



**BOROUGH OF DOUGLAS
ABSTRACT OF ACCOUNTS
YEAR ENDING
31st MARCH 2004**



DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

EXPLANATORY FOREWORD AND STATEMENT OF RESPONSIBILITY

The Council's Abstract of Accounts for the year ended 31st March, 2004 is set out on pages 1 to 19. Brief notes at the head of each page explain the function of these accounts, which consist of:-

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1. It is the responsibility of the Council to prepare accounts for each financial year in accordance with the Audit Act 1983. It is confirmed that suitable accounting policies have been selected and consistently applied and proper accounting practices observed. This accords with the regulations made under the Audit Act 1983 and all other applicable enactments. The Council is responsible for ensuring proper accounting records are maintained.
2. During the year, net revenue expenditure on services funded from the General Rate Fund amounted to some £7.265M with rate income of £7.120M. This gave a deficit of £0.145M to reduce the General Rate Fund working balance. At the close of the year the working balance stood at £2.896M. During the previous year, expenditure amounted to £6.492M, with a £0.057M contribution from balances.
3. Capital expenditure of £10.552M was undertaken during the year, much of which related to public sector housing, and the construction of a new multi-storey car park at Shaws Brow. This compared to £9.064M in the previous financial year.
4. Government Grants to aid services and Agencies run by the Council amounted to some £3.406M during the year (£2.207M in 2002/2003). The large increase reflects the subsidy received in respect of the Government levy charged for household waste.

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
11th August 2004

G M BOLT, CPFA.
BOROUGH TREASURER
11th August 2004

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DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

INDEPENDENT AUDITORS' REPORT

Report of the Independent Auditors, KPMG Audit LLC, to the Mayor and Councillors of Douglas Borough Council for the year ended 31st March 2004.

We have audited the Abstract of Accounts on pages 3 to 21.

This report is made solely to the Mayor and Councillors, as a body. Our audit work has been undertaken so that we might state to the Mayor and Councillors 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 Mayors and Councillors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Borough Council and Auditors:-

As described on page 1 the Council is responsible for the preparation of accounts in accordance with applicable Isle of Man law. Our responsibilities, as independent auditors are established by Isle of Man statute, the Audit Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements are prepared in accordance with the Accounts and Audit Regulations 1984, made under the Audit Act 1983.

Basis of Opinion:-

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We have planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity of error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion:-

In our opinion the accounts for the year ended 31st March 2004 have been prepared in accordance with the Accounts and Audit Regulations 1984 made under the Audit Act 1983 and comply with all other enactments applicable to the accounts and proper accounting practices have been observed in their compilation.

1st December 2004
Douglas

KPMG Audit LLC
Chartered Accountants

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

STATEMENT OF ACCOUNTING PRINCIPLES

1. General Principles

These accounts have been prepared in accordance with the requirements of the Accounts and Audit Regulations 1984 made under the Audit Act 1983, and the historical costs convention.

2. Basis of Inclusion of Debtors and Creditors in the Accounts

Revenue account transactions are accounted for on an accruals basis. In the case of payroll costs these are included on the basis of complete pay periods, which fall within the financial year. All known income is recorded when the debt is established together with an estimate of other large sums due but not established at the year end. Rental income for the Council's housing stock is recorded on the same basis as payroll costs. Expenditure is accrued for sums due but not paid at the end of the year.

Capital transactions are recorded on a receipts and payments basis and do not therefore include any accrual for the cost of work carried out but not paid for at 31st March 2004.

3. Reserves, Provisions, Contingent Liabilities and Deferred Charges

A number of renewal and reserve funds are maintained within the Council's accounts. Sums are provided for the renewal of vehicles and plant based upon the estimated cost of replacement at the end of their estimated life. In other cases, reserve funds are maintained to finance unforeseen costs of asset repair. There are no known contingent liabilities except in relation to claims covered by the Council's insurance and claims by contractors. There are deferred charges outstanding, which relate to the loan debt on the Drainage infrastructure assets (transferred to the Government as part of the Sewerage Act 1999). The outstanding balances are reduced each year by the amount of loan repayments, which are a charge upon the General Rate Fund.

4. Provision for the Redemption of Debt

The Council administers a Loans Pool into which loans raised are paid and from which sums are advanced to the various services in order to finance capital expenditure and long term outlay. The source is mainly mortgage bonds. Provision for the redemption of debt has been made in accordance with statutory borrowing powers. Provision for repayment of these liabilities is on the basis of sinking fund calculations with an annual accumulation currently set at 5%. Repayments with interest on the balance of principal outstanding are charged to the appropriate revenue accounts. During the 2003/2004 year, the average rate of interest amounted to 5.8%.

5. Capital Expenditure

Property and permanent works are recorded at cost. Capital contributions which have been received in respect of capital schemes are retained in the capital accounts, and loans raised to finance the net cost.

6. Valuation of Investments

Investments are recorded at the lower of cost or net realisable value.

