

Douglas



Douglas Borough Council

Coonceil Valley Corpagh Doolish

Statement of Accounts for the Year ending 31 March 2019



Town Hall, Douglas.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

Contents	<i>Page</i>
Members, Officers and Advisors	1
Explanatory Foreword	3
Statement of Responsibilities for the Statement of Accounts	6
Report of the Independent Auditor	7
Statement on Internal Control	9
Statement of Accounts	
- Comprehensive Income and Expenditure Statement	12
- Statement of Movement on Reserves	13
- Balance Sheet	15
- Cash Flow Statement	16
Statement of Accounting Policies	17
Significant Judgements and Estimates	23
Notes to the financial statements	24
1. Tangible fixed assets	24
1.1 Operational assets	24
1.2 Non-operational assets	25
1.3 Valuation of fixed assets	25
1.4 Assets held	26
2. Intangible fixed assets	27
3. Stocks	27
4. Debtors and prepayments	27
5. Creditors	28
6. Borrowing	28
7. Operating leases	28
8. Net cost of General Fund Services	29
9. Housing Revenue Income and Expenditure	30
10. Rates	32
11. Employee remuneration	33
12. Members' allowances	33

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

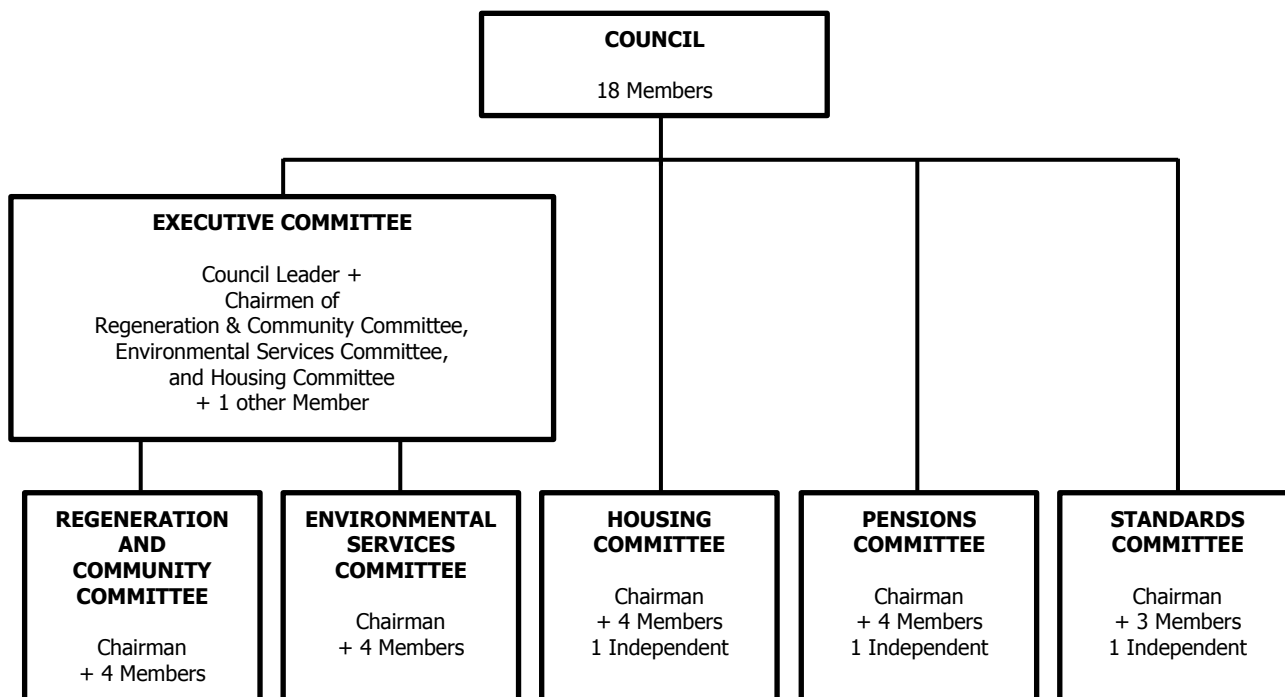
13.	Related party transactions	33
13.1	Members of Council/Senior management	34
13.2	Superannuation Scheme	34
13.3	Eastern District Civic Amenity Site Joint Committee	34
13.4	Douglas Town Band	35
13.5	Burials Act Levies	35
13.6	Sale of Tramways Assets	35
14.	Cash flow statement – Operating activities	35
15.	Cash flow statement – Investing activities	36
16.	Cash flow statement – Financing activities	36
17.	Audit fees	36
18.	Post-employment benefits	36
19.	Capital commitments	38
20.	Capital contributions	39
21.	Provisions	39
22.	Contingent liabilities	39
23.	Subsequent events	39

Members, Officers and Advisors

Douglas Borough Council is the largest local authority in the Isle of Man and provides a wide variety of services for the residents in the Island's capital.

The Council comprises 18 elected Members, three in each of six Wards. Elections take place every four years for all Wards, with the next election due in 2020 when the membership will be reduced to two for each Ward.

The Council is governed by the Committee structure set out below.



The membership of Committees during 2019/20 is set out below.

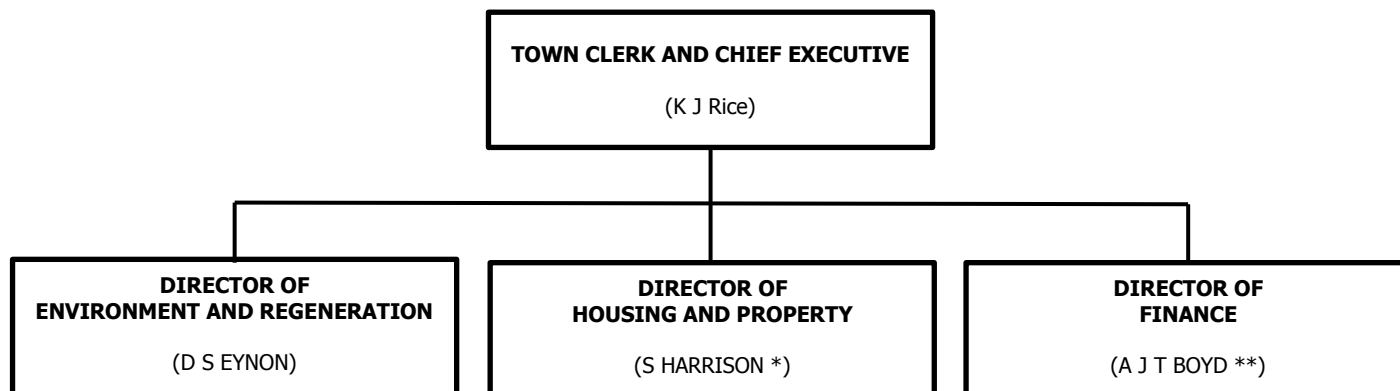
<u>Executive Committee</u>	<u>Housing Committee</u>
Mr Councillor D.W. Christian, MBE, JP (Leader of the Council) Mr Councillor R.H. McNicholl (Vice-Chair) Mr Councillor S.R. Pitts Mr Councillor I.J.G. Clague, MBE Councillor Mrs C.L. Wells The Worshipful the Mayor, Mr Councillor J. Joughin, JP (<i>ex officio</i>)	Councillor Mrs C.L. Wells (Chair) Councillor Mrs C.E. Malarkey (Vice-Chair) Mr Councillor C.L.H. Cain Mr Councillor J.E. Skinner Councillor Mrs E.C Quirk The Worshipful the Mayor, Mr Councillor J. Joughin, JP (<i>ex officio</i>) Mr M. Dooley (Independent Member) (Appointed 13.07.2018, Resigned 18.10.2018)

