. The calculation of depreciation, however, does not affect the amount to be collected from Government in terms of deficiency.
- The authority has judged that amounts held on deposit or invested for periods of less than three months are sufficiently liquid as to be classed as cash equivalents. Judgement is also required as to whether the primary purpose of holding such investments is for meeting short term cash commitments (in which case the investment is classified as a cash equivalent) or for investment return (in which case the investment remains classified as a short term investment).

(b) Estimates

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

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

Port Erin Village Commissioners

Notes to the financial statements

1. Tangible fixed assets

| Operational assets | Land & dwellings | Other land & buildings | Vehicles plant and equipment | Infra-structure assets | Comm-unity assets | Total |
|-------------------------------|-----------------------------|-----------------------------------|-------------------------------------|-------------------------------|--------------------------|------------------------------|
| | £ | £ | £ | £ | £ | £ |
| Cost or Valuation | | | | | | |
| As at 1 April 2020 | 24,268,352 | 2,431,244 | 844,311 | 529,323 | 111,419 | 28,184,649 |
| Additions in the year | 60,611 | 29,503 | 2,119 | 37,299 | 95,711 | 225,243 |
| Disposals in the year | - | - | - | - | - | - |
| At 31 March 2021 | 24,328,963 | 2,460,747 | 846,430 | 566,622 | 207,130 | 28,409,892 |
| Depreciation | | | | | | |
| At 1 April 2020 | 387,916 | 29,408 | 472,714 | 313,554 | - | 1,203,592 |
| Charge for the year | 395,533 | 31,515 | 102,306 | 37,774 | - | 567,128 |
| Disposals | - | - | - | - | - | - |
| At 31 March 2021 | 783,449 | 60,923 | 575,020 | 351,328 | - | 1,770,720 |
| Net book value | | | | | | |
| At 31 March 2021 | 23,545,514 | 2,399,824 | 271,410 | 215,294 | 207,130 | 26,639,172 |
| At 31 March 2020 | 23,880,436 | 2,401,836 | 371,597 | 215,769 | 111,419 | 26,981,057 |
| Non-Operational assets | | | | | | Investment Properties |
| | | | | | | £ |
| Valuation | | | | | | |
| At 31 March 2020 | | | | | | 2,119,816 |
| Additions in the year | | | | | | 2,915 |
| Revaluation in the year | | | | | | - |
| At 31 March 2021 | | | | | | 2,122,731 |

Valuation of fixed assets

The Authority plans to revalue its fixed assets every five years. A full valuation has been carried out by Black Grace Cowley Commercial Chartered Surveyors at 31 March 2019.

In the year ended 31 March 2020, the Commissioners also had valuations prepared in respect of certain individual buildings being the Fire Station and Darraghs building.

Port Erin Village Commissioners

Notes to the financial statements (Continued)

1. Tangible fixed assets – continued

Historical cost of revalued fixed assets

Included within the above are assets with a historical cost as follows:

Land and Property - £10,820,795 (2020: £10,727,766).

Included within Land and Property is Social Housing with a historical cost of £9,804,300 (2020: £9,743,689).

2. Assets held

| | Number at 31 March 2020 | Changes 2020/21 | Number at 31 March 2021 |
|--------------------------------------|-------------------------------|--------------------|-------------------------------|
| Operational Assets | | | |
| Dwellings | | | |
| Standard dwellings | 214 | - | 214 |
| Other Land and Buildings | | | |
| Car parks | 3 | - | 3 |
| Depots | 3 | - | 3 |
| Public Conveniences | 4 | (1) | 3 |
| Public Offices | 1 | - | 1 |
| Recreational properties | 1 | 1 | 2 |
| Miscellaneous properties | 3 | - | 3 |
| Vehicles, Plant and Equipment | | | |
| Vehicles | 13 | - | 13 |
| Community Assets | | | |
| Parks and open spaces | 3 | - | 3 |
| Non-operational assets | | | |
| Commercial Properties | | | |
| Miscellaneous commercial | 3 | 1 | 4 |
| Agricultural land | 2 | - | 2 |
| Garages (general fund) | 30 | - | 30 |

3. Long term debtors

| | Balance at 1 April 2020 £ | Debts repaid £ | Transfer to less than one year £ | Balance at 31 March 2021 £ |
|--|------------------------------------|----------------------|---|-------------------------------------|
| Element of loan finance due from Department of Infrastructure | 120,236 | (66,808) | 44,988 | 98,416 |

Interest is charged on the above loans at 3.74% and loans are unsecured and due to be repaid by 2026.