7. Provision for Bad Debts

A provision for bad debts is provided in these accounts amounting to £0.406M (2002/2003: £0.386M)

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

STATEMENT OF ACCOUNTING PRINCIPLES (CONTINUED)

8. Depreciation Provisions

There is no provision for depreciation in these accounts. However, all loan repayments in respect of capital assets are charged to the appropriate revenue account.

9. Stocks and Stores

The bulk of stocks and stores holdings are recorded on the basis of average costs. A minority of the holdings are recorded on the basis of either net realisable value or actual cost.

10. Matching and Consistency Concepts

Whilst every effort is made to include a full year's expenditure in each financial year, the timing of some regular payments is such that the year's expenditure will not exactly correspond with the same yearly period as the financial accounts. Payroll costs included in the accounts relate to the completed earning periods (monthly and weekly), which fall between 1st April 2003 and 31st March 2004. Similarly, weekly rental income relates to the completed rental weeks in the financial year.

11. Leased Assets

Assets acquired by means of finance leases and the matching obligations due to lessors are written down each year in accordance with the 'Rule of 78' method. There were no assets acquired during the year funded from Lease payment. Rentals paid in the year amounted to £137,199 and the sum of £159,329 was outstanding at the end of the year.

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

SUMMARY REVENUE ACCOUNTS

The revenue accounts of the Council record the costs of staffing, running expenses and capital financing costs, together with associated income of the various services. These are grouped over the various Committees, which are responsible for carrying out the services and are summarised in the table which follows:-

2002/2003 Net Cost £	Committee and Service	Estimate £	2003/2004 Cost £	Income £	Net Cost £
PUBLIC HEALTH AND HOUSING COMMITTEE					
-	Housing Maintenance	-	1,475,924	(1,475,924)	-
19,704	Cemetery & Crematorium Admin	27,170	14,866	(12)	14,854
141,990	Cemetery	176,500	169,819	(27,536)	142,283
51,577	Crematorium	23,870	326,887	(261,210)	65,677
88,772	Lawn Cemetery	193,270	156,001	-	156,001
(2,212)	Market	(6,910)	57,859	(68,826)	(10,967)
-	Housing Service	-	5,612,586	(5,612,586)	-
-	Sheltered Accommodation	-	182,129	(182,129)	-
-	Housing Service - Administration	407,860	773,192	(276,864)	496,328
642,704	Public Health & Housing Admin	207,680	153,744	-	153,744
(80,533)	Commercial Property	(79,030)	56,419	(114,425)	(58,006)
862,002		950,410	8,979,426	(8,019,512)	959,914
PUBLIC WORKS COMMITTEE					
34,928	Building Regulations	40,140	161,834	(235,385)	(73,551)
-	Planning	18,830	17,294	(2)	17,292
31,160	Derelict Buildings	26,700	30,587	(12,077)	18,510
(61,387)	Car Parks	(305,780)	941,171	(1,083,395)	(142,224)
-	Drainage - Maintenance Agency	-	719,297	(719,297)	-
243,551	Decorative Lighting	283,550	256,721	-	256,721
-	Electrical Services Admin	-	52,445	(52,445)	-
608,484	Public Lighting	649,690	670,209	(252)	669,957
75,328	Engineering Misc Works	49,150	85,449	(21,814)	63,635
25,663	Dogs Act	30,960	26,940	-	26,940
33,796	Promenade and Foreshore	24,520	18,313	(51)	18,262
-	Depots	-	217,419	(175,405)	42,014
-	Fleet & Garage Operation	-	776,388	(776,388)	-
(6,238)	Stores	11,300	8,218	(912)	7,306
51,645	Beach Cleaning	55,760	86,046	(5,824)	80,222
116,317	Public Conveniences	132,920	159,255	(86)	159,169
860,507	Refuse Collection	1,307,180	2,061,509	(814,919)	1,246,590
-	Commercial Refuse	-	325,924	(236,400)	89,524
4,115	Street Cleaning Agency	31,470	774,832	(746,720)	28,112
15,889	Street Cleaning Amenity	51,890	41,701	-	41,701
322,827	Public Works Admin	313,000	313,181	-	313,181
2,356,585		2,721,280	7,744,733	(4,881,372)	2,863,361

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

SUMMARY REVENUE ACCOUNTS (CONTINUED)

