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Marashen Crescent Housing Committee

Statement of Accounts

For the year ended 31 March 2017

Marashen Crescent Housing Committee

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Marashen Crescent Housing Committee

Explanatory Foreword

Introduction

This Statement provides a summary of the Committee's financial performance for the year ended 31 March 2017. It has been prepared in accordance with the Isle of Man Statement of Recommended Practice 2013 on accounting for entities subject to the Audit Act 2006 and subject to the Accounts and Audit Regulations 2013 under the Audit Act 2006.

The individual accounts within the Statement are as follows:

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

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

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

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

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

Marashen Crescent Housing Committee

Explanatory Foreword (continued)

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

Housing Revenue Income and Expenditure Account

The Housing Revenue Account shows the income and expenditure on Committee housing. The financial year 2016/17 resulted in a surplus of £222,469 (2016: £176,448).

Statement of the Movement on the Housing Revenue Account Balance

This statement shows the deficit on the Housing Revenue Income and Expenditure Account adjusted for the additional amounts as required by Statute and non-statutory proper practices. Deficiency payments are received from Department of Health and Social Care covering any deficit and hence there is no annual movement on the reserve.

The deficiency requirement for the year is £535,267 (2016: £504,496).

Capital Expenditure

Total capital expenditure in the year was £80,116 (2016: £166,235) and all related to housing improvements to sheltered housing.

Investments and Borrowing

During the year no external investments (2016: £Nil) were made and £82,839 was borrowed (2016: £127,400) to finance capital schemes. In addition overdrafts totalling of £Nil (2016: £9,245) was used to fund ongoing capital schemes.

Reserves

The Committee's activities are funded by rents received and government housing deficiency payments.

Pensions Liability

The Statement of Recommended Practice requires the Committee to disclose certain information within its Statement of Accounts and this appears in note 20 to the Financial Statements. Included within that information is the net liability on the Isle of Man Local Government Superannuation Scheme that is attributable to the Committee.

This is the difference between future liabilities and assets, as valued at 31st March 2017, and amounts to £218,000 (2016: £209,000) an increase of £9,000 on the previous year. No current provision exists to meet this deficit, which will be addressed by future contributions to the Pension Fund.

This increase is primarily as a result of actuarial losses in the year due to changes in actuarial assumptions.

Marashen Crescent Housing Committee

Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings and in accordance with United Kingdom Generally Accepted Accounting Principles.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP") issued by Treasury. This SORP is recognised under the Audit Act 2006 and the Accounts and Audit Regulations 2013 as representing proper accounting practices.

The SORP is based on Accounting Standards and the Urgent Issues Task Force's (UITF) Abstracts issued by the Financial Reporting Council (the 'Standards'), except where these are inconsistent with specific statutory requirements. The SORP prescribes the accounting treatment and disclosures for all normal transactions of the authority. Where accounting treatments and disclosure requirements are not covered by the SORP, but which are covered the Standards, the requirements of the relevant standard should be followed.

The Standards upon which the SORP is based were replaced by the Financial Reporting Council for periods ending on or after 31 December 2015. The SORP has not been updated to reflect the requirements of the new standards, or those of another acceptable accounting framework such as the Code of Practice on Local Authority Accounting (modified as necessary for application to Isle of Man bodies) issued by the Chartered Institute of Public Finance & Accountancy (the "CIPFA Code"). Whilst there are measurement and presentational differences between the requirements of the SORP and those of the CIPFA code, these are not considered to be of sufficient significance such that the Statement of Accounts prepared in line with the SORP would not give a true and fair view.

Key principles of the SORP are set out below.

Tangible fixed assets

Recognition

Expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off.

Valuations

The latest asset valuation has been carried out in 2014, in accordance with guidelines established by CIPFA and RICS. Revaluations will be carried out at intervals of not more than five years. Supplementary valuations are performed where there have been major changes to individual assets during the year. Assets under the course of construction are included at cost. Operational assets have been valued at the lower of net current replacement cost or net realisable value in existing use.

Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land and assets under the course of construction. Where depreciation is provided for, assets are being depreciated over periods reflecting their estimated useful lives. The Committee has no assets subject to finance lease obligations at the year end.

Marashen Crescent Housing Committee

Statement of Accounting Policies (continued)

Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year: where values have changed materially in the period, the valuations are adjusted to reflect the change. Where a major change in asset values is due to a consumption of economic benefits (such as physical damage), the impairment loss is recognised in the Housing Reserve Income and Expenditure Account. Other impairments are recognised in the Revaluation Reserve. Impairment reviews are carried out on all assets, other than non-depreciable land, where no depreciation charge is made or the estimated remaining useful life of the asset exceeds 50 years.

Disposals

Income from the disposal of fixed assets is accounted for on an accruals basis.

Housing Deficiency

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

Accruals of income and expenditure

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

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

Value Added Tax

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

Marashen Crescent Housing Committee

Statement of Accounting Policies (continued)

Overheads

The costs of service management and support services have been fully charged or allocated to service and trading accounts either in relation to the time spent on each revenue service or capital scheme or in proportion to transactions processed for those accounts.

Liquid resources

Liquid resources comprise bank deposit accounts which cannot be accessed with less than 24 hours notice.

Pension costs

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

The pension cost has been assessed by the Fund's actuary based on triennial valuations, the 2016/17 contributions being based on the results of the review as at 31 March 2016. These contributions are charged to the Accounts in accordance with statutory requirements. The financial statements have been prepared on the basis that the assets and liabilities arising from an employer's retirement benefit obligations and any related funding are reflected at fair value.

The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

Reserves

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

Earmarked reserves – amounts set aside under statute to cover heating, community reserve and comfort funds.

Housing maintenance reserve – representing the balance of the surpluses or deficits arising on housing repair spend against the allowance of rents receivable.

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

Capital adjustment account: these are 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: this is a reserve matching the liability in respect of the Committee's share of the Isle of Man Local Government Superannuation Scheme.

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

Marashen Crescent Housing Committee

Statement of Accounting Policies (continued)

Provisions

The Committee maintains provisions for bad and doubtful debts, which are held against its arrears of major income sources.

Events after the balance sheet date

Post balance sheet events, whether favourable or unfavourable, that affect the conditions existing at the balance sheet date are adjusted in the Accounts and disclosures. For events occurring after the balance sheet date relating to conditions that arose after that date, adjustments are not made in the Accounts but details are disclosed in a note to the balance sheet. These principles apply up to the date when the Accounts are authorised for issue.

Marashen Crescent Housing Committee

Statement of Responsibilities for the Statement of Accounts

The Committee's responsibilities

The Committee 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; and

- approve the Statement of Accounts.

The Responsible Financial Officer's responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent; and

- complied with the SORP.

The Responsible Financial Officer has also:

- kept proper accounting records which were up to date; and

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

We certify that the accounts set out on pages 12 to 26 of this Statement present fairly the financial position of the Committee at 31 March 2017 and its income and expenditure for the year ending on that date.

Marashen Crescent Housing Committee

Statement of Internal Control

Introduction

Regulation 9 of the Accounts and Audit Regulations 2013 requires the Committee to conduct a review at least once a year of the effectiveness of its systems of internal control and include a statement on internal control within the Committee's statement of accounts.

This statement is made by Marashen Crescent Housing Committee to the Isle of Man Government Treasury in accordance with the requirements of the Isle of Man Government's Corporate Governance Principles and Code of Conduct ("the Code").

Responsibilities of the Committee and the Responsible Financial Officer

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

The Responsible Finance Officer is responsible for implementing and maintaining systems of internal control and corporate governance which:

- ensure compliance with legislation and other regulations;
- safeguard public money, ensure that it is properly accounted for and that it is used economically, efficiently and effectively; and
- support the achievement of the strategy, policies, aims and objectives approved by the Committee.