Port Erin Village Commissioners

Notes to the financial statements (Continued)

4. Debtors and prepayments

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Amounts falling due in one year (net of bad debt provisions): | | |
| Trade and sundry debtors | 55,132 | 37,793 |
| Central Government | 140,451 | 223,965 |
| Ratepayers | 23,723 | 12,192 |
| Housing rents | 73,217 | 40,690 |
| | <u>292,523</u> | <u>314,640</u> |

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

| | 2021 £ | 2020 £ |
|--------------------------|----------------|----------------|
| Trade and sundry debtors | 22,844 | 23,299 |
| Ratepayers | 76,400 | 73,200 |
| Housing rents | 18,689 | 17,706 |
| | <u>117,933</u> | <u>114,205</u> |

5. Creditors

| | 2021 £ | 2020 £ |
|-------------------------|----------------|----------------|
| Government departments | 25,956 | 11,090 |
| Other local authorities | 549 | 264 |
| Housing rents | 5,212 | 7,591 |
| Deferred income | 10,685 | 13,248 |
| Sundry creditors | 182,561 | 182,791 |
| | <u>224,963</u> | <u>214,984</u> |

Port Erin Village Commissioners

Notes to the financial statements (Continued)

6. Long term borrowing

Loans outstanding may be analysed as follows:

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Falling due within one year: Commercial loans and overdrafts | <u>664,726</u> | <u>693,835</u> |
| Falling due after more than one year: Commercial loans | <u>7,018,858</u> | <u>6,760,520</u> |

In prior years the authority has taken out Isle of Man Bank loan finance to fund long term capital projects. Each of these loans are unsecured, repayable in instalments over a period of between 5 and 30 years. The interest charged on these loans varies between 4.10% and 6.19% on fixed term loans.

In recent years and for the foreseeable future, loans will be provided by HSBC Bank via variable rate loans.

Loans with HSBC Bank are repayable over 5 to 30 years with interest charged at 0.95% and 1.2% above LIBOR.

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

Port Erin Village Commissioners

Notes to the financial statements (Continued)

7. General Rate Account

| | 2021 | 2020 |
|--|------------------|------------------|
| | £ | £ |
| General rates levied for the year | 931,199 | 921,120 |
| Add: | | |
| Due from Treasury re prior year | 30,579 | 20,208 |
| Arrears brought forward | 85,392 | 85,880 |
| | <u>1,047,170</u> | <u>1,027,208</u> |
| Less: | | |
| Discounts | (27,290) | (27,736) |
| Exempt and uninhabitable properties | (9,440) | (7,595) |
| Collection charges | (9,416) | (9,462) |
| Refunds | - | - |
| | <u>(46,146)</u> | <u>(44,793)</u> |
| Treasury write back | 1,877 | (81) |
| Total rates collectable | <u>1,002,901</u> | <u>982,334</u> |
| Rates received in the year: | | |
| Current year rates | 812,677 | 821,205 |
| Arrears collected | 34,260 | 24,950 |
| Balance from Treasury re prior year | 30,579 | 20,208 |
| Total rates received in the year | <u>877,516</u> | <u>866,363</u> |
| Balances outstanding carried forward: | | |
| Due from Treasury re current year | 25,261 | 30,579 |
| Arrears – current year | 47,115 | 24,543 |
| – previous years | 53,009 | 60,849 |
| | <u>125,385</u> | <u>115,971</u> |
| | <u>1,002,901</u> | <u>982,334</u> |
| | 2021 | 2020 |
| | £ | £ |
| General rates levied for the year | 931,199 | 921,210 |
| Less: Discounts, exempt/uninhabitable properties & refunds | (36,730) | (35,331) |
| Per Comprehensive Income and Expenditure Statement | <u>894,469</u> | <u>885,879</u> |

Port Erin Village Commissioners

Notes to the financial statements (Continued)