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

<p align="center"><u>Regeneration & Community Committee</u></p> <p>Mr Councillor S.R. Pitts (Chair) Councillor Miss D.A.M. Pitts, JP (Vice-Chair) Councillor Mrs H. Callow Councillor Mrs R. Chatel Councillor Ms K. Angela The Worshipful the Mayor, Mr Councillor J. Joughin, JP (<i>ex officio</i>)</p>	<p align="center"><u>Environmental Services Committee</u></p> <p>Mr Councillor R.H. McNicholl (Chair) Mr Councillor F. Horning (Vice-Chair) Councillor Miss N.A. Byron Councillor Miss D.A.M. Pitts, JP (Resigned from the Committee 25.07.2018) Mr Councillor A.J. Bentley (Became a Member of the Committee as at 10.08.2018) Councillor Ms J. Thommeny The Worshipful the Mayor, Mr Councillor J. Joughin, JP (<i>ex officio</i>)</p>
<p align="center"><u>Pensions Committee</u></p> <p>Councillor Ms K. Angela (Chair) Mr Councillor F. Horning (Vice-Chair) Councillor Mrs C.E. Malarkey Mr Councillor C.L.H. Cain Mr Councillor J.E. Skinner The Worshipful the Mayor, Mr Councillor J. Joughin, JP (<i>ex officio</i>) Mr A. Thomas (Independent Member)</p>	<p align="center"><u>Standards Committee</u></p> <p>Councillor Mrs C.E. Malarkey (Chair) Councillor Miss N.A. Byron (Vice-Chair) Councillor Mrs R. Chatel Mr Councillor J.E. Skinner Mr D.M. Booth (Independent Member)</p>

Mr Councillor F. Pabellan resigned with effect from 18 June 2018. A by-election was held resulting in the appointment of Mr Councillor A.J. Bentley with effect from 10 August 2018.

Within policies established by the Council, the work of the Council is delivered by its officers. These officers comprise professional, clerical and manual workers organised into four Departments each under the jurisdiction of a Chief Officer.



* S Harrison left with effect from 8 May 2019.
 ** Replaced G M Bolt who left with effect from 7 April 2018.

The Council's main business centre is Douglas Town Hall where the Council meets monthly in the Council Chamber and where the majority of the Council's administrative functions are carried out. The Council also operates services from a number of local sites and depots.

The external auditors are Grant Thornton Limited. The internal auditors are Crowe Isle of Man LLC.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

Explanatory Foreword

The purpose of this set of accounts is to present the financial results of the Council's activities for the year ended 31 March 2019, and to summarise the overall financial position as at 31 March 2019. The Council publishes its budget in an annual Estimates Book available from its website. The following paragraphs provide an overview of the financial performance of the Council in comparison to that budget.

Revenue Outturn

The table below summarises the revenue income and expenditure outturn for 2018/19, compared with the approved Estimates of the Council, adjusted to reflect accounting changes implemented during the year in connection with the removal of internal central support recharges. The Estimates are designed to set the rate for the year. The Income and Expenditure Account presented later includes other matters that are required to be shown to comply with Financial Reporting Standards which are not pertinent when considering the rate to be set, e.g. adjustments required in relation to land and buildings revaluation and retirement benefits.

	Net Expenditure 2018/19 £'000	Adjusted Estimate 2018/19 £'000	(Favourable) /Adverse Variance 2018/19 £'000
Costs including internal recharges:			
Environmental Services Committee	4,226	4,440	(214)
Regeneration & Community Committee	2,043	2,581	(538)
Executive Committee (including rate discount)	3,543	3,741	(198)
Housing Committee	67	68	(1)
Net General Rate Fund	<u>9,879</u>	<u>10,830</u>	<u>(951)</u>
Housing Revenue Account (HRA)	694	900	(206)
Net cost of services	<u>10,573</u>	<u>11,730</u>	<u>(1,157)</u>
Interest payable	3,221	3,317	(96)
Interest and investment Income	(12)	(4)	(8)
Net operating expenditure	<u>13,782</u>	<u>15,043</u>	<u>(1,261)</u>
Depreciation and capital financing	(3,479)	(3,699)	220
Net transfers (from)/to all reserves	548	39	509
Net budget requirement	<u>10,851</u>	<u>11,383</u>	<u>(532)</u>
Total from Rate income before rate discount	<u>(11,367)</u>	<u>(11,376)</u>	<u>9</u>
Revenue contribution from/(to) balances	<u><u>(516)</u></u>	<u><u>7</u></u>	<u><u>(523)</u></u>

When setting the Rate in January 2018 a drawdown from Reserves of £7k was expected. The actual net result was some £523k better than the budget. The table overleaf provides a list of the major items contributing towards the outturn position.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

	Favourable £'000	Adverse £'000
Surplus on disposal of stables and Tramway Terrace	(290)	
Temporary vacancy savings	(195)	
Car Park licence fees	(159)	
Electricity	(104)	
Loan charges	(84)	
Building regulations income	(77)	
Vacancy savings from posts subsequently removed from budget	(75)	
Shaws Brow car park income	(70)	
Land transaction receipt	(54)	
Income from car park cleaning for Dept of Infrastructure	(33)	
Income from Noble's Park for Dept for Enterprise	(26)	
Training	(25)	
Commercial properties rent	(20)	
Other	(13)	
Under-budgeted pay rise		166
Contribution to IT Fund		166
Drumgold St pay as you go income		113
Contribution to Risk Management & Special Projects Fund for Invest to Save Projects		100
Chester St pay as you go income		89
Garage & Fleet Materials and Contractors		68
(Favourable)/adverse variances	(1,225)	702
Net variance		(523)

General Revenue Reserve Balance

During the year, there was an overall net decrease in the General Revenue Reserve balance of £58k. After all appropriations to and from balances and income from rates are taken into account, the balance on the General Revenue Reserve is £1,445k; some £525k higher than had been estimated at the beginning of the year. There are £437k of planned expenditure items, some of which are capital, that are due to be financed from the General Revenue Reserve. The available remaining and uncommitted £1,008k balance on the General Revenue Reserve at the end of the year is £381k higher than originally envisaged, as the following table shows.

	Actual 2018/19 £'000	Original Estimate 2018/19 £'000	Favourable /(Adverse) Variance £'000
Balance at year beginning	1,503	1,325	178
All revenue transfers to/(from) balance	450	(86)	536
Non-revenue contributions to/(from) balance	(508)	(319)	(189)
Balance at year end	1,445	920	525
Further commitments against balance	(437)	(293)	(144)
Uncommitted balance	1,008	627	381

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

Capital Expenditure Outturn

Capital expenditure of £6,523k was undertaken during the year, of which £4,713k was for Housing Revenue Account purposes and £1,810k was spent on General Fund assets. The total capital expenditure compares with the Capital Programme original estimate of £12,125k which was revised down to £9,881k during the year. Most of this variance is accounted for by delayed commencement to a number of large items in the Capital Programme. The capital expenditure on Housing included refurbishment works across the Council's housing estates, notably kitchens and damp treatment in Willaston. Capital expenditure on the General Fund during the year included public lighting, Queen's Promenade public conveniences and improvements to Summerhill Glen.