In discharging this responsibility, the Responsible Finance Officer works with senior officers to put in place arrangements for the governance of the Committee's affairs and the stewardship of resources, in accordance with the Code.

Internal control and corporate governance environment

The Committee's systems of internal control and corporate governance have been developed through an ongoing process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The following are considered to be key aspects of the internal control and corporate governance environment:

- **Committee's corporate governance framework**
  A corporate governance framework has been developed which documents the Committee's policies and procedures in relation to community focus, performance management, internal control, risk management, delegated committee, human resources management, standards of conduct and management of Health & Safety and the environment. The framework provides a structure for documenting the legislation, regulations, policies, procedures and other internal controls which, when taken together, form the Committee's internal control and corporate governance environment.

- **Committee meetings**
  The Committee meets monthly and consists of a Chairman and three other Committee members. The Committee receive reports from the Committee's Officers on operational matters and ensure that the work of the Responsible Financial Officer and other senior officers supports the strategy and policy approved by the Committee.

Marashen Crescent Housing Committee

Statement of Internal Control (continued)

- **Comprehensive budgeting systems**
- **Regular reviews of periodic and annual financial reports to evaluate financial performance against forecasts**
- **Setting targets to measure financial and other performance**
- **The preparation of regular financial reports which indicate actual expenditure against the forecasts, and**
- **Clearly defined capital expenditure guidelines**

Review of internal control and corporate governance environment

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

The review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the Committee
- the work of the internal auditors, and
- the external auditors in their annual audit letter and other reports.

The internal auditor concluded that no high risk observations were identified but medium risk observations were identified.

The Responsible Finance Officer has met with the Committee to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

Report on internal control and corporate governance environment

Attention is drawn to the fact that systems of internal control and corporate governance are designed to manage rather than eliminate the risk of failure to achieve objectives. They can therefore only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that the Authority's internal control and corporate governance arrangements are adequate and operate effectively during the year ended 31 March 2017.

(Signed) _____ (Signed) _____

(Chairman) (Responsible Finance Officer)

(Dated) 17/10/17

Marashen Crescent Housing Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARASHEN CRESCENT HOUSING COMMITTEE

We have audited the financial statements of Marashen Crescent Housing Committee for the year ended 31 March 2017 which comprise the statement of accounting policies, the housing revenue income and expenditure account, the statement of the movement on the housing revenue account balance, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP").

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

RESPECTIVE RESPONSIBILITIES OF RESPONSIBLE FINANCIAL OFFICER AND AUDITOR

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

SCOPE OF THE AUDIT

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the committee's affairs as at 31 March 2017 and of its result for the year then ended;
- have been prepared in accordance with the requirements of the SORP; and
- have been prepared in accordance with the Accounts and Audit Regulations 2013 made under the Audit Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARASHEN CRESCENT HOUSING COMMITTEE

EMPHASIS OF MATTER – BASIS OF ACCOUNTING

Without modifying our opinion, we draw attention to Statement of Accounting Policies in the financial statements which describes the basis of preparation. The financial statements have been prepared in accordance with the SORP, which is based on an accounting framework that is no longer extant.

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 committee is or will be contrary to law; or
- the internal organisation of the committee and the controls maintained by it are not sufficient as to secure proper management of the finances of the committee and economy and efficiency in the use of its resources.