8. Housing Revenue Income and Expenditure

| | 2021 | 2020 |
|--|-----------|-----------|
| | £ | £ |
| Income | | |
| Dwelling rents (excluding rates) | 981,052 | 981,484 |
| Housing Deficiency Receivable | 73,309 | 95,000 |
| Other Income | 172,718 | 170,945 |
| Total income | 1,227,079 | 1,247,429 |
| Expenditure | | |
| Repairs and maintenance | 318,177 | 448,559 |
| Supervision and management | 56,106 | 54,930 |
| Rents, rates, taxes and other charges | 172,718 | 170,945 |
| Depreciation | 396,125 | 391,989 |
| Legal and admin fees | 7,347 | 10,839 |
| Bad debts | 983 | 4,813 |
| | 951,456 | 1,082,075 |
| Net income from Housing Services before interest and loan repayments | 275,623 | 165,354 |

Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 3.35% of the rental debit for the year (2020: 1.76%).

| Rent arrears | 2021 | 2020 |
|---|--------|--------|
| | £ | £ |
| Rent arrears | 73,217 | 40,690 |
| Rent arrears as a percentage of gross rent income | 7.18% | 4.07% |

Arrears written off during the year amounted to £Nil (2020: £Nil) and an increase of £983 (2020: £4,813) was made in the provision for bad and doubtful rental debts. As at 31 March 2021 the provision stood at £18,689 (2020: £17,706).

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 is calculated as follows:

| | 2021 | 2020 |
|---|----------|-----------|
| | £ | £ |
| Opening balance receivable | 73,301 | 99,654 |
| Deficiency grant required | 73,309 | 95,000 |
| Payments received from Department of Infrastructure | (77,074) | (121,353) |
| Closing balance receivable | 69,536 | 73,301 |

Port Erin Village Commissioners

Notes to the financial statements (Continued)

9. Employee remuneration

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

| | 2021 Number of Employees | 2020 Number of Employees |
|-------------------|--------------------------------|--------------------------------|
| Remuneration Band | | |
| £50,000 – £74,999 | 1 | 1 |

Key management compensation

Key management personnel compensation paid amounted to £175,987 including employers pension contributions (2020: £164,687).

Members' allowances

During the year the Authority paid £576 to its members in respect of their attendance at meetings, undertaking duties and responsibilities (2020: £744).

10. 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 have with other parties, i.e. housing rent.

During the year, Port Erin Commissioners paid £143,924 (2020: £119,172) in respect of refuse disposal costs to Central Government.

During the year, Port Erin Commissioners paid £7,509 (2020: £7,494) in respect of Swimming Pool Contributions to the Southern Local Authorities Swimming Pool Board. They also paid £84,756 (2020: £61,968) in respect of refuse expenses to the Southern Civic Amenity Site Board.

During the year, Port Erin Commissioners recharged £Nil (2020: £Nil) of expenditure to Port St Mary Commissioners in respect of refuse services provided to Port St Mary Commissioners. During the year, Port Erin Commissioners also recharged £21,368 (2020: £11,599) of expenditure to Malew Parish Commissioners in respect of refuse services provided to Port St Mary Commissioners.

During the year, Port Erin Commissioners paid £77,543 (2020: £80,479) to the Manx Utilities Authority in respect of street lighting costs and electricity. At the year end £8,747 (2020: £187) was owed in this respect.

During the year Port Erin Commissioners received £22,506 (2020: £5,625) of administration costs from Southern Civic Amenity Site in respect of services provided.

Port Erin Village Commissioners

Notes to the financial statements (Continued)

10. Related party transactions

All Commissioners and officers of the Authority are asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties.

Officers of the Authority - no related party disclosures arose in relation to officers.

All other related party transactions and balances are disclosed in the notes to which they relate.

