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# **The Parish Commissioners of Braddan**

**Financial Statements for the year ended 31 March 2008**



# The Parish Commissioners of Braddan

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# **The Parish Commissioners of Braddan**

## **Statement of Responsibilities for the Statement of Accounts**

*For the year ended 31st March 2008*

### **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 safeguards 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 Authority's Statement of Accounts in accordance with proper practices as set out in the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP").

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimate that were reasonable and prudent; and
- complied with the SORP

However, dispensation has been received from the Department of Local Government and Environment that the new format of accounts and the requirement for internal audit contained within the legislation, will not need to be applied until the year ended 31<sup>st</sup> March 2009.

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 4 to 9 of this Statement present fairly the financial position of the Authority at 31 March 2008 and its income and expenditure for the year ending on that date.



**Independent Auditors' Report to the Parish Commissioners of Braddan ("the Authority")**

We have audited the financial statements of the Parish Commissioners of Braddan for the year ended 31 March 2008 set out on pages 4 to 13. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 11 and 12.

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

**Respective responsibilities of Commissioners and auditors**

The Commissioners are responsible for preparing the financial statements in accordance with applicable Isle of Man law as set out in the Statement of Commissioners' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom & Ireland).

We report to you our opinion as to whether the financial statements are prepared in accordance with the Accounts and Audit Regulations 2007, made under the Audit Act 2006. In addition we report to you if, in our opinion, the Commissioners have not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Commissioners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

**Fundamental uncertainties**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of the legal action against the Authority which may arise, following the dismissal of the Clerk of the Authority. The future settlement of the litigation arising from this action could result in additional liabilities for the Authority. Without qualifying our opinion we draw attention to note 10 in the financial statements. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has or can be made in the financial statements.

**Disagreement on Accounting Policies – Application of relevant legislation – Qualified Opinion**

As disclosed in note 1 of the notes, under the approval of the Department of Local Government and the Environment, the financial statements have not been fully prepared in accordance the Accounts and Audit Regulations 2007 as made under the Audit Act 2006. The matters of non-compliance cover both the core statements and the supporting notes, as required by the Accounts and Audit Regulations 2007 and the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("the SORP").

The matters of non-compliance in respect of the Accounts and Audit Regulations 2007 are:

- Section 7 – omission of an Internal audit and associated disclosure;
- Section 8 paragraph 3(a) – omission of Explanatory Forward and associated disclosure;
- Section 8 paragraph 3(d) – omission of Statement of Total Movements in Reserves and associated disclosure;
- Section 8 paragraph 3(e) – omission of Statement of Internal Control and associated disclosure; and





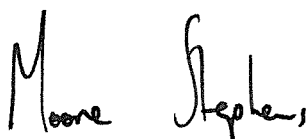
**Independent Auditors' Report to the Parish Commissioners of Braddan ("the Authority") (continued)**

- Section 8 paragraph 6(a) – omission of disclosure in the notes to the financial statements in relation to number of members, officers and employees within the prescribed pay scales.

The matters of non-compliance in respect of the SORP are:

- Section 3.52 – omission of disclosure of pension costs to the Income and Expenditure Accounts, Housing Revenue Account Income and Expenditure Account and the Statement of Total Recognised Gains and Losses;
- Section 3.55 – omission of relevant pension disclosure notes;
- Section 3.80 – expenditure charged directly to reserve accounts;
- Section 3.95 – assets have not been categorised and included in the balance sheet in accordance with sections 3.96 to 3.98 of the SORP;
- Section 3.100 – omission of a full revaluation during the last 5 years;
- Section 3.105 – inappropriate treatment of finance leases;
- Section 3.112 – omission of depreciation on the appropriate fixed assets;
- Section 3.124 – omission of the Net Operating Costs section of the Income and Expenditure Account;
- Section 4.2 – omission of the Explanatory Foreword and Statement of Internal Control;
- Section 4.4 – omission of Statement of Total Recognised Gains and Losses and associated disclosure;
- Section 4.4 – omission of Cash Flow Statement and associated disclosure;
- Section 4.18 – omission of Statement of Total Recognised Gains and Losses and associated disclosure;
- Section 4.18 – omission of Cash Flow Statement and associated disclosure;
- Section 4.31 – omission of certain disclosures from the notes to the financial statements; and
- Section 4.32 – Housing Revenue Account and relevant disclosures inappropriately disclosed.