Capital Programme expenditure during the year was funded from a combination of long term borrowing, capital receipts, contributions from either the revenue account or internal balances or reserves. Part of the ongoing annual cost of long term borrowing used to fund Housing Revenue Account items is met by Government Housing Deficiency Grant from the Department of Infrastructure.

	Actual 2018/19 £'000	Original Estimate 2018/19 £'000	Over/ (Under) 2018/19 £'000
Housing Revenue Account (HRA)	4,713	9,006	(4,293)
General Rate Funded	1,810	3,119	(1,309)
	<u>6,523</u>	<u>12,125</u>	<u>(5,602)</u>

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.

Report of the Independent Auditor to the Council for the year ended 31 March 2019

Opinion

We have audited the financial statements of Douglas Borough Council (the 'council') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, the Statement of Movement on Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 council's affairs as at 31 March 2019 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 council 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.

Who we are reporting to

This report is made solely to the Mayor and Councillors of Douglas Borough Council, 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 Mayor and Councillors of Douglas Borough Council 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 council, as a body, for our audit work, for this report, or for the opinions we have formed.

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 Officers 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 financial statements any identified material uncertainties that may cast significant doubt about the council'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.

Other information

The Responsible Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages 1 to 6, other than the financial statements and our auditor's report thereon. 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

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

conclusion thereon. In connection with our audit of the financial statements, 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 4 of the Audit Act 2006 requires us to report to you if, in our opinion:

- the financial statements do not comply with the regulations made under section 12 of the Act and any directions under section 13; or
- expenditure or income or any other transaction effected by or on account of the council is or will be contrary to law; or
- the internal organisation of the council and the controls maintained by it are not sufficient as to secure proper management of the finances of the council 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 council'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 council intends to cease operations, or has no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton Limited

Douglas
Isle of Man

Date: 30 September 2019

Statement on Internal Control

Introduction and Scope of Responsibility

Regulation 6(2) of the Accounts and Audit Regulations 2018 requires the Council to include a statement on internal control within its Statement of Accounts.

Douglas Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that through the maintenance of its internal controls, public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

The purpose of the system of internal control

The system of internal control and corporate governance is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure, to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks, to evaluate the extent and likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

A system of internal control has been in place at the Council for the year ending 31 March 2019 and up to the date of approval of the accounts. The internal control systems of the Council are constantly under review, and system processes are subject to change as part of the drive to secure continuous improvement in the way the Council's processes are exercised, having regard to a combination of economy, efficiency and effectiveness.

The internal control and corporate governance environment

Below is a summary of the key elements of the Council's internal control environment.

Establishment of the Council's objectives – The Council has a published Corporate Plan for the period 2017-2021. This document sets out the Council's corporate and strategic objectives.

Monitoring achievement against the objectives – Service Plans are developed to implement the Council's strategic objectives. Performance management of service delivery is achieved by way of reporting on progress against Service Plans to the relevant Committees of the Council. Accountability for each area is secured with an assigned Chief Officer, Assistant Chief Officer or Head of Service responsible.

Corporate Governance framework – A Constitution has been developed which documents the Council's standing orders, financial regulations, policies and procedures in relation to working in partnership with the community, performance management, internal control, risk management, delegated authority, human resources policies, standards of conduct, Member/Officer protocol, the environment and management of Health and Safety. The framework provides a structure for documenting the legislation, regulations, policies, procedures and other internal controls which, when taken together, form the Council's internal control and corporate governance environment. A set of guidance notes on the Principles of Internal Control have been produced. A number of these documents are available on the Council's website together with others referred to in this statement.

During the year, progress was made in the following areas:

- Review and response by Executive Committee to government consultation papers.
- Complaints are being monitored through the complaints system.
- The Council has continued its membership of the Association of Public Service Excellence.
- The Council continues to lead and facilitate the Douglas Community Partnership.
- The Standards Committee (which is not mandatory) continues to promote, develop and maintain high standards of conduct by the Council in compliance with the constitution and legislation.
- The Standards Committee has continued to review conduct in accordance with the terms of reference set out in the Constitution.
- Independent Members are appointed to the Pensions, Standards and Housing Committees.
- Progress was monitored against Service Plan targets during the year.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

- A public enquiry has been undertaken during the year, in conjunction with the Department of Infrastructure, resulting in approval of the Council's request to reduce the number of Councillors from 18 to 12 as of April 2020.
- The accounting service structure was reviewed to improve internal budget manager control with the budget set for 2019/20 based on this streamlined approach so that it may be operational with effect from April 2019.
- A streamlining of the waged payroll process has been undertaken to introduce administrative and operational efficiencies across the organisation.
- The Council's Data Protection Officer has delivered a new set of data protection policies to meet the requirements of the Data Protection Act 2018. Improved Staff and Member awareness of the new legislation has also been a key focus for the Council. There is an on-going commitment to continually improve internal procedures to be more focussed on compliant and effective information management.
- The Council has maintained and will continue to maintain the Cyber Essentials Certificate for its information and communication technology systems.

Facilitation of policy and decision making – The decision-making process is defined in the Council's Constitution. There is a formal scheme of delegation approved by Council. This means that decisions made are either delegated to the Executive Committee, another Committee or reserved to full Council. Minutes of Committees are sub-divided into these categories. There is a monthly meeting cycle that means the Executive Committee considers all matters which are delegated to it where they have been considered by either the Environmental Services Committee or the Regeneration & Community Committee. The cycle also ensures that the full Council considers all matters which are reserved to it after they have been considered by a Committee. All decisions are recorded in the Council minute book, with formal minutes being available for public inspection on the Council's website and with press releases being made where appropriate. Chief Officers Management Team (COMT) meets regularly to consider policy and operational management issues and, where required, determines the need for reports for Committee consideration and decision-making. The work of COMT is supported by the Extended Chief Officers Management Team (EXCOMT – comprising of Assistant Chief Officers as well as the Chief Officers), which meets on a monthly basis to consider wider management issues, including regular reports at both the strategic and operational levels.

Risk Management – The Council is committed to its risk management and business continuity strategies. Executive Committee consider a Budget Risk Register whilst deliberating on the appropriate rate to be set for the forthcoming financial year. Operational risk registers are in place to support most Service Plans. The Council Risk Management Policy and Corporate Risk Register have both been updated during the financial year.

Financial Management – The Council's internal financial control is based on a framework of regular reporting of management information, financial regulations, administrative procedures, management supervision and systems of delegation. The systems of internal financial control provide reasonable assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be swiftly detected. The Director of Finance is formally appointed as the Council's Responsible Financial Officer. Under the terms of the Accounts and Audit Regulations 2018, this officer is required to determine the Council's accounting records and control systems. He has a responsibility for ensuring the proper administration of the Council's financial affairs. As a Chief Officer of the Council, he is a member of the Chief Officers Management Team and attends Council and Executive Committee meetings, and other Committee meetings as required. He reports regularly to the Executive Committee on matters of financial importance and significance. A senior member of the Finance Department attends other Committee meetings.

A framework exists for budgetary control with information available to the Budget Managers constantly, quarterly reporting to the Extended Chief Officers Management Team, and half-yearly reporting to budget-holding Committees.

Internal Audit - The Council also maintains an internal audit service to assist management with monitoring adherence to key controls and procedures. The internal audit function also carries out regular reviews to ensure that identified controls governing risk areas are carried out. The main objective is primarily to satisfy the Council's statutory responsibility under the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control". More specifically, the internal audit function must provide a service that objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

proper, economic, efficient and effective use of resources. The procedures for undertaking audit work must embrace an audit methodology which is consistent with the "Guidance for Internal Auditors" issued by the Auditing Practices Board of the Consultative Council of Accountancy Bodies (CCAB). A 5-Year Strategic Audit Plan sets out the audit reviews planned to be undertaken. This is reviewed before each audit year commences and appropriate amendments approved by the Executive Committee are incorporated. The internal audit function is provided by an independent firm.