2002/2003 Net Cost £	Committee and Service	Estimate £	2003/2004 Cost £	Income £	Net Cost £
LEISURE SERVICES COMMITTEE					
490,129	Library	450,280	587,059	(10,172)	576,887
393,963	Leisure Services Admin	310,340	325,250	-	325,250
2,601	Douglas Head	15,700	7,765	-	7,765
390	Finch Hill	1,380	2,304	(1,182)	1,122
54,683	King George V Park	45,590	84,891	(33,711)	51,180
43,305	Loch Promenade	66,330	74,455	(2,917)	71,538
-	National Sports Centre	-	14,531	(14,531)	-
248,538	Nobles Park	283,290	380,243	(54,266)	325,977
6,736	Nobles Park TT Temp Campsite	26,300	77,255	(24,059)	53,196
233,563	Nursery	251,230	295,962	(20)	295,942
354,045	Other Parks & Gardens	447,090	467,473	(19,283)	448,190
12,525	Leisure Services Miscellaneous	15,890	9,120	(2,040)	7,080
49,069	Douglas Golf Course	90,310	251,426	(113,604)	137,822
37,855	Summer Hill Glen	45,060	65,763	(1,160)	64,603
171,552	Horse Trams	227,820	299,404	(84,256)	215,148
2,098,954		2,276,610	2,942,901	(361,201)	2,581,700
POLICY AND RESOURCES COMMITTEE					
68,774	Support Services	72,670	283,603	(251,157)	32,446
-	Central Admin & Secretarial	-	221,363	(221,363)	-
194,249	Civic and Public	107,670	142,854	(17)	142,837
171,631	Corporate Management	255,530	267,104	-	267,104
6,939	Elections	23,480	8,751	-	8,751
393,064	Policy & Resources Misc.	174,300	161,668	(29,416)	132,252
130,131	Douglas Dev't Partnership	102,530	107,993	-	107,993
(176,493)	Financial Provisions	(418,000)	71,403	(646,170)	(574,767)
238,962	Policy & Resources Admin	409,660	295,991	-	295,991
33,232	Information & Public Relations	20,860	22,970	-	22,970
-	Cost of Rate Collection	375,640	319,289	(1,120)	318,169
33,414	Civic Property & Projects	49,050	73,728	(25,477)	48,251
22,000	St Georges Churchyard Fund	2,290	3,417	(1,127)	2,290
58,112	Villa Marina - Residual Costs	63,080	55,240	-	55,240
-	Rechargeable - TT & Events	-	128,387	(128,387)	-
-	IOM LG Pension Admin	-	216,426	(216,426)	-
1,174,015		1,238,760	2,380,187	(1,520,660)	859,527

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

SUMMARY REVENUE ACCOUNTS (CONTINUED)

2002/2003 Net Cost £	Committee and Service	Estimate £	2003/2004		Net Cost £
			Cost £	Income £	
SUMMARY OF COMMITTEES					
862,002	Public Health and Housing	950,410	8,979,426	(8,019,512)	959,914
2,356,585	Public Works	2,721,280	7,744,733	(4,881,372)	2,863,361
2,098,954	Leisure Services	2,276,610	2,942,901	(361,201)	2,581,700
1,174,015	Policy and Resources	1,238,760	2,380,187	(1,520,660)	859,527
<u>6,491,556</u>		<u>7,187,060</u>	<u>22,047,247</u>	<u>(14,782,745)</u>	<u>7,264,502</u>

Note

During the financial year, the number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 was:

Number of Employees 2002/2003	Remuneration Band	Number of Employees 2003/2004
2	£50,000 to £59,999	2
1	£60,000 to £69,999	1

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

GENERAL RATE FUND

The following statement summarises the transactions on the General Rate Fund for the year, incorporating the expenditure for the several Committees with the rate income and balances held.

2002/2003 Actual £		Estimate £	2003/2004 Actual £
6,491,556	Net expenditure	7,187,060	7,264,502
<u>(6,434,347)</u>	Rate income for the year	<u>(7,127,720)</u>	<u>(7,119,796)</u>
<u>57,209</u>	Balance movement during year	<u>59,340</u>	<u>144,706</u>
(3,097,929)	Surplus in hand brought forward	(2,651,645)	(3,040,720)
<u>(3,040,720)</u>	Surplus in hand carried forward	<u>(2,592,305)</u>	<u>(2,896,014)</u>

RATE INCOME

Details of the amount raised from rates are shown in the table which follows. During 2003/2004 the income a penny rate generated increased by some 0.42% compared to the previous year. Statutory allowances to the sum of £153,731 were given in 2003/2004 in respect of part year liability, charitable relief, etc., which amounted to 2.1% of the amount due.

2002/2003 £		£	2003/2004 £	£
412,224	Rate arrears at the beginning of the year			390,393
6,546,528	Rates levied (265.00p for 2002/2003)	292.00p	7,273,527	
<u>(112,181)</u>	Less statutory allowances		<u>(153,731)</u>	
<u>6,434,347</u>	Net proceeds to General Rate Fund			7,119,796
6,846,571	Total due from ratepayers			7,510,189
	Less:			
(6,248,227)	Net cash received	(6,959,005)		
(207,951)	Discounts Granted	<u>(229,953)</u>		
<u>(6,456,178)</u>	Total credits			<u>(7,188,958)</u>
<u>390,393</u>	Rate arrears at year end			<u>321,231</u>
<u>24,281</u>	Product of a Penny Rate			<u>24,383</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