11. Cash flow statement – Operating activities

The following table provides a breakdown of the main elements within the adjustment for the non-cash movements figure shown in the cash flow statement:

| | 2021 | 2020 |
|---|----------------|----------------|
| | £ | £ |
| Depreciation & impairment losses for non-current assets | 567,128 | 559,050 |
| Increase in creditors | 9,979 | 9,773 |
| Decrease/(increase) in debtors | 43,937 | 57,505 |
| Difference between FRS102 pension cost and contributions paid | 45,000 | 47,000 |
| | <u>666,044</u> | <u>673,328</u> |

12. Cash flow statement – Investing activities

| | 2021 | 2020 |
|--------------------|------------------|------------------|
| | £ | £ |
| Purchase of assets | <u>(228,158)</u> | <u>(588,462)</u> |

13. Cash flow statement – Financing activities

| | 2021 | 2020 |
|---|--------------|------------------|
| | £ | £ |
| Cash receipts from short-term and long-term borrowing | 931,769 | - |
| Repayments of short-term and long-term borrowing | (702,540) | (670,858) |
| Bank interest received | - | 2,822 |
| Loan interest paid | (226,174) | (272,540) |
| | <u>3,055</u> | <u>(940,576)</u> |

Port Erin Village Commissioners

Notes to the financial statements (Continued)

14. Audit fees

During the year the Authority incurred external audit fees of £8,500 (2020: £8,500).

15. Total rateable value

The total rateable value of the Village at 31 March 2021 is £300,446 (2020: £300,304) at the year end with a 310p rate being charged (2020: 307p).

16. Post employment benefits

The authority operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by Douglas Borough Council as the Administering Authority. The authority has committed to a funding plan with the Administering Authority, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the Administering Authority to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the Local Government Superannuation Scheme, using the projected unit credit method, was carried out at 31 March 2021 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

| | 31 March 2021 | 31 March 2020 |
|---|----------------------|----------------------|
| Rate of increase in salaries | 3.6% | 2.7% |
| Rate of increase in pensions | 2.8% | 1.9% |
| Rate for discounting scheme liabilities | 2.0% | 2.35% |

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

The mortality assumptions used were as follows:

| | 31 March 2021 | 31 March 2020 |
|---|----------------------|----------------------|
| | Years | Years |
| Longevity at the age of 65 for current pensioners | | |
| • Men | 21.2 | 21.1 |
| • Women | 24.2 | 24.1 |
| Longevity at the age of 65 for future pensioners | | |
| • Men | 22.5 | 22.5 |
| • Women | 25.6 | 25.5 |

Port Erin Village Commissioners

Notes to the financial statements (Continued)

16. Post employment benefits

Reconciliation of scheme assets and liabilities:

| | Assets £ | Liabilities £ | Net liability £ |
|---|------------------|------------------|--------------------|
| At 1 April 2020 | 2,277,000 | 3,225,000 | (948,000) |
| Benefits paid | (95,000) | (95,000) | - |
| Plan participants contributions | 21,000 | 21,000 | - |
| Employer contributions | 87,000 | - | 87,000 |
| Current service cost | | 104,000 | (104,000) |
| Administrative expenses | (7,000) | - | (7,000) |
| Interest income/(expense) | 54,000 | 75,000 | (21,000) |
| Remeasurement gains)/losses | | | |
| • Actuarial gains/losses | - | 952,000 | (952,000) |
| • Return on plan assets excluding interest income | 340,000 | - | 340,000 |
| At 31 March 2021 | <u>2,677,000</u> | <u>4,282,000</u> | <u>(1,605,000)</u> |

Total cost recognised as an expense (No amounts were included in the cost of assets in either year):

| | 2021 £ | 2020 £ |
|----------------------|---------------|---------------|
| Current service cost | 24,000 | 22,000 |
| Interest cost | 21,000 | 25,000 |
| | <u>45,000</u> | <u>47,000</u> |

| | 2021 % | 2020 % |
|--------------------|------------|------------|
| Equity instruments | 54 | 46 |
| Bonds | 32 | 37 |
| Property | 14 | 16 |
| Cash | - | 1 |
| Total | <u>100</u> | <u>100</u> |

The local authority's share of the return on plan assets was:

| | 2021 £ | 2020 £ |
|--|----------------|------------------|
| Interest income | 54,000 | 59,000 |
| Return on plan assets less interest income | 340,000 | (180,000) |
| Total return on plan assets | <u>394,000</u> | <u>(121,000)</u> |

Port Erin Village Commissioners

Notes to the financial statements (Continued)

17. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into are:

| | 31 March 2021 | 31 March 2020 |
|----------------|--------------------------|--------------------------|
| | £ | £ |
| Refuse vehicle | - | - |