Grant Thornton Limited

Grant Thornton Limited
Chartered Accountants
Douglas
Isle of Man

Date 25 October 2017

Marashen Crescent Housing Committee

Housing Revenue Income and Expenditure Account

For the year ended 31 March 2017

	Notes	**2016/17** £	**2016/17** £	2015/16 £	2015/16 £
Income					
Dwelling rents and rates		**735,511**		729,735	
Charges for services and facilities		**195**		540	
Contributions towards expenditure including Housing Deficiency Payments		**535,267**		504,496	
Any other income		**2,851**		3,194	
Total Income			**1,273,824**		1,237,965
Expenditure:					
Repairs and maintenance		**(61,321)**		(70,432)	
Supervision and management		**(519,087)**		(505,913)	
Rates		**(67,956)**		(64,283)	
Net service cost of pensions		**(15,000)**		(18,000)	
			(663,364)		(658,628)
Net income from HRA services			**610,460**		579,337
Interest payable and similar charges			**(388,047)**		(402,953)
Interest and investment income			**56**		64
Surplus for the year on HRA services			**222,469**		176,448

The notes on pages 18 to 26 form part of these financial statements.

Marashen Crescent Housing Committee

Statement of the Movement on the Housing Revenue Account Balance

for the year ended 31 March 2017

	2017 £	2016 £
Surplus for the year on HRA services	**222,469**	176,448
Amounts included in the HR income and expenditure account but required by statute to be excluded when determining the Movement on the Housing Revenue Account		
Impairment of fixed assets		-
Net charges made for retirement benefits	**15,000**	18,000
Depreciation charge for the year	**137,265**	132,777
Amounts not included in the HR income and expenditure account, but required by statute to be included when determining the Movement on the HR Account Balance		
Housing contribution to capital assets	**(32,521)**	(7,206)
Loan fund principal repayments	**(319,195)**	(281,183)
Transfers to or from the HR income and expenditure account	**23,018**	38,836
Transfer from/(to) statutory heating reserve	**(20,813)**	(18,929)
Transfer from/(to) statutory housing maintenance reserve	**(4,293)**	(2,320)
Transfer from/(to) community reserve	**2,290**	988
Transfer from/(to) comfort reserve	**(202)**	(161)
	-	18,414
Housing Revenue Account Balance brought forward	-	(18,414)
Housing Revenue Account Balance carried forward	-	-

The notes on pages 18 to 26 form part of these financial statements.

Marashen Crescent Housing Committee

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2017

	2017 £	2016 £
Surplus on the income and expenditure account for the year	**222,469**	176,448
Other recognised gains and losses	-	(4,313)
Actuarial gains on pension fund assets and liabilities	**6,000**	47,000
Total recognised gains and losses for the year	**228,469**	219,135

The notes on pages 18 to 26 form part of these financial statements.

Marashen Crescent Housing Committee

Balance Sheet

As at 31 March 2017

	Notes	**2017** £	2016 £
Fixed assets			
Operational assets	*1*	**9,700,871**	9,758,020
Current assets			
Debtors	*5*	**107,851**	53,338
Cash at bank	*6*	**71,815**	59,260
		179,666	112,598
Current liabilities			
Short term borrowing	*10*	**333,722**	319,195
Creditors – amounts falling due within one year	*7*	**134,684**	116,632
Bank overdraft		**-**	9,245
		468,406	445,072
Long term liabilities			
Long-term borrowing	*10*	**8,930,274**	9,181,158
Pension liability	*20*	**218,000**	209,000
Total assets less liabilities		**263,857**	35,388
Financed by:			
Revaluation reserve	*9*	**1,379,303**	1,397,214
Capital adjustment account	*9*	**(950,477)**	(1,182,839)
General revenue reserve	*9*	**-**	-
Pension reserve	*9*	**(218,000)**	(209,000)
Earmarked reserves	*9*	**46,404**	27,679
Housing maintenance reserve	*9*	**6,627**	2,334
		263,857	35,388

The financial statements were approved and authorised for issue by the Committee on 17th October 2017 and were signed on their behalf by:

Chairman ..... *RFO* .....