GENERAL RATE FUND BALANCE SHEET

As At 31st March 2003 £		£	£	As At 31st March 2004 £
11,707,187	Fixed Assets (see note)			15,218,076
2,162,764	Deferred Charges (see note)			1,634,498
104,585	Long Term Investments			104,585
13,974,536	Total Long Term Assets			16,957,159
	Current Assets			
213,385	Stocks	212,077		
3,233,253	Debtors	2,609,463		
8,132,909	Cash In Hand	8,769,343		
11,579,547	Total Current Assets		11,590,883	
	Less Current Liabilities			
(1,534,510)	Creditors/receipts in advance	(1,300,056)		
(620,128)	Cash Overdrawn	(360,623)		
(2,154,638)	Total Current Liabilities		(1,660,679)	
9,424,909	Net Current Assets			9,930,204
23,399,445	NET ASSETS			26,887,363
	Financed by			
10,809,611	Long Term Borrowing			13,039,991
284,377	Finance Leases			159,329
636,762	Capital Receipts Unapplied			1,652,853
2,772,888	Capital Discharged			3,635,546
5,855,087	Specific Reserves (see page 15)			5,503,630
3,040,720	Revenue Balances			2,896,014
23,399,445	TOTAL EQUITY			26,887,363

Note

At the end of the 2003/2004 financial year, the Council received £0.750M from the Government in respect of the transfer of the Villa Marina to the Department of Tourism and Leisure in 2000. The remaining £0.401M of deferred charges accounting for the outstanding balance of the loan debt relating to the financing of Villa Marina was transferred out of the accounts. The balance of the receipt, after loan debt repayment, was placed in the Capital Receipts Unapplied account. The remaining balance on the deferred charges relates to loans outstanding on the drainage infrastructure assets, the balance of which is reduced each year by the amount of loan repayments. These are a charge into the General Rate Fund and recovered from the Department of Transport as part of the Drainage Agency.

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
11th August 2004

G M BOLT, CPFA
BOROUGH TREASURER
11th August 2004

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

HOUSING REVENUE ACCOUNT

The transactions in respect of public sector housing are summarised in the following table. Subject to compliance by the Council with the all-Island housing financial plan, the Government pays the Council a deficiency grant, which generally meets the cost of Housing provision. The balance of the administration costs of the Housing function, which is not met by the Government Deficiency Grant (being subject to the upper limit of 5% of the rent received during the year), remains as a rateborne cost. During 2003/2004, this amounted to £0.496M.

2002/2003		2003/2004
£		£
1,393,437	Allowance transferred to Housing Repairs Fund	1,381,707
842,100	Borough and water rates	928,172
57,864	Architectural services	56,045
174,463	Ballanard & Waverley Court operating expenses	178,132
2,515,504	Loan charges	2,743,970
210,668	Administration allowance	207,256
25,229	Transfer to Housing Community Facilities Reserve Fund	22,980
5,219,265	Total costs	5,518,262
(4,766,289)	Less inclusive rental income	(4,988,460)
452,976	Deficit, met by Government Grant	529,802

HOUSING ACCOUNT RESERVES

The Council maintains the reserve funds shown in the table below in accordance with the provisions of Government Housing Policy. In the case of the Housing Repairs Fund, this is funded by an annual transfer from the Housing Revenue Account of an amount equal to one third of net rent income. The Housing Community Facilities Reserve Fund, which meets the cost of various facilities provided within the sheltered housing accommodation complexes, is funded on the basis of 10% of sheltered housing accommodation rents receivable. The Funds Income includes interest on their opening balances.

Balance in hand	Fund	Income	Expended	Balance in hand
At 1.3.03		In Year	In Year	At 31.3.04
£		£	£	£
(215,034)	Housing Repairs	(1,392,369)	1,470,523	(136,880)
(254,674)	Community Facilities Reserve	(38,263)	33,159	(259,778)
(469,708)	Total Housing Reserves	(1,430,632)	1,503,682	(396,658)

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

HOUSING ACCOUNT BALANCE SHEET

As At 31st March 2003					As At 31st March 2004
£		£	£		£
37,370,369	Fixed Assets				44,285,517
<u>37,370,369</u>	Total Long Term Assets				<u>44,285,517</u>
	Current Assets				
99,489	Debtors	319,516			
735,808	Cash In Hand	<u>143,620</u>			
<u>835,297</u>	Total Current Assets		463,136		
	Less Current Liabilities				
(362,356)	Creditors and receipts in advance	(69,854)			
<u>(362,356)</u>	Total Current Liabilities		<u>(69,854)</u>		
<u>472,941</u>	Net Current Assets				393,282
<u><u>37,843,310</u></u>	NET ASSETS				<u><u>44,678,799</u></u>
	Financed by				
26,801,171	Long Term Borrowing				32,685,566
10,572,431	Capital Discharged				11,596,575
469,708	Reserves (see page 10)				<u>396,658</u>
<u><u>37,843,310</u></u>	TOTAL EQUITY				<u><u>44,678,799</u></u>

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
11th August 2004

G M BOLT, CPFA
BOROUGH TREASURER
11th August 2004

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

CAPITAL ACCOUNTS

The capital accounts of the Council record the expenditure incurred in the provision of assets and other long term outlay. These items are generally financed by loans in the form of mortgage bonds or by the use of internal balances. Provision for repayment of these liabilities is on the basis of sinking fund calculations with annual accumulation currently set at 5%. Repayments, with interest on the balance of principal outstanding, are charged to the appropriate revenue accounts. During the 2003/2004 financial year the average rate of interest amounted to 5.8%.