Review of the effectiveness of internal control and corporate governance environment

The effectiveness of systems of internal control is evaluated by the work of the internal audit function, the officers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors. Compliance with statutory legislation and regulations is secured through the advice of the Council's advocate. The Executive Committee review the annual reports of both internal and external audit.

Significant internal control issues

We are not aware of any actual or potential non-compliance with laws and regulations that could have a material effect on the Council's ability to conduct its business or on the results and financial position disclosed in the financial statements for the year ended 31 March 2019.

A review of the internal control processes was carried out by internal audit to establish whether assurance has been obtained for key controls operating during the financial year ending 31 March 2019. The overall conclusion is as follows: "In our opinion, notwithstanding the control issues identified in relation to the limited assurance review performed during the year ended 31 March 2019 and the ongoing process of developing risk management across the Council, Douglas Borough Council's systems in relation to risk management, control and governance were, on balance, broadly adequate and operating effectively, thereby providing a satisfactory level of assurance in relation to the effective and efficient achievement of Douglas Borough Council's objectives for the year ended 31 March 2019." Recommendations made by the internal auditors are considered by service managers as appropriate and suitable actions taken.

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 Council's internal control and corporate governance arrangements are adequate and operate effectively during the year ending 31 March 2019.

D W Christian MBE JP
Leader of the Council/
Chairman of the Executive Committee
21 May 2019

K J Rice BA (Hons) Solicitor
Chief Executive
21 May 2019

Comprehensive Income and Expenditure Statement
for the year ended 31 March 2019

	Note	Gross Expenditure £'000	2018/19 Gross Income £'000	Net Expenditure £'000	2017/18 Net Expenditure £'000
Environmental Services Committee		8,024	(3,870)	4,154	4,499
Regeneration & Community Committee		3,596	(1,553)	2,043	2,247
Executive Committee		3,920	(551)	3,369	3,733
Housing Committee		67	0	67	59
Cost adjustment regarding pensions		930	0	930	1,017
Net cost of General Fund services	8	16,537	(5,974)	10,563	11,555
Housing Revenue Account		13,320	(12,187)	1,133	1,021
Deficiency receivable		0	(439)	(439)	(208)
Net cost of Housing services	9	13,320	(12,626)	694	813
Net cost of all services				11,257	12,368
Income from the General Rate Fund	10			(11,121)	(10,789)
Interest receivable and other income				(12)	(2)
Interest payable and similar charges				3,221	3,138
Net deficit on provision of services				3,345	4,715
Other Comprehensive Income & Expenditure					
(Surplus)/deficit on revaluation of fixed assets				(1,151)	(1,008)
Re-measurement of net pension liability				(831)	(1,211)
Total comprehensive (income)/ expenditure				1,363	2,496

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

Statement of Movement on Reserves

for the year ended 31 March 2019

	General Rate Fund £'000	Capital adjustment account £'000	Revaluation reserve £'000	Housing revenue reserves £'000	Pensions reserve £'000	Capital receipts reserve £'000	Earmarked reserves £'000	Total reserves £'000
Total comprehensive (income)/expenditure	3,345	0	(1,151)	0	(831)	0	0	1,363
Contributions to reserve	3,505	0	0	(2,662)	0		(843)	0
Capital expenditure funded from reserve	0	(932)	0	0	0	355	577	0
Capital expenditure funded from General Fund	200	(200)	0	0	0	0	0	0
Revenue expenditure funded from reserve	(2,690)	0	0	2,632	0	0	58	0
Gain/(Loss) on disposal of fixed assets	308	761	(447)	0	0	(590)	(32)	0
Depreciation and impairment of fixed assets	(8,945)	8,945	0	0	0	0	0	0
Revaluation and impairment of investment properties	186	0	(186)	0	0	0	0	0
Amortisation of capital contributions	5	(5)	0	0	0	0	0	0
Amortisation of revaluation reserve	0	(4,852)	4,852	0	0	0	0	0
Loan fund principal repayments	5,074	(5,150)	0	0	0	76	0	0
Cost adjustment regarding pensions	(930)	0	0	0	930	0	0	0
Change during the financial year	58	(1,433)	3,068	(30)	99	(159)	(240)	1,363
Balance brought forward as at 1 April 2018	(1,503)	(28,573)	(128,954)	(266)	19,652	(938)	(1,992)	(142,574)
Balance carried forward as at 31 March 2019	(1,445)	(30,006)	(125,886)	(296)	19,751	(1,097)	(2,232)	(141,211)

There is a comparative table on the next page.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

Comparative Statement of Movement on Reserves

for the year ended 31 March 2018

	General Rate Fund £'000	Capital adjustment account £'000	Revaluation reserve £'000	Housing revenue reserves £'000	Pensions reserve £'000	Capital receipts reserve £'000	Earmarked reserves £'000	Total reserves £'000
Total comprehensive (income)/expenditure	4,715	0	(1,008)	0	(1,211)	0	0	2,496
Contributions to reserve	2,977	0	0	(2,554)	0	0	(423)	0
Capital expenditure funded from reserve	0	(1,190)	0	0	0	766	424	0
Capital expenditure funded from General Fund	101	(101)	0	0	0	0	0	0
Revenue expenditure funded from reserve	(2,577)	0	0	2,555	0	0	22	0
Gain/(Loss) on disposal of fixed assets	(44)	574	(161)	0	0	(369)	0	0
Depreciation and impairment of fixed assets	(8,615)	8,615	0	0	0	0	0	0
Revaluation and impairment of investment properties	147	0	(147)	0	0	0	0	0
Amortisation of capital contributions	7	(7)	0	0	0	0	0	0
Amortisation of revaluation reserve	0	(4,557)	4,557	0	0	0	0	0
Loan fund principal repayments	4,717	(4,717)	0	0	0	0	0	0
Cost adjustment regarding pensions	(1,017)	0	0	0	1,017	0	0	0
Change during the financial year	411	(1,383)	3,241	1	(194)	397	23	2,496
Balance brought forward as at 1 April 2017	(1,914)	(27,190)	(132,195)	(267)	19,846	(1,335)	(2,015)	(145,070)
Balance carried forward as at 31 March 2018	(1,503)	(28,573)	(128,954)	(266)	19,652	(938)	(1,992)	(142,574)

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

Balance Sheet

as at 31 March 2019

	Note	As At 31 March 2019		As At 31 March 2018	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	1		248,172		249,656
Intangible fixed assets	2		98		14
Total fixed assets			248,270		249,670
Current assets					
Stocks	3	162		173	
Debtors	4	1,686		2,283	
Cash at bank		3,881		1,291	
Total current assets			5,729		3,747
Less current liabilities					
Creditors	5	(3,927)		(4,263)	
Short term borrowing	6	(4,817)		(3,401)	
Capital contributions deferred	20	0		(1)	
Total current liabilities			(8,744)		(7,665)
			(3,015)		(3,918)
Total assets less current liabilities			245,255		245,752
Long term liabilities					
Long term borrowing	6	(84,295)		(83,524)	
Net pension liabilities	18	(19,733)		(19,634)	
Capital contributions applied	20	(16)		(20)	
			(104,044)		(103,178)
Total assets less liabilities			141,211		142,574
Financed by					
General Fund			1,445		1,503
Capital adjustment account			30,006		28,573
Revaluation reserve			125,886		128,954
Housing revenue account balances			296		266
Pensions reserve			(19,751)		(19,652)
Capital receipts reserve			1,097		938
Earmarked reserves			2,232		1,992
Total net worth			141,211		142,574