The notes on pages 18 to 26 form part of these financial statements

Marashen Crescent Housing Committee

Cash Flow Statement

for the year ended 31 March 2017

Revenue activities	**2017** £	**2017** £	2016 £	2016 £
Cash outflows				
Cash paid to and on behalf of employees	**(132,714)**		(129,773)	
Other operating cash payments	**(369,864)**		(411,277)	
		502,578		541,050
Cash inflows				
Rents	**728,691**		721,866	
Housing deficiency grant	**493,587**		312,380	
Other operating cash receipts	**5,895**		13,638	
		1,228,173		1,047,884
Net cash inflow from revenue activities		**725,595**		506,834
Returns on Investments and servicing of finance				
Cash outflows				
Interest paid	**(390,839)**		(398,072)	
		(390,839)		(398,072)
Cash inflows				
Interest received	**58**		82	
		58		82
Net servicing of finance		**(390,781)**		(397,990)
Capital activities				
Cash outflows				
Purchase of fixed assets	**(76,658)**		(162,134)	
Net capital activities				(162,134)
		(76,658)		
Net cash inflow/(outflow) before financing		**258,156**		(53,290)
Financing				
Cash outflows				
Repayments of amounts borrowed	**(319,195)**		(281,183)	
Cash inflows				
Bank loans taken out in year	**82,839**		127,400	
		(236,356)		(153,783)
Net increase/(decrease) in cash		**21,800**		(207,073)

Marashen Crescent Housing Committee

Notes to the Cash Flow Statement

for the year ended 31 March 2017

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

	2017 £	2016 £
Net surplus for the year on housing revenue account balance	**222,469**	176,448
Depreciation	**137,265**	132,777
Appropriations to pension reserves	**15,000**	18,000
Interest paid	**390,839**	398,072
Interest received	**(58)**	(82)
Increase in debtors	**(54,513)**	(6,374)
Increase/(decrease) in revenue creditors	**14,593**	(212,007)
Net cash inflow from revenue activities	**725,595**	506,834

2. Reconciliation of the movement in net debt

	£	2017 £	£	2016 £
Net debt at 1 April		**(9,450,338)**		(9,397,048)
Movement in net debt:				
Increase/(decrease) in cash in the period	**21,800**		(207,073)	
Inflow from decrease in debt financing	**236,357**		153,783	
		258,157		(53,290)
Net debt at 31 March		**(9,192,181)**		(9,450,338)

3. Reconciliation of financing and management of liquid resources

	Balance at 31 March 2016 £	Cash movement	Non Cash movement £	**Balance at 31 March 2017 £**
Cash in hand	59,260	12,555	-	**71,815**
Overdraft	(9,245)	9,245	-	**-**
	50,015	21,800	-	**71,815**
Net debt:				
Due within one year	(319,195)	319,195	(333,722)	**(333,722)**
Due after one year	(9,181,158)	(82,838)	333,722	**(8,930,274)**
Total net debt	(9,450,338)	258,157	-	**(9,192,181)**

Marashen Crescent Housing Committee

Notes to the financial statements

(forming part of the financial statements for the year ended 31 March 2017)

1. Tangible fixed assets

	Assets under construction	Land and Dwellings	Total
	£	£	£
Gross valuation/cost			
At 1 April 2016	**799**	**10,014,450**	**10,015,249**
Additions in the year	**47,595**	**32,521**	**80,116**
Transfer	**(48,394)**	**48,394**	**-**
At 31 March 2017	**-**	**10,095,365**	**10,095,365**
Depreciation			
As at 1 April 2016	**-**	**257,229**	**257,229**
Charge for the year	**-**	**137,265**	**137,265**
At 31 March 2017	**-**	**394,494**	**394,494**
Net book value			
At 31 March 2017	**-**	**9,700,871**	**9,700,871**
At 31 March 2016	799	9,757,221	**9,758,020**

Valuation of fixed assets

The Committee plans to revalue its fixed assets every five years. The last full valuation was carried out by external valuers, Chrystals Commercial, Chartered Surveyors as at 31 March 2014. The basis for valuation is set out in the statement of accounting policies. Assets were valued as follows:

	Land and Dwellings	Assets under construction	Total
	£	£	£
Historic cost	**246,351**	**-**	**246,351**
Valued at current value in use 2013/14	**9,849,014**	**-**	**9,849,014**
	10,095,365	**-**	**10,095,365**

Depreciation methodologies

Depreciation is provided on all assets with a finite useful life, other than freehold land and assets under the course of construction. Depreciation is calculated on Balance Sheet values over periods reflecting the following estimated useful lives:

Dwellings – 2% per annum on a straight line basis.
Component Parts of Social Housing Improvements – Between 10 and 30 years

Committee Dwellings are valued on a basis that reflects their use for social housing. The vacant possession values of dwellings at 31 March 2014 was £14,775,000 compared with the Balance Sheet value at that time of £9,849,014.

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

2. Assets held

Operational assets	Number at 31 March 2016	Changes 2016/17	**Number at 31 March 2017**
Dwellings			
Sheltered accommodation	136	-	**136**

3. Capital commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, by 31 March 2017 are listed below:

	31 March 2017 £	31 March 2016 £
Social housing improvements	**30,929**	-

4. Capital expenditure and financing

	2016/17 £	2015/16 £
Capital investment		
Operational assets	**32,521**	165,436
Assets under construction	**47,595**	799
	80,116	166,235
Sources of finance		
Housing reserve	**32,521**	7,206
Heating reserve	**-**	45,322
Bank Loans and Overdrafts	**47,595**	113,707
	80,116	166,235

5. Debtors

	2017 £	2016 £
Amounts falling due in one year:		
Housing rents	**10,962**	4,927
Housing deficiency	**54,888**	13,207
Prepayments	**4,249**	2,334
Sundry debtors	**357**	-
Value added tax	**37,395**	32,870
	107,851	53,338

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

6. Cash

The cash in hand figure at 31 March 2017 was £71,815 (2016: £59,260). An analysis of the cash movements and the movement in net debt is provided in the cash flow statement and its notes on pages 16 to 17.

7. Creditors

	2017	2016
	£	£
Other local authorities (note 14)	**11,081**	8,744
Housing rents	**11,884**	11,776
Sundry creditors and accruals	**111,719**	94,665
Central government	**-**	1,447
	134,684	116,632

Sundry creditors and accruals include amounts incurred in respect of capital schemes of £Nil (2016: £ 4,101)

8. Provisions

The Committee has a provision for bad or doubtful debts of £Nil at the year end (2016: £2,289). The debt previously provided for has now been received.

9. Reserves

	General revenue reserve	Housing maintenance reserve	Pension reserve	Revaluation reserve	Capital adjustment account
	£	£	£	£	£
Balance at 1 April 2016	-	**2,334**	**(209,000)**	**1,397,214**	**(1,182,839)**
Movement in year	-		**(15,000)**	**-**	**351,716**
Appropriations (from)/ to revenue	-	**4,293**	**-**	**-**	**-**
Actuarial gains	-	**-**	**6,000**	**-**	**-**
Depreciation	-	**-**	**-**	**(17,911)**	**(119,354)**
Balance at 31 March 2017	-	**6,627**	**(218,000)**	**1,379,303**	**(950,477)**

Earmarked reserves

	Heating Reserve	Community reserve	Comforts fund	Total
	£	£	£	£
Balance at 1 April 2016	**11,659**	**7,611**	**8,409**	**27,679**
Interest	**-**	**1**	**2**	**3**
Receipts in year	**130,593**	**47,348**	**200**	**178,141**
Expenditure for year	**(109,780)**	**(49,639)**	**-**	**(159,419)**
Balance at 31 March 2017	**32,472**	**5,321**	**8,611**	**46,404**

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

10. Borrowings

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

Analysis of loans by type:	**2017** £	2016 £
Isle of Man Bank Loans	**9,263,996**	9,500,353
Analysis of loans by maturity:		
Less than 1 year	**333,722**	319,195
Between 1 and 2 years	**340,516**	328,199
Between 2 and 5 years	**1,069,910**	1,028,361
Between 5 and 10 years	**2,658,790**	1,867,274
More than 10 years	**4,861,058**	5,957,324
Total outstanding	**9,263,996**	9,500,353

In recent years the committee has taken out Isle of Man Bank Loan finance to fund long term capital projects. Each of these loans are unsecured, repayable in instalments over a period of between 14 and 30 years and are fixed term loans. The interest charged on these loans varies between 4.10% and 6.10%.