CAPITAL EXPENDITURE FINANCING

2002/2003		2003/2004
£		£
	Capital Expenditure	
3,700,654	Public Health and Housing Committee Schemes	6,936,224
4,777,941	Public Works Committee Schemes	3,283,817
211,645	Leisure Services Committee Schemes	137,345
373,821	Policy and Resources Committee Schemes	194,161
<u>9,064,061</u>	Total capital expenditure	<u>10,551,547</u>
	Capital Income	
(8,467,411)	Advanced from loans pool during the year	(9,945,298)
(942,367)	Financed by capital receipts, reserves, grants, revenue and lease	(585,008)
<u>(9,409,778)</u>	Total capital income in the year	<u>(10,530,306)</u>
(345,717)	Change in expenditure financed by internal loans in year	21,241
350,604	Capital cash overdrawn at the start of the year (internal loans)	4,887
<u>4,887</u>	Balance of capital expenditure financed by internal loan	<u>26,128</u>

STATEMENT OF CAPITAL ASSETS AND OTHER LONG TERM OUTLAY

2002/2003		2003/2004
£		£
	Balances at the beginning of the year	
34,704,988	Housing Property	37,370,369
2,336,482	Other Land & Buildings	6,646,350
5,189,318	Fixed plant	2,682,468
<u>2,552,908</u>	Plant & Vehicles	<u>2,665,207</u>
44,783,696	Total at beginning of the year	49,364,394
9,064,061	Additions during the year	10,551,547
(4,483,363)	Written down/back during year	(125,048)
<u>49,364,394</u>	Balance at year end	<u>59,790,893</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

CAPITAL ACCOUNTS (Continued)

LOANS POOL FUNDING

2002/2003		2003/2004
£		£
<u>9,627,783</u>	Balance overdrawn at year beginning	9,461,790
	Sums invested by lenders during the year	
(3,259,653)	Renewals	(4,371,630)
(6,900,620)	New bonds	(2,305,145)
-	Bank Borrowing	<u>(7,200,000)</u>
<u>(10,160,273)</u>	Total invested	(13,876,775)
<u>(1,271,296)</u>	Repayments from borrowing accounts	(1,840,746)
	Repaid to lenders during the year	
3,259,653	Renewals	4,371,630
<u>1,188,512</u>	Other maturities / repayments	<u>2,195,885</u>
<u>4,448,165</u>	Total repaid during the year	6,567,515
	Loaned to borrowing accounts during the year	
5,601,535	General Rate Fund	3,069,456
-	Tramways Account	462
<u>2,865,876</u>	Housing Account	<u>6,875,380</u>
<u>8,467,411</u>	Total loaned during the year	9,945,298
	External investments during the year	
20,450,000	Loaned out	11,212,565
<u>(22,100,000)</u>	Repaid	<u>(11,962,345)</u>
<u>(1,650,000)</u>	Net repaid during year	(749,780)
<u><u>9,461,790</u></u>	Balance overdrawn at year end	<u><u>9,507,302</u></u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

LOANS POOL BALANCE SHEET

As At 31st March 2003 £		£	£	£
	Long Term Assets			
37,777,658	Loans Fund Advances		45,882,209	
6,550	Long Term Investments		6,770	
<u>37,784,208</u>	Total Long Term Assets		<u>45,888,979</u>	
	Current Assets			
1,152	Debtors	19		
750,000	Short term Investments	-		
<u>751,152</u>	Total Current Assets		19	
	Less Current Liabilities			
(483,175)	Creditors	(450,415)		
-	Short Term Borrowing	(7,200,000)		
<u>(8,988,717)</u>	Cash Overdrawn	<u>(9,056,906)</u>		
<u>(9,471,892)</u>	Total Current Liabilities		<u>(16,707,321)</u>	
(8,720,740)	Net Current Liabilities			(16,707,302)
<u>29,063,468</u>	NET ASSETS			<u>29,181,677</u>
	Financed By			
<u>29,063,468</u>	Loans Outstanding			<u>29,181,677</u>
<u>29,063,468</u>	TOTAL EQUITY			<u>29,181,677</u>

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
11th August 2004

G MBOLT, CPFA.
BOROUGH TREASURER
11th August 2004

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

GENERAL RATE FUND RESERVES

The Council maintains a number of reserve funds to make provision for meeting the future costs of various items. These are summarised in the table below. The funds are operated under the provisions of the Local Government Act 1985. Contributions are made to the funds on the basis of either a lump sum or the costs of the asset in question. The funds income includes interest on their opening balances. Expenditure as approved by the Council is charged to these funds. In the case of the reserve fund held for the maintenance of graves in perpetuity and Library bequests, sums received are invested in mortgage bonds. Interest earned is credited directly to the Cemetery and the Library services.