The financial statements were approved by the Executive Committee on 27 September 2019 and were signed on their behalf by:

D W Christian MBE JP
 Leader of the Council/
 Chairman of the Executive Committee
 27 September 2019

A J T Boyd FCPFA
 Director of Finance
 27 September 2019

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

Cash Flow Statement

for the year ended 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
Net surplus/(deficit) on provision of services		(3,345)	(4,715)
Adjustments to net surplus/(deficit) on provision of services for non-cash movements	14	9,397	10,218
Adjustments for items included in net surplus/(deficit) on provision of services that are investing and financing activities		3,209	3,136
Net cash flows from Operating Activities		9,261	8,639
Net cash flows from Investing Activities	15	(5,660)	(6,428)
Net cash flows from Financing Activities	16	(1,011)	(1,772)
Net increase or (decrease) in cash and cash equivalents		2,590	439
Cash & cash equivalents at the beginning of the reporting period		1,291	852
Cash & cash equivalents at the end of the reporting period		3,881	1,291

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' ('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 thousand pounds.

2. Going concern

After reviewing the budget of the authority, the Executive Committee have a reasonable expectation that the authority has adequate resources to continue in operational existence for the foreseeable future.

3. Income

(a) Rates receivable

Rates income for the year credited to the Comprehensive Income and Expenditure Statement 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) Other Income

Other significant income is accounted for on an accruals basis.

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.

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.

6. Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives of 5 years using the straight-line method.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

7. 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.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

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:

- Infrastructure and Community assets – depreciated historic cost (or a nominal value where the historic cost is not known);
- Assets under construction – historic cost;
- Surplus assets – fair value (determined by the measurement of the highest and best use of the asset);
- 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 (fair value for Surplus assets) 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 (fair value for Surplus assets). All valuations are undertaken by a qualified valuer on a five-year rolling programme, using a professional valuer contracted to the authority.

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 in excess of the revaluation loss, the carrying amount of the asset is written down against that balance;
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement;
- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve which is less than the revaluation loss, the carrying amount of the asset is written down against that balance and the remainder of the revaluation loss 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.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

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 in excess of the revaluation loss, the carrying amount of the asset is written down against that balance;
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement;
- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve which is less than the revaluation loss, the carrying amount of the asset is written down against that balance and the remainder of the revaluation loss is written down against the relevant service line 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.

(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:

Freehold buildings	10-60 years
Vehicles, plant & equipment	1-15 years
Infrastructure assets	1-15 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 Capital Receipts Reserve until such time as they are used to finance other capital expenditure, when they are credited to the Capital Adjustment Account.

8. 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 gains and losses are reversed out in the Statement of Movement on Reserves to the Capital Adjustment Account and the Capital Receipts Reserve.

9. 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.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

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

10. 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) Capital Grants

Amounts due as capital grants and contributions are credited to the Comprehensive Income and Expenditure Statement when the conditions attached to their receipt are satisfied. Amounts advanced 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 Comprehensive Income and Expenditure Statement.

Donations and grants toward the cost of capital assets are credited to deferred income, and released over the life of the asset to match the depreciation of the asset to which it relates.

(c) Housing Deficiency

Housing deficiency is accounted for on an accruals basis and represents an amount due in respect of some 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.

11. Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement on an accruals basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the authority recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

12. Stocks

Stocks have been valued at the lower of cost and net realisable value.

13. 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.

14. 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.

15. 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

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

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 (Douglas Borough Council) engages independent actuaries to calculate the accounting 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 'Re-measurement 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 the Comprehensive Income and Expenditure Statement as 'Cost adjustment regarding pensions'.

16. 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.

17. Contingent Liabilities

Contingent liabilities are not recognised in the accounting statements. They are disclosed by way of a note to the accounts if there is a possible obligation to make payments in the future. For each class of contingent liability, where appropriate, the authority discloses the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

18. Contingent Assets

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

19. 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 Reserve: This incorporates the Council's working balance, and is the Council's core reserve to protect against material unforeseen events and cash flow liquidity issues. Any surplus amounts are used to

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

fund items, including Capital Programme schemes, which would otherwise have had a future impact on the rate. The General Revenue Reserve generally supports the General Fund revenue expenditure and is used to reduce wide fluctuations in the annual rate levied between financial years. Any General Fund revenue budget overspends have a direct impact upon the balance of this reserve, whilst any General Fund revenue underspend at the end of a financial year is fed back into this reserve.

Housing Revenue Reserves: The Council maintains two Housing funds operated in accordance with the provisions of Government Housing Policy. The Housing Repairs Fund receives an annual transfer from the Housing Revenue Account of a capped amount. This reserve is then applied to meet the costs of Housing Repairs each year. The Community Facilities Reserve is used to fund revenue expenditure on communal aspects and capital expenditure on specific capital schemes within the sheltered accommodation complexes, subject to approval by the Department of Infrastructure. It is funded through an annual transfer from the Housing Revenue Account of an amount determined by the Department of Infrastructure of net rent income from the sheltered accommodation units and ancillary income from those buildings.

Earmarked Reserves: A number of renewal and reserve funds are maintained within the Council's accounts. Sums are provided for the future 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.

Capital Receipts Reserve: The proceeds from the sale of fixed assets, which can be used for financing new items of capital expenditure. These funds are not available to support revenue expenditure.

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.

20. Provision for the Redemption of Loans Pool Debt

The Council administers a Loans Pool into which loans raised are paid and from which sums are advanced to either the General Fund or Housing Revenue Account in order to finance capital expenditure and long-term outlay. The source is bank loans utilising the local authorities long-term borrowing arrangements sanctioned by the Treasury. Provision for the redemption of debt (or Loan Fund Principal Repayments) has been made in accordance with statutory borrowing powers. Provision for repayment of these liabilities is on the basis of an increasing annual accumulation, set at 5%. Repayments are accounted in the Statement of Movement on Reserves, whilst interest on the balance of principal outstanding, is charged directly to the Comprehensive Income and Expenditure Account.

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:

- Due to the authority's rolling five-year revaluation programme for assets held on the Balance Sheet at revalued amount, 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 rate payers.
- 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.