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements present fairly, in all material aspects, the state of the Authority's affairs as at 31 March 2008 and for the year then ended.



MOORE STEPHENS  
Chartered Accountants  
Douglas  
Isle of Man

2 February 2011



# The Parish Commissioners of Braddan

## Income and Expenditure Account

for the year ended 31 March 2008

	2008		2007	
	£	£	£	£
<b>Income</b>				
Rate receivable		888,381		901,665
<i>Other income</i>				
Bank interest	4,284		15,700	
Search fees	11,160		11,520	
Hall Hire & Property Rental	14,660		6,761	
Garage rents	14,290		13,922	
Discount received	4,091		3,862	
		<u>48,485</u>		<u>51,765</u>
<b>Total income</b>		<u><u>936,866</u></u>		<u><u>953,430</u></u>

The notes of pages 10 to 13 form part of these financial statements.



# The Parish Commissioners of Braddan

## Income and Expenditure Account (continued)

for the year ended 31 March 2008

		2008	2007 RESTATED
	Note	£	£
<b>Total income brought forward</b>		936,866	953,430
<b>Expenditure</b>			
Attendance and travelling allowances		8,910	11,420
Salary Costs		265,670	329,830
Administration		33,855	52,429
Establishment		26,872	30,720
Pension		44,370	33,000
Accountancy		17,890	32,682
Community Warden costs		1,969	2,390
Street lighting		43,057	26,365
Refuse collection charge less recoveries		111,687	114,156
Legal and professional fees		48,041	56,183
Environmental and amenities less recoveries		64,011	126,157
Litter		8,047	15,342
Civic Amenity		41,302	56,875
Waste		5,530	16,919
Garage costs		1,144	733
Election costs		-	4,418
Bank interest and charges		4,021	6,628
Car park		736	718
Office equipment and maintenance		13,276	18,005
Sundry expenses		821	1,235
Sinking fund contribution		63,611	58,870
Loan interest		87,921	84,113
Hall repairs & Expenses		16,966	6,575
Technology investments		4,020	21,637
Police Station		1,488	5,036
Depreciation		<u>53,604</u>	<u>33,666</u>
<b>Total expenditure</b>		<u>968,819</u>	<u>1,146,102</u>
<b>Surplus/(Deficit) for the year</b>		<u>(31,953)</u>	<u>(192,672)</u>
Balance brought forward		(264,347)	(27,450)
Less: Opening balance written off		(1,884)	-
Transfer to housing account	9	-	(77,891)
Add Depreciation charge transferred to capital redemption reserve		53,604	33,666
<b>Balance carried forward</b>		<u><u>(244,580)</u></u>	<u><u>(264,347)</u></u>

The notes on pages 10 to 13 form part of these financial statements.

The financial statements were approved by the Commissioners on and were signed on their behalf by:

1<sup>st</sup> February 2011

Chairman

Responsible Financial Officer






# The Parish Commissioners of Braddan

## Rates account

for the year ended 31 March 2008

	Notes	£	2008 £	£	2007 £	£
Rates levied for the year				961,111		941,445
<i>Add:</i>						
Arrears brought forward				<u>(2,112)</u>		<u>149</u>
				958,999		941,594
<i>Less:</i>						
Discounts		37,494			37,016	
Exempt and unoccupied properties		14,184			2,764	
				<u>51,678</u>		<u>39,780</u>
<b>Total rates collectable</b>				<b>907,321</b>		<b>901,814</b>
Less Cash Received in advance	9			18,940		112,935
General Revenue Account				<u>888,381</u>		<u>788,879</u>
Rates received in the year:						
Rates collected				908,158		790,991
Arrears recovered				<u>-</u>		<u>-</u>
<b>Total rates received in the year</b>				<b>908,158</b>		<b>790,991</b>
<b>Balances outstanding carried forward:</b>						
Arrears	6	<u>(837)</u>		<u>(837)</u>	<u>(2,112)</u>	<u>(2,112)</u>
				<u>907,321</u>		<u>788,879</u>

The notes on pages 10 to 13 form part of these financial statements.