Any monies borrowed on temporary overdraft facilities now incur interest at 1.25% above base rate. During the year, new borrowings have been taken out with HSBC Bank. HSBC loans are unsecured, repayable between 10 and 30 years and are variable rate loans.

Any monies borrowed on temporary overdraft facilities with HSBC Bank incur interest at 0.9% above base rate.

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

11. Post balance sheet events

There have been no events since the date the balance sheet was produced that would require adjustment of the financial statements or disclosure in the notes to the accounts.

12. Members' allowances

During 2015/16 and 2016/17 no amounts were paid by the Committee to its Members in respect of their attendance at meetings, undertaking duties and responsibilities.

13. Employees' remuneration

There were no employees whose remuneration, excluding pension contributions, was £50,000 or more.

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

14. Related party transactions

The Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence or to be controlled or influenced by the Committee. Disclosure of these transactions allows readers to assess the extent to which the Committee 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 Committee.

Central Government - has a direct influence over the general operations of the Committee – it is responsible for providing the statutory framework within which the Committee operates. Details are included within the notes to which they relate.

Port St Mary Commissioners are related by virtue of common influence and by virtue of the provision of management support.

During the year, Marashen Crescent was charged £51,089 (2016: £41,699) in respect of administration charges and repairs. There is a balance owing of £5,422 (2016: £8,744) to Port St Mary Commissioners in this respect. An accrual has also been made for further costs to be invoiced to Marashen of £11,081 (2016: £2,666).

All Members and officers of the Committee are asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties. No related party disclosures arose in relation to either officers or members.

15. Audit fees

During 2016/17 the Committee incurred the following fees relating to external audit and inspection:

	2016/17	2015/16
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	**5,200**	5,000

16. Statement of Movement on the Housing Revenue Account Balance

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

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

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

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

17. Gross rent income

Gross rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 2.78% of the rental debit for the year, compared to 2.11% in 2015/16.

18. Housing deficiency grant

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

	2016/17	2015/16
	£	£
Housing deficiency	**490,568**	459,778
Community reserve	**44,699**	44,718
	535,267	504,496

19. Rent arrears

	2016/17	2015/16
	£	£
Rent arrears	**10,962**	4,927
Rent arrears as a percentage of gross rent income	**2.01%**	0.9%

Arrears written off during the year amounted to £Nil (£Nil in 2015/16). A provision of £Nil has been made in the previous year against potentially bad debts (2016: £2,289). The debt previously provided for has now been received.

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

20. Pensions

As part of the terms and conditions of employment of its employees, the committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the committee has a commitment to make these payments. The Committee participates in the Isle of Man Local Government Pension Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2012. This is a defined benefit statutory scheme. The Committee and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the pensions liabilities with investment assets.

During the financial year the cost of pensions contributions has been charged to the Income and Expenditure Account. The Committee must also disclose its share of the assets and liabilities related to the scheme for its employees.

The assets and liabilities of the Scheme as at 31 March 2017 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 2017 % per annum**	31 March 2016 % per annum
Rate of increase in salaries	**3.2%**	3.7%
Rate of increase in pensions	**2.4%**	2.2%
Rate for discounting scheme liabilities	**2.6%**	3.5%
Rate of expected return on assets	**2.6%**	3.5%

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 2016.

The actuary used this valuation as the basis for the calculations. The assets in the Isle of Man Local Government Superannuation Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Superannuation Scheme Accounts.