Notes to the Financial Statements

1. Tangible fixed assets

1.1 Operational assets

	Dwellings £'000	Other land & buildings £'000	Vehicles, plant & equipment £'000	Infra- structure £'000	Total Operational Assets £'000
Cost or valuation					
As at 31 March 2018	238,798	27,200	5,481	6,527	278,006
Additions in the year	4,713	346	634	684	6,377
Disposals in the year	0	0	(342)	(1,043)	(1,385)
Revaluations	0	434	0	0	434
Impairments	(2,984)	(1,792)	0	0	(4,776)
Transfers	0	(233)	0	0	(233)
Value as at 31 March 2019	240,527	25,955	5,773	6,168	278,423
Accumulated Depreciation					
As at 31 March 2018	(25,050)	(821)	(3,939)	(3,525)	(33,335)
Charge for the year	(7,608)	(420)	(422)	(427)	(8,877)
Disposals in the year	0	0	328	1,043	1,371
Reversal of depreciation on revalued assets	5,044	406	0	0	5,450
Value as at 31 March 2019	(27,614)	(835)	(4,033)	(2,909)	(35,391)
Net Book Value as at 31 March 2019	212,913	25,120	1,740	3,259	243,032
Net book value as at 31st March 2018	213,748	26,379	1,542	3,002	244,671

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

1.2 Non-operational assets

Cost or valuation	Assets under construction £'000	Investment properties £'000	Total Non-operational Assets £'000	Operational and Non-Operational Tangible Fixed Assets £'000
As at 31 March 2018	501	4,484	4,985	282,991
Additions in the year	15	21	36	6,413
Disposals in the year	0	(300)	(300)	(1,685)
Revaluations	0	198	198	632
Impairments	0	(12)	(12)	(4,788)
Transfers	0	233	233	0
Value as at 31 March 2019	516	4,624	5,140	283,563
Accumulated Depreciation				
As at 31 March 2018	0	0	0	(33,335)
Charge for the year	0	0	0	(8,877)
Disposals in the year	0	0	0	1,371
Reversal of depreciation on revalued assets	0	0	0	5,450
Value as at 31 March 2019	0	0	0	(35,391)
Net Book Value as at 31 March 2019	516	4,624	5,140	248,172
Net book value as at 31 March 2018	501	4,484	4,985	249,656

1.3 Valuation of fixed assets

The authority operates a rolling revaluation programme so that all land and buildings are revalued every five years. Valuations have been carried out by Royal Institute of Chartered Surveyors qualified staff at Chrystals, the Council's external valuers. The valuations have been carried out in accordance with the Practice Statements, Guidance Notes and Valuation Information papers published by the Royal Institution of Chartered Surveyors; RICS Valuation – Global Standards (known as The Red Book) dated 2017. Site values were noted for each housing estate based on assumptions as to the extent of the sites on the basis of a typical site for each house type rather than being based on the overall area of the estate.

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Historic cost of dwellings	126,261	121,548
Historic cost of other revalued assets, i.e. other land & buildings, investment properties and surplus assets	30,090	30,023

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

1.4 Assets held

	As At 31 March 2019 Number	Changes in year Number	As At 31 March 2018 Number
<i>Operational Assets</i>			
<u>Council dwellings</u>			
Council dwellings	2,248	-	2,248
Sheltered accommodation units	138	-	138
<u>Other land & buildings</u>			
Public offices	2	-	2
Depot/Administrative office	1	-	1
Depots and stores	7	-	7
Nurseries	1	-	1
Tramways stables and storage	-	(1)	1
Off-street Car Parks	2	-	2
Crematoria and chapels	2	-	2
Cemeteries	2	-	2
Community centre/changing rooms	1	-	1
Golf Clubhouse/community centre	1	-	1
Golf course	1	-	1
Public conveniences	10	1	9
Commercially valued land assets	3	-	3
Miscellaneous properties	8	-	8
<u>Vehicles, plant & equipment</u>			
Vehicles	73	(4)	77
Plant & equipment	89	5	84
<u>Infrastructure assets</u>			
Street lights	4,279	-	4,279
Street signage - way-marking	38	1	37
<i>Non-Operational Assets</i>			
<u>Investment properties</u>			
Commercial properties	19	-	19
Other commercially let properties	7	-	7
Garages	49	-	49
Residential units	4	-	4
Other non-operational	1	(1)	2
Commercially valued land assets	2	-	2

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

2. Intangible fixed assets

	£'000
Cost or valuation	
As at 31 March 2018	41
Additions in the year	<u>110</u>
Value as at 31 March 2019	<u>151</u>
 Accumulated amortisation	
As at 31 March 2018	(27)
Charge for the year	<u>(26)</u>
Value as at 31 March 2019	<u>(53)</u>
 Net Book Value as at 31 March 2019	<u>98</u>
Net book value as at 31 March 2018	14

These assets are computer software.

3. Stocks

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
General stores	162	161
Wheeled bins stock	<u>0</u>	<u>12</u>
Total stocks	<u>162</u>	<u>173</u>
 Value of stock recognised as an expense in the comprehensive income and expenditure statement	 378	 458

4. Debtors and prepayments

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Government departments	574	884
VAT refund	470	582
Local authorities	71	149
Ratepayers	0	44
Housing rents	33	48
Sundry debtors	438	536
Prepayments	<u>100</u>	<u>40</u>
	<u>1,686</u>	<u>2,283</u>
 Debtor balances are shown net of provisions for bad or doubtful debts as follows:		
Ratepayers	(89)	(86)
Housing rents	(63)	(92)
Sundry debtors	<u>(7)</u>	<u>(15)</u>
	<u>(159)</u>	<u>(193)</u>

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

5. Creditor Amounts falling due within one year

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Government departments	375	954
Ratepayers	85	37
Housing rents	469	455
Interest payable	505	494
Trade and sundry creditors	1,725	1,559
Sundry prepayments/invoiced in advance	750	746
Unfunded pension benefits payable within 12 months	18	18
	3,927	4,263

6. Borrowing

All of the Council's borrowings are by way of bank loan facility. Some loans are fixed interest, and repayable over 30 years. Some loans are at a variable rate of interest. All bank loans have been sanctioned by both Isle of Man Government Treasury and the relevant Government department and are secured under the Local Authority Borrowing Scheme to which Isle of Man Government Treasury are a signatory. Loans outstanding may be analysed as follows:

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Falling due within one year	4,817	3,401
Falling due after more than one year	84,295	83,524
Total long term loans	89,112	86,925

7. Operating leases

The following table shows the minimum future rentals receivable for the authority's operating leases where it acts as lessor:

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Amounts due within one year	267	284
Later than one year and not later than five years	791	799
Later than five years	228	316
	1,286	1,399

The leases above are in respect of the Council's commercial lettings portfolio which mainly includes shops and leisure facilities in close proximity to Council housing estates and parks.

The table overleaf shows the minimum future rentals payable for the authority's operating leases where it acts as lessee and minimum future licence fees payable for the authority's car park operating licences (for Drumgold Street and Chester Street) where it acts as licensee.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

7. Operating leases (continued)

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Amounts due within one year	1,313	1,349
Later than one year and not later than five years	5,172	5,330
Later than five years	7,782	9,238
	<u>14,267</u>	<u>15,917</u>
	2018/19 £'000	2017/18 £'000

Lease and licence payments recognised as an expense in the comprehensive income and expenditure statement	1,345	1,438
---	--------------	-------

8. Net Cost of General Fund Services

2018/19	Environ- mental Services C'ttee £'000	Regen & Comm- unity C'ttee £'000	Executive C'ttee £'000	Housing C'ttee £'000	Cost adjust regarding pensions £'000	Net cost General Fund services £'000
Expenditure						
Employment Cost	2,941	2,415	2,225	66	930	8,577
Property & Fixed Plant	718	605	263	0	0	1,586
Transport & Plant	395	118	2	0	0	515
Agencies & Contract Services	1,630	70	234	0	0	1,934
Capital Finance	898	106	137	0	0	1,141
Supplies & other costs	1,442	282	1,059	1	0	2,784
Total Revenue Expenditure	8,024	3,596	3,920	67	930	16,537
Income						
Government Income	(88)	(148)	(29)	0	0	(265)
Other income	(3,782)	(1,405)	(522)	0	0	(5,709)
Total Income	(3,870)	(1,553)	(551)	0	0	(5,974)
Net Expenditure	4,154	2,043	3,369	67	930	10,563