# The Parish Commissioners of Braddan

## Housing account

for the year ended 31 March 2008

	<i>Notes</i>	2008 £	2007 £
<b>Receipts</b>			
Rents collected		475,969	450,932
Rates recovered		77,016	74,381
Housing deficiency grant		<u>772,520</u>	<u>423,640</u>
		1,325,505	948,953
<b>Payments</b>			
Repairs, maintenance and insurance		161,345	228,202
Rates paid		78,545	74,381
Rent collection and administration		36,695	22,547
Loan interest		642,631	564,419
Sinking fund contribution		134,847	137,295
Schemes Repaid early		<u>271,442</u>	<u>-</u>
		1,325,505	1,026,844
<b>Deficit for the year</b>		-	(77,891)
<b>Transfer from General revenue account</b>	9	-	77,891
Balance at 1 April 2007		-	-
<b>Balance at 31 March 2008</b>		<u><u>-</u></u>	<u><u>-</u></u>
<b>Housing Maintenance Reserve Account</b>			
Balance brought forward		-	-
Underspend in year		15,980	-
<b>Balance Carried Forward</b>		<u><u>15,980</u></u>	<u><u>-</u></u>

The notes on pages 10 to 13 form part of these financial statements.



# The Parish Commissioners of Braddan

## Sinking fund

for the year ended 31 March 2008

	2008 £	2007 £
<b>Receipts</b>		
Bank financing	-	177,318
Bank interest received	81,526	73,044
Contribution from general revenue	63,927	58,870
Contribution from housing revenue	<u>134,847</u>	<u>137,295</u>
	280,300	446,527
<b>Payments</b>		
Authorised capital expenditure	-	(177,318)
Loans repaid	<u>(364,678)</u>	<u>(88,583)</u>
<b>(Deficit)/Surplus for the year</b>	<b>(84,378)</b>	<b>180,626</b>
Balance at 1 April 2007	<u>1,713,857</u>	<u>1,533,231</u>
<b>Balance at 31 March 2008</b>	<b><u>1,629,479</u></b>	<b><u>1,713,857</u></b>

The notes on pages 10 to 13 form part of these financial statements.



# The Parish Commissioners of Braddan

## Balance Sheet

for the year ended 31 March 2008

	Notes	2008 £	2007 RESTATED £
<b>Fixed assets</b>			
Tangible fixed assets	3	11,635,685	11,748,279
Sundry equipment		-	10,469
		<u>11,635,685</u>	<u>11,758,748</u>
<b>Current assets</b>			
Trade debtors		30,721	12,314
VAT debtor		40,099	60,373
DoLGE Housing deficiency due		987,299	214,779
Transfer balances		-	1,884
Civic Amenity recoveries due		-	7,341
Sundry debtors and Prepayments		5,378	21
Cash at bank	4	2,142,505	1,672,385
Petty cash		20	407
		<u>3,206,022</u>	<u>1,969,504</u>
<b>Current liabilities</b>			
Trade creditors	11	139,449	84,441
Sundry creditors		49,314	24,836
Lease liabilities less than 1 year	8	26,822	31,135
Arrears of rates		836	2,112
Pension Reserve fund		59,733	56,065
Loans outstanding	5	12,348,466	11,704,291
		<u>12,624,620</u>	<u>11,902,880</u>
<b>Net current assets</b>		<b>(9,418,598)</b>	<b>(9,933,376)</b>
<b>Long term Liabilities</b>			
Lease liabilities more than 1 year	8	28,336	42,527
		<u>28,336</u>	<u>42,527</u>
<b>NET ASSETS</b>		<b><u>2,188,751</u></b>	<b><u>1,782,845</u></b>
<b>Sinking funds: available for the redemption of debt</b>			
Capital redemption reserve	7	1,629,479	1,713,855
Housing Maintenance Reserve		763,872	309,337
Accumulated funds		15,980	-
Revaluation Reserve		(244,580)	(264,347)
		24,000	24,000
		<u>2,188,751</u>	<u>1,782,845</u>

The notes on pages 10 to 13 form part of these financial statements.