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

	31 March 2017 £	31 March 2016 £
Estimated employer assets	**450,000**	402,000
Present value of scheme liabilities	**(668,000)**	(611,000)
Net pensions liability	**(218,000)**	(209,000)

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

20. Pensions (continued)

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

	31 March 2017	31 March 2016
	£	£
Equities	**233,000**	229,000
Bonds	**132,000**	109,000
Property	**67,000**	64,000
Cash	**18,000**	-
Estimated employer assets	**450,000**	402,000

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

	2016/17	2015/16
	£	£
Net cost of service		
Current service cost	**38,000**	40,000
Employer contributions	**(26,000)**	(23,000)
	12,000	17,000
Net operating expenditure		
Interest cost	**22,000**	20,000
Expected return on employer assets	**(19,000)**	(19,000)
	3,000	1,000

The net deficit on the scheme has increased from £209,000 to £218,000. An analysis of the movement during the year is shown below

	2016/17	2015/16
	£	£
Net pension liability at the beginning of the year	**209,000**	238,000
Current service cost	**38,000**	40,000
Employer contributions	**(26,000)**	(23,000)
Interest cost	**22,000**	20,000
Expected return on employer assets	**(19,000)**	(19,000)
Actuarial (gains)/losses	**(6,000)**	(47,000)
Net pension liability at the end of the year	**218,000**	209,000

Notes to the financial statements (continued)

(forming part of the financial statements for the year ended 31 March 2017)

20. Pensions (continued)

The actuarial gains have been further analysed in the following table, measured as absolute amounts and as a percentage of assets or liabilities as at the end of the financial year:

	2016/17		2015/16	
	£	**Actuarial gain/loss as % of assets/ liabilities**	£	Actuarial gain/loss as % of assets/ liabilities
Value of assets at end of year	**450,000**	**11.55%**	402,000	5.22%
Total present value of liabilities	**668,000**	**0.90%**	611,000	7.69%
Difference between the actual and expected return on assets	**52,000**		21,000	
Actuarial gains/(losses) recognised in the statement	**6,000**		47,000	

The breakdown of the expected return on net assets can be further broken down by category;

	31 March 2017	31 March 2016
Equities	**5.7%**	5.6%
Bonds	**2.0%**	3.0%
Property	**3.7%**	3.8%
Cash	**2.5%**	2.5%

The above figures have been provided by the actuaries to the Isle of Man Local Government Superannuation Scheme using information provided by the Scheme, and assumptions determined by the Committee 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 Committee's share of assets in the Scheme and the value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in the global equity markets after 1 April 2017 would also have an impact on the capital value of the pension fund assets. In addition, full details of the pension fund accounts can be obtained from Douglas Borough Council, Douglas, Isle of Man.

Marashen Crescent Housing Committee

Detailed Expenditure Account

for the year ended 31 March 2017

	2017	2016
	£	£
Repairs and maintenance		
Repairs and renewals	**59,559**	70,432
Maintenance of grassed/landscaped areas	**1,762**	-
	61,321	70,432
Supervision and management		
Secretary's salary	**-**	3,187
Wages	**134,325**	129,434
Carephone charges	**10,725**	10,649
Insurance	**23,676**	20,304
Depreciation	**137,265**	132,777
Printing, stationery, professional fees and miscellaneous	**720**	2,408
Heat and light	**109,780**	112,385
Audit fee	**5,300**	4,270
Accountancy	**10,549**	6,230
Internal audit	**800**	800
Telephone charges	**4,930**	4,780
TV Licence	**563**	518
Administration charge	**29,981**	25,645
Bank charges	**1,862**	1,994
Community reserve expenses	**49,639**	48,740
Miscellaneous, IT, legal	**1,261**	-
Provision for bad debts	**(2,289)**	1,792
	519,087	505,913
Rates		
Rates paid	**67,956**	64,283

This page does not form part of the audited financial statements