Balance In Hand At 31.3.03 £	Fund	Income In Year £	Expended In Year £	Balance In Hand At 31.3.04 £
(3,409,023)	Plant Renewals	-	320,898	(3,088,125)
(340,211)	Cremator Renewals	(53,649)	41,186	(352,674)
(480)	Bequests	-	-	(480)
(258,145)	Special Works	(255,000)	117,649	(395,496)
(529,225)	Provision for Derelict Buildings	(26,241)	85,000	(470,466)
(176,971)	Wheeled Bins	(8,775)	50,000	(135,746)
(190,676)	Building Maintenance (Commercial)	(20,857)	-	(211,533)
(282,954)	Community Projects/ Environmental Impact	(14,030)	101,650	(195,334)
(221,605)	Information Technology	(10,989)	63,632	(168,962)
(94,660)	Health And Safety	(17,494)	-	(112,154)
(33,647)	St. George's Churchyard	(23,958)	1,127	(56,478)
(104,105)	Graves Maintenance	-	-	(104,105)
(213,385)	Prov'n For Stock And Stores	(10,580)	11,888	(212,077)
<u>(5,855,087)</u>	Total Specific Reserves	<u>(441,573)</u>	<u>793,030</u>	<u>(5,503,630)</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

CONSOLIDATED BALANCE SHEET

This balance sheet summarises the overall position of the Council's finances as at 31st March 2004. All internal debtors and creditors have been eliminated. The Superannuation Fund and the Charity Accounts are not included, and are published separately.

As At 31st March 2003 £		£	£	As At 31st March 2004 £
49,364,394	Fixed Assets		59,790,893	
2,162,764	Deferred Charges		1,634,498	
6,550	Long Term Investments		6,770	
<u>51,533,708</u>	Total Long Term Assets			61,432,161
	Current Assets			
244,295	Stocks	247,797		
750,000	Short Term Investments	-		
<u>3,333,895</u>	Debtors	<u>2,928,997</u>		
4,328,190	Total Current Assets		3,176,794	
	Less Current Liabilities			
(2,381,419)	Creditors	(1,826,149)		
-	Short Term Borrowing	(7,200,000)		
<u>(679,142)</u>	Cash Overdrawn	<u>(439,206)</u>		
<u>(3,060,561)</u>	Total Current Liabilities		<u>(9,465,355)</u>	
<u>1,267,629</u>	Net Current Assets/(Liabilities)			(6,288,561)
<u>52,801,337</u>	NET ASSETS			<u>55,143,600</u>
	Financed by			
28,958,884	Long Term Borrowing			29,077,091
284,377	Finance Leases			159,329
6,420,357	Reserves (see pages 10, 15, 19)			6,000,589
751,680	Capital Receipts Unapplied			1,652,853
3,040,720	Revenue Balances			2,896,014
<u>13,345,319</u>	Capital Discharged			<u>15,357,724</u>
<u>52,801,337</u>	TOTAL EQUITY			<u>55,143,600</u>

Notes

1. The Provision for Bad Debts figure is applied to reduce the Debtors balance as at 31 March 2004
2. Debtors include payments in advance while Creditors include receipts in advance.

L E RAMSAY
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
11th August 2004

G MBOLT, CPFA.
BOROUGH TREASURER
11th August 2004

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

NOTE TO CONSOLIDATED BALANCE SHEET

Retirement Benefits

As part of its terms and conditions of employment of its employees, the Council offers retirement benefits. Although these will not actually be payable until employees retire, the Council has a commitment to these payments. The Council participates in the Isle of Man Local Government Pension Scheme (“the Scheme”), which is also administered by the Council. This is a defined benefit statutory scheme, administered in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2003. The Scheme is contracted out of the State Second Pension Scheme. The Council and its employees pay contributions into the Scheme. These contributions are calculated at a level to balance the pensions liabilities with investment assets.