# The Parish Commissioners of Braddan

## Notes

*Forming part of the financial statements for the year ended 31 March 2008*

### 1 Form and Content:

Dispensation has been received from the Department of Local Government and Environment that the new format of accounts as defined by the IOM Statement of Recommended Practice 2007 - Accounting for entities subject to the Audit Act 2006 and the requirement for internal audit contained within the legislation, will not need to be applied until the year ended 31 March 2009.

As a result of the above, the following items as set out in section 4.2 of the SORP, and associated disclosures, have been omitted from these financial statements:

- Explanatory foreword.

The following items as set out in section 4.4 of the SORP, and associated disclosures, have been omitted from these financial statements:

- Statement of the Movement on the General Fund Balance;
- Statement of Total Recognised Gains and Losses; and
- Cash Flow Statement and related notes.

The following items and associated disclosure have been omitted from the financial statements as set out in the Accounts and Audit Regulations 2007:

- Statement of Total Movements in Reserves
- Statement of Internal Control.
- Disclosure in the notes to the financial statements in relation to number of members, officers and employees within the prescribed pay scales.

The authority has also not complied with the regulatory requirements to have an Internal Audit function.

The following requirements of sections 3 and 4 of the SORP have been omitted from or not complied with in these financial statements:

- Disclosure of pension costs to the Income and Expenditure Accounts, Housing Revenue Account Income and Expenditure Account and the Statement of Total Recognised Gains and Losses, and relevant pension disclosure notes;
- Expenditure charged directly to reserve accounts;
- Fixed assets have not been categorised and included in the balance sheet in accordance with sections 3.96 to 3.98 of the SORP; and there has not been a full revaluation during the last 5 years;
- Finance leases have not been treated in accordance with the SORP;
- The Net Operating Costs section of the Income and Expenditure Account;
- The information to be disclosed in the notes to the financial statements as set out in section 4.31 of the SORP; and
- Housing Revenue Account and relevant disclosures.





# The Parish Commissioners of Braddan

## Notes (continued)

Forming part of the financial statements for the year ended 31 March 2008

### 2 Accounting policies

#### a) Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention.

#### b) Revenue account

In 2007, Income and expenditure was accounted for within the General Revenue Account on a receipts and payments basis. However, certain receipts and payments made shortly after the year-end were treated as received/paid in the year, on a basis consistent with previous years. With this exception, no account has been taken of accruals and prepayments.

For the year ended 31st March 2008 the accounts are prepared on an accruals basis. The affect of this change in accounting policy was nil.

#### c) Capital account

When capital payments are made out of borrowings, provision for the repayment of such borrowings is made by the transfer of amounts annually to a sinking fund. The period of repayment varies in accordance with the nature of the expenditure and is specified in the borrowing authority.

#### d) Statement of assets and liabilities

i) The Statement of Assets and Liabilities is prepared under the historical cost convention.

ii) Provision has been made for all accounts receivable or payable at the year end not referred to in the receipts and payments account.

#### e) Rates account

Rates are accounted for on a receivable basis. The rates are levied and collected by the Commissioners. Rates not collected in the year are carried forward as arrears to the next year. Subsequent collection of arrears from prior years are written back in the year of receipt.

#### f) Fixed Assets

Fixed assets are accounted for at cost and are not subject to an annual depreciation charge, with the exception of street lighting which is depreciated on a straight line basis over 15 years and equipment which is depreciated on a straight line basis over 4 years.

#### g) Leased Assets

Assets acquired under finance leases are capitalised and included in the balance sheet except for leases that are in secondary rental periods, where there are no future obligations of material significance. Assets obtained under operating leases are not included in the Balance Sheet; annual rentals are charged to revenue and transactions are disclosed as a note to the accounts

#### h) Pensions

As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make these payments. The Authority participates in the Local Government Pension scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2003. This is a defined benefit statutory scheme. The Authority and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the Pension liabilities with investment assets. During the financial year the cost of pensions contributions has been charged to the Income and Expenditure account. The Authority must also disclose its share of the assets and liabilities related to the scheme for its employees. However dispensation has been granted by the Department Local Government, for the year ending March 2008. See note 1.