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

8. Net Cost of General Fund Services (continued)

Comparatives: 2017/18	Environ- mental Services C'ttee £'000	Regen & Comm- unity C'ttee £'000	Executive C'ttee £'000	Housing C'ttee £'000	Cost adjust regarding pensions £'000	Net cost General Fund services £'000
Expenditure						
Employment Cost	2,934	2,219	2,336	59	1,017	8,565
Property & Fixed Plant	795	556	395	0	0	1,746
Transport & Plant	393	120	3	0	0	516
Agencies & Contract Services	1,530	89	230	0	0	1,849
Capital Finance	833	249	90	0	0	1,172
Supplies & other costs	1,687	266	1,168	0	0	3,121
Total Revenue Expenditure	8,172	3,499	4,222	59	1,017	16,969
Income						
Government Income	(199)	(159)	(36)	0	0	(394)
Other income	(3,474)	(1,093)	(453)	0	0	(5,020)
Total Income	(3,673)	(1,252)	(489)	0	0	(5,414)
Net Expenditure	4,499	2,247	3,733	59	1,017	11,555

9. Housing Revenue Income and Expenditure

	2018/19		2017/18
	£'000	£'000	£'000
Expenditure			
Repairs & maintenance	2,643		2,524
Supervision & management	900		873
Rates and other charges	2,169		2,089
Depreciation & impairment charges	7,608		7,305
Total expenditure		13,320	12,791
Income			
Dwelling Rents (including rates)	(12,072)		(11,646)
Charges for services & facilities	(105)		(109)
Housing Deficiency Grant receivable	(439)		(208)
Other Income	(10)		(15)
Total income		(12,626)	(11,978)
Net cost of Housing services		694	813

Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write offs, refunds, etc.

	2018/19	2017/18
Voids as a percentage of the rental debit for the year	3.4%	3.6%

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

9. Housing Revenue Income and Expenditure (continued)

Rent arrears

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Gross arrears	33	48
Rent accounts in advance	<u>(469)</u>	<u>(455)</u>
Net in advance	<u>(436)</u>	<u>(407)</u>
As a percentage of gross rent income:		
Gross arrears	0.3%	0.4%
Rent accounts in advance	<u>-3.9%</u>	<u>-3.9%</u>
Net in advance	<u>-3.6%</u>	<u>-3.5%</u>

	2018/19 £'000	2017/18 £'000
Amounts written off during the year	46	0
Increase/(decrease) in provision for bad and doubtful debts	(29)	22

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Provision for bad and doubtful debts	(63)	(92)

Housing deficiency grant

A housing deficiency grant is paid from central government to meet some of the shortfall incurred by the Council.

	2018/19 £'000	2017/18 £'000
Opening balance due from Dept of Infrastructure	643	435
Charges to Deficiency Grant	439	208
Payments received from Dept of Infrastructure	<u>(855)</u>	<u>0</u>
Closing balance due from Dept of Infrastructure	<u>227</u>	<u>643</u>

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

10. Rates

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
Total rates levied for the year		11,487		11,136
Add:				
Gross arrears brought forward		130	123	
Refunds		21	39	
		151		162
		11,638		11,298
Less:				
Rates paid in advance brought forward		(37)	(46)	
Discounts		(246)	(245)	
Exempt/reduced rate properties		(120)	(102)	
		(403)		(393)
Total rates collectable		11,235		10,905
Rates received in the year:				
Current year rates		11,031	10,715	
Arrears collected		115	60	
Prepaid rates		85	37	
Total revenue income		11,231		10,812
Balances outstanding carried forward:				
Current year arrears		74	67	
Prepaid rates		(85)	(37)	
		(11)		30
Previous years arrears		15	63	
Total arrears		4		93
		11,235		10,905
Rates levied for the year		11,487		11,136
Less exempt/reduced rate properties		(120)		(102)
Less discounts		(246)		(245)
Per Comprehensive Income and Expenditure Statement		11,121		10,789
		Pence		Pence
Rate in the pound		419		408
		As At 31 March 2019 £'000		As At 31 March 2018 £'000
Rateable value at year end		2,746		2,742

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

11. Employee remuneration

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

Remuneration Band	2018/19 Number of Employees	2017/18 Number of Employees
£50,000 to £74,999	13	12
£75,000 to £99,999	2	3
£100,000 to £124,999	1	1

Key management compensation

The Chief Officers Management Team has authority and responsibility for planning, directing and controlling the activities of the authority. Their compensation shown below includes employer pension contributions.

	2018/19 £'000	2017/18 £'000
Key management personnel compensation	439	440

12. Members' allowances

The authority pays its Members in respect of their attendance at meetings and undertaking duties and responsibilities.

	2018/19 £'000	2017/18 £'000
Attendance allowances paid to Members	45	44
Members' expenses paid	5	5

	Year End Balance	
	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Amounts due to Members	7	6

13. Related party transactions

Section 33 of Financial Reporting Standard 102 requires an entity to disclose within its financial statements material transactions with related parties, that is bodies or individuals, that have the potential to control or influence the Council, or to be controlled or influenced by the Council.

Disclosure of these transactions allows the readers to assess the extent to which the Council 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 Council. Due to the nature of the Council's business, the main related parties considered are councillors and senior management of the Council.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

13. Related party transactions (continued)

13.1 Members of Council/Senior Management

Members of the Council and senior management are required to register certain interests in the Register of Members' Interests, a copy of which can be inspected at the Town Hall.

Related Party	Company in Receipt of Payment	Related Party Relationship to Company	Purchases from the Company by the Council (excluding VAT)		Type of Payment Made to Company	Year End Balance	
			2018/19 £'000	2017/18 £'000		As At 31 March 2019 £'000	As At 31 March 2018 £'000
Cllr S R Pitts	Buchanan & Pitts Ltd	Director	38	13	Provision of services	14	0

13.2 Superannuation Scheme

In addition, Douglas Borough Council is the administering authority for the Isle of Man Local Government Superannuation Scheme. The Council's Director of Finance is the Responsible Financial Officer for both the Council and the Scheme. The Council incurred administration expenses during the year which related to a combination of direct and indirect costs. Further expenditure was incurred in respect of the Scheme's fund managers, actuary, investment consultants, the contracted administrator, and other professional fees. These costs were charged to the Scheme.

	2018/19 £'000	2017/18 £'000
Administration charged to scheme in year	76	69
Professional fees charged to scheme in year	251	238
Balance owing (to)/from scheme at year end	65	90

13.3 Eastern District Civic Amenity Site Joint Committee

The Council, along with four other participating authorities, is represented on the Eastern District Civic Amenity Site Joint Committee, whose role it is to run the Eastern District Civic Amenity Site. Under an agreement between the Council and the other member authorities, the Council is the administering authority for the Eastern District Amenity Site. The Council is able to recharge the cost of the administration of the site, as well as disposal costs incurred, to all participating authorities, based on each authority's Rateable Value (excluding agricultural hereditaments), pro-rata. The Council is also the operator of the Eastern District Civic Amenity Site. As operator, the Council also charges the agreed fixed annual contractual amount to all participating authorities on the same Rateable Value basis. The amounts rechargeable to other authorities in the year are shown below, along with any balance owed/due at year end.

Local Authority	Costs recoverable from participating local authorities		Year End Balance regarding those costs	
	2018/19 £'000	2017/18 £'000	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Laxey (a Ward of Garff Commissioners)	16	15	4	0
Lonan (a Ward of Garff Commissioners)	15	15	3	0
Santon	9	9	2	0
Onchan	101	99	23	0
Braddan	69	67	16	0
	210	205	48	0

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

13. Related party transactions (continued)

13.4 Douglas Town Band

The Council elects two councillors to represent it on the Douglas Town Band Committee and paid an annual grant to the Douglas Town Band. The Band performed at some civic events without charge.