Port Erin Village Commissioners

Detailed Income and Expenditure Account
for the year ended 31 March 2021

| | £ | 2021 £ | £ | 2020 £ |
|--|---------|----------------|---------|----------------|
| Office administration and general office expenses | | | | |
| Salaries | 224,659 | | 222,235 | |
| Audit and accountancy fees | 19,609 | | 20,423 | |
| Professional fees | 2,197 | | 4,935 | |
| Postage and office expenses | 7,317 | | 7,594 | |
| Information technology | 13,946 | | 15,204 | |
| Telephone | 2,429 | | 3,744 | |
| Press notices | 1,422 | | 1,160 | |
| Stationery | 1,254 | | 1,305 | |
| Rates | 1,577 | | 1,502 | |
| Heat and light | 1,924 | | 2,167 | |
| Repairs and renewals | 961 | | 330 | |
| Insurance | 15,488 | | 16,135 | |
| Cleaning materials and wages | 127 | | 143 | |
| Entertainment of visitors | 4,858 | | 15,892 | |
| Rate collection fee | 9,440 | | 9,462 | |
| Depreciation | 8,785 | | 8,785 | |
| Attendance allowance | 576 | | 744 | |
| Miscellaneous | 100 | | 1,334 | |
| Provision for doubtful debts | 867 | | (4,286) | |
| Donations | 1,070 | | 2,077 | |
| Rates surfeit | 4,138 | | 3,597 | |
| | | 322,744 | | 334,482 |
| Less: | | | | |
| Search fees | 12,000 | | 13,200 | |
| Housing administration charge | 56,106 | | 54,930 | |
| Southern civic administration charge | 22,506 | | 5,625 | |
| Rate collection commission | (3,548) | | 3,000 | |
| Tourist information and other incidentals | 32,579 | | 23,967 | |
| | | 119,643 | | 100,722 |
| | | 203,101 | | 233,760 |

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Port Erin Village Commissioners

Detailed Income and Expenditure Account
for the year ended 31 March 2021

| | £ | 2021 £ | £ | 2020 £ |
|-----------------------------------|--------------|---------------|---------------|---------------|
| Glens and Shore Management | | | | |
| Glens Costs | | | | |
| General operating costs | | 28,096 | | 3,059 |
| Breagle Glen | | | | |
| Wages and administration | 954 | | 1,278 | |
| General operating expenses | 1,028 | | 987 | |
| Depreciation | 1,569 | | - | |
| | <u>3,551</u> | | <u>2,265</u> | |
| Less: | | | | |
| Rents received | 6,082 | | 8,082 | |
| | <u>6,082</u> | | <u>8,082</u> | |
| | | (2,531) | | (5,817) |
| Athol Park Glen | | | | |
| General operating expenses | 3,596 | | 4,153 | |
| | <u>3,596</u> | 3,596 | <u>4,153</u> | 4,153 |
| Shore Management | | | | |
| Wages and administration | 4,801 | | 5,579 | |
| General operating expenses | 1,788 | | 7,519 | |
| Depreciation | 1,900 | | 1,900 | |
| | <u>8,489</u> | | <u>14,998</u> | |
| | | 8,489 | | 14,998 |
| | | <u>37,650</u> | | <u>16,393</u> |

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Port Erin Village Commissioners

Detailed Income and Expenditure Account
for the year ended 31 March 2021

| | | 2021 | 2020 |
|---|--------|-----------------|----------|
| | £ | £ | £ |
| Rowany Golf Course and miscellaneous rents | | | |
| Cosy Nook repairs | 1,222 | 4,133 | |
| Field rent costs | - | 1,724 | |
| Garage costs | 3,204 | 3,125 | |
| | | 4,426 | 8,982 |
| Less: | | | |
| Rowany golf course rent | 4,999 | 7,925 | |
| Contribution to loan charges | 17,656 | 10,505 | |
| Miscellaneous rents | 6,379 | 8,735 | |
| Garage rents including rates recovered | 32,640 | 30,760 | |
| | | (61,674) | (57,925) |
| | | 57,248 | (48,943) |

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Port Erin Village Commissioners