# The Parish Commissioners of Braddan

## Notes (continued)

Forming part of the financial statements for the year ended 31 March 2008

i) *Value added tax*

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

3	<b>Tangible fixed assets</b>	<b>2008</b>	<b>2007</b>
		£	RESTATED £
	Housing	10,154,988	10,133,437
	Garages	89,217	89,217
	Street lighting	232,890	258,280
	Amenities	166,824	188,655
	Hall offices and equipment	272,279	392,642
	Playgrounds	578,295	555,238
	Land	141,192	141,279
		<u>11,635,685</u>	<u>11,758,748</u>
4	<b>Cash at bank</b>	<b>2008</b>	<b>2007</b>
		£	£
	Isle of Man Bank	<u>2,142,505</u>	<u>1,672,385</u>
5	<b>Loans outstanding</b>	<b>2008</b>	<b>2007</b>
		£	£
	Isle of Man Bank	<u>12,348,466</u>	<u>11,704,291</u>
	The loan is unsecured, repayable on demand and bears interest at 1% above the Base Rate.		
6	<b>Rates levied for the year</b>	<b>2008</b>	<b>2007</b>
		£	£
	Rates levied at 210p (2007: 205p) in the £ on a certified ratable value of £457,672 (2007: £450,541)	961,111	923,609
	Adjustment as per Supplemental List 4	<u>-</u>	<u>17,836</u>
		<u>961,111</u>	<u>941,445</u>
	<b>Rate arrears</b>	<b>2008</b>	<b>2007</b>
		£	£
	Rate arrears	<u>(837)</u>	<u>(2,112)</u>

Arrears represent less than 0.1% (2007: less than 0.2%) of the rates levied.



# The Parish Commissioners of Braddan

## Notes (continued)

Forming part of the financial statements for the year ended 31 March 2008

7	<b>Capital redemption reserve fund</b>	<b>2008</b>	<b>2007 RESTATED</b>
		£	£
	Balance at 1 April 2007	309,337	433,463
	Adjustment to opening balance for prior year depreciation	-	(179,043)
	Depreciation	(53,604)	(33,666)
	Schemes completed during year	<u>508,139</u>	<u>88,583</u>
	<b>Balance at 31 March 2008</b>	<b><u>763,872</u></b>	<b><u>309,337</u></b>

### 8 Deferred Liabilities/Finance Leases

The Authority holds the following values of assets under finance leases, accounted for as part of tangible fixed assets as follows:

	<b>2008</b>
	£
<b>Value at 1st April 2007</b>	<b>73,662</b>
Additions	19,700
Payments	<u>(38,204)</u>
<b>Value at 31 March 2008</b>	<b><u>55,158</u></b>

Outstanding obligations to make payment under these finance leases (excluding finance costs) at 31 March 2008, accounted for as deferred liabilities, are as follows:

	£
Obligations payable in 2008-09	26,822
Obligations payable between 2009-10 and 2011-12	<u>28,336</u>
	<b><u>55,158</u></b>

9 The transfer from the General revenue account represents the cost of repairs in excess of those recoverable under Housing deficiency grant which have been met by a transfer from General revenue.

### 10 Fundamental Uncertainties

In March 2007 the Clerk to the Commissioners was dismissed. Subsequent to the dismissal action has commenced against the Authority. Any future settlement of this legal action could result in additional liabilities for the Authority.

### 11 Trade Creditors

Included in trade creditors is an amount due for pension liabilities amounting to £32,551.

### 12 Audit Fees

No Audit fees were paid during 2006/2007 or 2007/08 however the Authority have since incurred the following fees relating to external audit and inspection relating to these financial years:

	<b>2008</b>	<b>2007</b>
	£	£
Fees payable with regard to external audit services carried out by the appointed auditor	<u>3,000</u>	<u>3,000</u>

### 13 Prior year adjustment

The comparative information has been restated due to a change in the accounting policy with regards to the depreciation of tangible fixed assets. In previous years all fixed assets were not depreciated. The accounting policy has now been changed as described in note 2f. The effect of the prior year adjustment has been to decrease fixed assets and the balance on the capital redemption reserve by £212,709.