During the financial year, the cost of pensions contributions have been charged to the revenue accounts. In accordance with the Financial Reporting Standard 17 – Retirement Benefits, the Council must also disclose its share of the assets and liabilities related to the Scheme for its employees. The assets and liabilities of the Scheme as at 31st March 2004 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 2004 % per annum	31 March 2003 % per annum
Rate of inflation	2.9%	2.5%
Rate of increase in salaries	4.4%	4.0%
Rate of increase in pensions	2.9%	2.5%
Rate for discounting scheme liabilities	6.5%	6.1%

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 2001. 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 assets and liabilities held by the Council within the Scheme are as follows:

	31 March 2004 £’000	31 March 2003 £’000
Estimated employer assets	8,508	6,523
Present value of scheme liabilities	(13,623)	(12,692)
Present value of unfunded liabilities	(210)	-
Total value of liabilities	(13,833)	(12,692)
Net Pensions Liability	(5,325)	(6,169)

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

NOTE TO CONSOLIDATED BALANCE SHEET (CONTINUED)

It follows that the impact of complying in full with FRS17 and reflecting this liability in the Council's accounts, were it to be included in the balance sheet, would be to reduce the level of Net Assets by £5.325 million. An analysis of the movement in the deficit during the year is shown below:

	2003/2004 £'000	2002/2003 £'000
Net Pensions Liability at beginning of the year	(6,169)	(4,444)
Movements in the year:		
Current service cost	(517)	(460)
Employer contributions	829	705
Contributions in respect of unfunded benefits	23	-
Net return on employers assets	(327)	(268)
Actuarial gains/(losses)	836	(1,702)
Net Pensions Liability at end of year	(5,325)	(6,169)

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:

	2003/2004		2002/2003	
	£'000	Actuarial Gain/ Loss as % of Assets/ Liabilities	£'000	Actuarial Gain/ Loss as % of Assets/ Liabilities
Value of assets at end of year	8,508		6,523	
Difference between the expected and actual return on assets	1,070	12.6%	(1,702)	(26.1)%
Total present value of liabilities	13,833		12,692	
Experience losses on liabilities	(234)	(1.7)%	-	-
Actuarial gains/(losses) recognised in the statement	836	6.0%	(1,702)	(13.4)%

The above figures have been provided by the actuaries to the Isle of Man Local Government Pension Scheme using information provided by the Scheme, and assumptions determined by the Council 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 Council'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 global equity markets after 1 April 2004 would also have an impact on the capital value of pension fund assets.

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities will be considered by the actuaries in their next full actuarial review of the Scheme, due to be carried out as at 31 March 2004. Their advice on whether or not there is any anticipated shortfall in the funding of the Scheme at that time will determine the future level of pension contributions. The current contribution rates aim to recover the above liabilities over the next 18 years.

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

CONSOLIDATED STATEMENT OF REVENUE AND CAPITAL MOVEMENTS

This statement consolidates all income and expenditure on both capital and revenue accounts. Internal transfers between accounts have been eliminated.

2002/2003		2003/2004
£		£
	Expenditure	
	Revenue account expenditure	
5,427,721	Employment costs	6,026,878
6,207,037	Other operating costs	8,223,818
<u>2,380,951</u>	Interest and lease payments	<u>2,642,089</u>
14,015,709		16,892,785
	Capital account expenditure	
9,064,061	Fixed assets and other long term investments	10,551,547
<u>23,079,770</u>	Total revenue and capital expenditure	<u>27,444,332</u>
	Income	
	Revenue account income	
(2,206,926)	Government income	(3,405,775)
(1,459,761)	Charges for Goods and Services	(1,800,005)
(5,479,027)	Net Rents	(5,576,066)
(6,248,227)	Net receipts from rates	(6,959,005)
<u>(632,035)</u>	Other income	<u>(769,000)</u>
(16,025,976)	Total revenue income	(18,509,851)
<u>(76,137)</u>	Capital receipts	<u>(1,385,355)</u>
(16,102,113)	Total revenue and capital income	(19,895,206)
<u>6,977,657</u>	Net expenditure	<u>7,549,126</u>
	Financed by	
5,718,611	Net change in long term borrowing and finance leases	(6,841)
	Net change in short term indebtedness and changes in other current assets and liabilities	
1,650,000	Short Term Investments	749,780
(32,109)	Stocks	(3,503)
(924,898)	Debtors	404,896
-	Net change in short term borrowing	7,200,000
408,555	Creditors	(555,270)
157,498	Cash	<u>(239,936)</u>
1,259,046		7,555,967
<u>6,977,657</u>	Total financing	<u>7,549,126</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

TRAMWAYS ACCOUNTS

The Council operates a unique transport undertaking in the form of horse drawn trams, which run along the sea-front of Douglas. A summary of the accounts of this operation is shown below.

TRAMWAYS UNDERTAKING - REVENUE ACCOUNT

2002/2003 £		2003/2004 £
	Expenditure	
178,540	Employee Costs	214,016
15,905	Property & Fixed Plant	18,775
14,050	Transport and Plant	14,992
29,867	Supplies	30,429
870	Central Support Services	5,339
<u>19,644</u>	Capital Finance	<u>20,664</u>
258,876		304,215
	Income	
(80,982)	Traffic receipts	(84,109)
<u>(6,342)</u>	Other income	<u>(4,958)</u>
(87,324)		(89,067)
<u>171,552</u>	Net deficit transferred to General Rate Fund	<u>215,148</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2004