Detailed Income and Expenditure Account
for the year ended 31 March 2021

| | | 2021 | | 2020 |
|--|---------|----------|---------|---------|
| | £ | £ | £ | £ |
| Roads, public conveniences, street lighting, refuse collection and sewers | | | | |
| Roads | | | | |
| General operating expenses | - | - | 1,189 | 1,189 |
| Government grant received | (4,411) | (4,411) | (2,205) | (2,205) |
| Public conveniences | | | | |
| Wages and administration | 7,263 | | 8,242 | |
| General operating expenses | 4,970 | | 10,866 | |
| Depreciation | 17,926 | | 17,926 | |
| | 30,159 | 30,159 | 37,034 | 37,034 |
| Street and decorative lighting | | | | |
| General operating expenses | 40,245 | | 22,475 | |
| Depreciation | 37,775 | | 35,288 | |
| | 78,020 | 78,020 | 57,763 | 57,763 |
| Refuse collection and sewers | | | | |
| General materials | 6,640 | | 11,235 | |
| Wages – refuse collection | 36,735 | | 35,047 | |
| Vehicle expenses | 28,936 | | 25,466 | |
| Amenity site | 84,756 | | 61,968 | |
| Disposal charges | 143,924 | | 119,172 | |
| Depreciation | 38,136 | | 38,928 | |
| | 339,127 | | 291,816 | |
| Less: | | | | |
| Sale of refuse sacks | - | | 8 | |
| Disposal charges | 37,563 | | 49,462 | |
| Recharge of expenses | 21,368 | | 11,746 | |
| | 58,931 | 280,196 | 61,216 | 230,600 |
| Sewers | | | | |
| Maintenance and general materials | - | | - | |
| Less: | | | | |
| Contribution towards finance costs | 23,751 | (23,751) | (9,372) | 9,372 |

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Port Erin Village Commissioners

Detailed Income and Expenditure Account
for the year ended 31 March 2021

| | | 2021 | | 2020 |
|--|----------------|----------------|----------------|----------------|
| Roads, public conveniences, street lighting, refuse collection and sewers (continued) | £ | £ | £ | £ |
| General | | | | |
| General expenses | 5,359 | | 8,540 | |
| Wifi and CCTV | 4,348 | | 4,009 | |
| Stores | 2,918 | | 3,172 | |
| Wages | 134,362 | | 126,333 | |
| Transfer of services | 14,782 | | 17,196 | |
| Health & Safety | 3,522 | | 2,681 | |
| Depreciation | 28,617 | | 28,476 | |
| | <u>193,908</u> | | <u>190,407</u> | |
| Less: | | | | |
| Refund of wages, materials and works | 3,083 | | 669 | |
| Contributions towards public functions | 400 | | 6,614 | |
| | <u>3,483</u> | | <u>7,283</u> | |
| | | <u>190,425</u> | | <u>183,124</u> |
| | | <u>550,638</u> | | <u>516,877</u> |

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Port Erin Village Commissioners

Detailed Income and Expenditure Account
for the year ended 31 March 2021

| | | 2021 | | 2020 |
|--|---------------|----------------|---------------|----------------|
| | £ | £ | £ | £ |
| Public amenities | | | | |
| Library | | | | |
| Wages | 26,842 | | 48,544 | |
| Heat and light | 2,295 | | 1,962 | |
| Rates | 717 | | 683 | |
| Miscellaneous | 10,228 | | 10,451 | |
| Books | 4,075 | | 16,788 | |
| Depreciation | 2,338 | | 1,800 | |
| | <u>46,495</u> | | <u>80,228</u> | |
| Less: | | | | |
| Subscriptions | 192 | | - | |
| Donations/contributions | 300 | | 3,000 | |
| | <u>492</u> | | <u>3,000</u> | |
| | | 46,003 | | 77,228 |
| Other amenities | | | | |
| Mowers | 2,605 | | 3,881 | |
| Memorial benches | 836 | | 667 | |
| Other amenities | 5,008 | | 5,669 | |
| Vehicle expenses | 9,190 | | 14,953 | |
| Vehicle depreciation | 33,957 | | 33,957 | |
| | <u>51,596</u> | | <u>59,127</u> | |
| | | 51,596 | | 59,127 |
| Combined authorities | | | | |
| Contribution to Southern Local Authorities | | | | |
| Swimming Pool Board | 7,509 | | 7,494 | |
| | <u>7,509</u> | | <u>7,494</u> | |
| | | 7,509 | | 7,494 |
| | | <u>105,108</u> | | <u>143,849</u> |

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