	2018/19 £'000	2017/18 £'000
Annual Grant to the Douglas Town Band	3	3

13.5 Burials Act Levies

Under the Burials Act 1986, the churchwardens in charge of Braddan and Onchan District Burial Grounds are entitled to levy a rate to the Council for the upkeep and maintenance of these cemeteries. The annual amount payable depends on the rates resolution of the respective churchwardens, with the prescribed calculation based on the rateable value of the parishes.

	Levies Payable to Burial Authorities		Year End Prepayments	
	2018/19 £'000	2017/18 £'000	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Braddan Burial Ground Churchwardens	85	85	0	85
Onchan Burial Ground Churchwardens	3	3	0	3

13.6 Sale of Tramways Assets

Tramways Terrace and the stables were sold to the Department of Infrastructure in April 2018 at the value determined by the Government Valuer being £600,000. The Net Book Value was £300,000 and £10,447 of transaction costs were incurred resulting in a book surplus on disposal of £289,553.

14. 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:

	2018/19 £'000	2017/18 £'000
Depreciation, impairment & revaluation losses for non-current assets	8,760	8,468
Amortisation of capital contributions	(5)	(8)
(Increase)/decrease in stock	(2)	29
(Increase)/decrease in debtors	585	(302)
Increase/(decrease) in creditors	(545)	990
Difference between FRS102 pension cost and contributions paid	930	1,017
Carrying amount of assets sold and de-recognition of components	(308)	44
Other non-cash items charged to Surplus/Deficit on provision of services	(18)	(20)
	<u>9,397</u>	<u>10,218</u>

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

15. Cash flow statement – Investing activities

	2018/19	2017/18
	£'000	£'000
Purchase of assets (fixed assets, investment property, intangible assets)	(6,282)	(6,797)
Proceeds from the sale of tangible fixed assets and investment property	622	369
	<u>(5,660)</u>	<u>(6,428)</u>

16. Cash flow statement – Financing activities

	2018/19	2017/18
	£'000	£'000
Cash receipts from short-term and long-term borrowing	5,768	5,774
Repayment of short-term and long-term borrowing	(3,581)	(4,396)
Loan interest paid	(3,210)	(3,152)
Loan interest received	12	2
	<u>(1,011)</u>	<u>(1,772)</u>

17. Audit fees

	2018/19	2017/18
	£'000	£'000
External audit fees incurred	48	48

18. 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 2016 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	As At 31 March 2019	As At 31 March 2018
Rate of increase in salaries	3.2%	3.2%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	2.4%	2.7%

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 Pension Fund Annual Report.

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

18. Post-employment benefits (continued)

The mortality assumptions used were as follows:

	As At 31 March 2019	As At 31 March 2018
Life expectations at the age of 65 for current pensioners		
- Men	20.5	21.7
- Women	23.1	24.3
Life expectations at the age of 65 for future pensioners		
- Men	22.2	24.1
- Women	25.7	27.1

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Net £'000
At 1 April 2018	41,785	(61,437)	(19,652)
Benefits paid	(1,245)	1,263	18
Employee contributions	422	(422)	0
Employer contributions	1,639	0	1,639
Current service cost	0	(1,952)	(1,952)
Administration expenses	(127)	0	(127)
Past service cost	0	0	0
Interest income/(expense)	1,139	(1,647)	(508)
Re-measurement gains/(losses)			
- Actuarial gains/(losses)	0	(407)	(407)
- Return on plan assets excluding interest income	1,238	0	1,238
Total as at 31 March 2019	<u>44,851</u>	<u>(64,602)</u>	<u>(19,751)</u>
Projected unfunded payments next year - note 5	0	(18)	(18)
Long-term element	<u>44,851</u>	<u>(64,584)</u>	<u>(19,733)</u>

Comparative table:

	Assets £'000	Liabilities £'000	Net £'000
At 1 April 2017	40,163	(60,009)	(19,846)
Benefits paid	(1,421)	1,440	19
Employee contributions	414	(414)	0
Employer contributions	1,657	0	1,657
Current service cost	0	(2,176)	(2,176)
Past service cost	0	0	0
Interest income/(expense)	1,053	(1,570)	(517)
Re-measurement gains/(losses)			
- Actuarial gains/(losses)	0	1,292	1,292
- Return on plan assets excluding interest income	(81)	0	(81)
At 31 March 2018	<u>41,785</u>	<u>(61,437)</u>	<u>(19,652)</u>
Projected unfunded payments next year - note 5	0	(18)	(18)
Long-term element	<u>41,785</u>	<u>(61,419)</u>	<u>(19,634)</u>

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

18. Post-employment benefits (continued)

Total cost recognised as an expense:

	2018/19	2017/18
	£'000	£'000
Current service cost	1,952	2,176
Past service costs	0	0
Gross interest cost	1,774	1,570
Gross cost	3,726	3,746
Interest income	(1,139)	(1,053)
Net cost	2,587	2,693

No amounts were included in the cost of assets (2017/18: £nil)

The scheme assets split was:

	As At 31	As At 31
	March	March
	2019	2018
	%	%
Equity instruments	50	60
Bonds	32	28
Property	15	12
Cash	3	0
Total	100	100

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

	2018/19	2017/18
	£'000	£'000
Interest income	1,139	1,053
Return on scheme assets less interest income	1,238	(81)
Total return on scheme assets	2,377	972

19. Capital commitments

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

	As At 31	As At 31
	March	March
	2019	2018
	£'000	£'000
Housing Revenue Account projects	5,840	4,131
General Fund projects	59	72
	5,899	4,203

Douglas Borough Council Financial Statements For The Year Ended 31 March 2019

20. Capital contributions

The Council previously received contributions from developers under section 13 of the Town and Country Planning Act 1999. These are used to fund play equipment nearby the relevant developments. The Council also previously received a contribution from the Isle of Man Government Seized Assets Fund to pay for the installation of a CCTV Control Room. The amount is deferred until the respective capital expenditure is incurred and then amortised in line with the depreciation charge on the asset it was used to help create.

	As At 31 March 2019 £'000	As At 31 March 2018 £'000
Opening capital contributions deferred	1	5
Capital contribution applied	(1)	(4)
Closing capital contributions deferred	0	1
Opening capital contributions applied net book value	20	24
Capital contribution applied	1	4
Amortisation	(5)	(8)
Closing capital contributions applied net book value	16	20

21. Provisions

No provision has been made in these financial statements as the likelihood of any actions giving rise to material liabilities is considered remote.

22. Contingent liabilities

There are no contingent liabilities identified requiring disclosures in these financial statements.

23. Subsequent events

There have been no material events identified since the date the balance sheet was produced that would require adjustment to the financial statements.



Six Green Flag Awards 2017/18 by Keep Britain Tidy for Douglas Borough Cemetery, Hutchinson Square, Marine Gardens, Douglas Head, Noble's Park and Douglas Golf Course.

Douglas Borough Council
Coonceil Valley Corpagh Doolish

Town Hall, Ridgeway Street
Douglas, Isle of Man, IM99 1AD
Telephone: 00 44 1624 696300
www.douglas.gov.im
enquiries@douglas.gov.im



Custodians of the Capital



Follow us on Facebook @ www.facebook.com/DouglasBoroughCouncil