TRAMWAYS UNDERTAKING - BALANCE SHEET

As At 31st March 2003 £		£	£	As At 31st March 2004 £
286,838	Fixed Assets			287,300
	Current Assets			
30,911	Stocks	35,721		
60,986	Cash	65,360		
91,897	Total Current Assets		101,081	
	Less Current Liabilities			
(1,378)	Creditors	(5,824)		
(1,378)	Total Current Liabilities		(5,824)	
90,519	Net Current Assets			95,257
377,357	NET ASSETS			382,557
	Financed By			
166,877	Long Term Borrowing			156,653
114,918	Capital Discharged			125,604
95,562	Reserves (see below)			100,300
377,357	TOTAL EQUITY			382,557

TRAMWAYS FUND RESERVES

Balance In Hand At 31.3.03 £	Fund	Income In Year £	Expended In Year £	Balance in hand At 31.3.04 £
(64,651)	Tramways Renewals Fund	(4,738)	-	(69,389)
(30,911)	Provision for Stocks and Stores	-	-	(30,911)
(95,562)	Total Tramways Reserves	(4,738)	-	(100,300)

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
11th August 2004

G M BOLT, CPFA.
BOROUGH TREASURER
11th August 2004

DOUGLAS CORPORATION – ABSTRACT OF ACCOUNTS

YEAR ENDED 31ST MARCH 2004

CHARITY ACCOUNTS

Under the provisions of the Public Charities Act 1922 and the Charities Registration Act 1989, the Corporation stands as trustee for five charities. Their accounts are summarised below:-

2002/03		2003/04					Total	
Total Trusts		Allsopp Trust	Percy Neville Trust	Samuel Norris (Prison) Trust	Samuel Norris (Political) Trust	J. K. Ward Trust	Trusts	
£		£	£	£	£	£	£	
Amounts held in trust at start of the year								
1,650	Invested	150	1,200	100	200	-	1,650	
1,463	Cash	-	1,433	9	99	64	1,605	
<u>3,113</u>		<u>150</u>	<u>2,633</u>	<u>109</u>	<u>299</u>	<u>64</u>	<u>3,255</u>	
Transactions during the year								
(166)	Income	(9)	(56)	(9)	(18)	(32)	(124)	
24	Expenditure	9	-	17	-	-	26	
<u>(142)</u>	(Surplus) / Deficit for the year	<u>-</u>	<u>(56)</u>	<u>8</u>	<u>(18)</u>	<u>(32)</u>	<u>(98)</u>	
Amounts held in trust at the year end								
1,650	Invested	150	1,200	100	200	-	1,650	
1,605	Cash	-	1,489	1	117	96	1,703	
<u>3,255</u>		<u>150</u>	<u>2,689</u>	<u>101</u>	<u>317</u>	<u>96</u>	<u>3,353</u>	
Represented by Charity Accounts								
975	Capital	150	525	100	200	-	975	
2,280	Revenue	-	2,164	1	117	96	2,378	
<u>3,255</u>		<u>150</u>	<u>2,689</u>	<u>101</u>	<u>317</u>	<u>96</u>	<u>3,353</u>	

Accounting Policies

- a) **Basis of Preparation** - The financial statements have been prepared in accordance with the historical cost convention.
- b) **Income and Expenditure** - Income and expenditure is accounted for on a receipts and payments basis and no account has been taken of accruals and prepayments.

LE RAMSAY (MRS)
CHAIRMAN OF POLICY & RESOURCES
COMMITTEE
29th June 2004

G M BOLT, CPFA.
BOROUGH TREASURER

29th June 2004

DOUGLAS CORPORATION – ABSTRACT OF ACCOUNTS

YEAR ENDED 31ST MARCH 2004

CHARITY ACCOUNTS – REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT LLC, TO THE TRUSTEES

For The Year Ended 31st March 2004

ACCOUNTS UNDER THE CHARITIES REGISTRATION ACT 1989

- 92 Allsopp Trust Account
- 13 Percy Neville Trust Account
- 166 Samuel Norris (Prison) Trust Account
- 165 Samuel Norris (Political)
- 28 J K Ward Trust Account

We have audited the accounts on page C1

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to them those matters we are required to state to them in an auditors' 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 Charities and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and Auditors

As described on page 2, the Charities' Trustees (Douglas Borough Council) are responsible for the preparation of financial statements in accordance with applicable Isle of Man law and United Kingdom accounting standards. Our responsibilities as independent auditors, are established in the Isle of Man by statute, the Auditing Practices Board and by our profession's ethical guidance.

We have been appointed as auditors and report in accordance with regulations made under Section 11 of the Charities Registration Act 1989. We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the documents constituting the Charities.

Basis of Opinion:-

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the Charities' circumstances, consistently applied and adequately disclosed.

We have planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion:-

In our opinion the accounts give a true and fair view of the state of the Charities' affairs at 31st March 2004 and their surpluses and deficits for the year then ended and comply with the provisions of the documentation constituting the Charities.

2nd August 2004
Douglas

KPMG Audit LLC
Chartered Accountants