

Southern Civic Amenity Site Board

Financial Statements

For the year ended 31 March 2018

Southern Civic Amenity Site Board

Contents	<i>Page</i>
Members, Officers and Advisers	1
Explanatory Foreword	2-3
Statement of Responsibilities for the Statement of Accounts	4
Independent Chartered Accountant's Review Report	5-6
Statement on Internal Control	7-8
Comprehensive Income and Expenditure Statement	9
Statement of the Movement on Reserves	10-11
Balance Sheet	12
Cash Flow Statement	13
Statement of Accounting Policies	14-18
Significant Estimates and Judgements	19
Notes to the Financial Statements	20-26

Southern Civic Amenity Site Board

Members, Officers and Advisers

for the year ended 31 March 2018

Southern Civic Amenity Board's registered address is:

Castletown Road
Port St Mary
Isle of Man
IM9 5LS

The Board is made up of a representative from each Southern based Local Authority, this includes Arbory, Castletown, Malew, Port Erin, Port St Mary & Rushen. The administration services for the Board are currently carried out by Port St Mary Commissioners, this contract is due for renewal in April 2019. The site provides facilities for local residents to deposit items of general bulky household waste which will not fit into the household waste bin (e.g. washing machines, kitchen units). The Site also provides a recycling service for a number of materials including **lead acid batteries** (e.g. car batteries); **dry cell batteries** (e.g. rechargeable or single use batteries); **scrap metal; garden waste; glass; cans; plastic bottles; paper and clothing**. Potentially hazardous household waste including fridges/freezers, televisions, computer monitors and fluorescent lamps are accepted for recycling also at a charge.

The Board is made up of six elected representatives, one from each of the above named Local Authorities. Their term of appointment operates from May 2016 until April 2019. The Board members for the year ended 31 March 2018 and to date were:

Mr Jerry Ludford Brooks (Chairman) – Castletown Representative
Mr Stan Pilling (Vice Chair) – Rushen Representative
Mr Phil Crellin – Port Erin Representative
Mr Murray Cringle – Arbory Representative
Mr Robert Hirst – Port St Mary Representative
Mr Robert Pilling – Malew Representative

The Clerk for the period was Mr Alastair Hamilton, the Deputy Clerk from January was Ms Hayley Fargher. Mr Hamilton resigned in April 2018, Ms Fargher became Acting Clerk and ratification of her appointment until the end of the administration contract is awaited from the Local Government Unit.

The Board's internal auditor is Alexander Elliott and the external auditor is Grant Thornton Limited.

Their registered addresses are as follows:

Alexander Elliott
Media House
Cronkbourne
Douglas
Isle of Man
IM4 4SB

Grant Thornton Limited
Exchange House
54/62 Athol Street
Douglas
Isle of Man
IM1 1JD

Southern Civic Amenity Site Board

Explanatory Foreword

for the year ended 31 March 2018

Board's objectives

The Board published the below Statement of Intent, which is available on their website and reviewed annually.

General Statement of intent for the Southern Civic Amenity Site Board

As a Board we recognise the importance of providing a working environment that is safe and healthy for all employees, contractors, visitors and anyone who may be affected by the Site activities.

Our policy is to provide, plus maintain, safe and healthy working conditions. This includes safe plant /equipment and systems of work and to provide such information, training and supervision as needed for this purpose.

We aim to comply with all relevant legal requirements, promote best practice and aim to achieve or exceed the recognised standards of the regulatory bodies.

It is our intention to demonstrate an on-going commitment to improving health and safety at work and we recognise that effective health and safety at work actively contributes to the success of the Site and our commitment to this is vital for the success of the business.

The allocation of duties and the particular arrangements made to ensure the implementation of the policy are set out in this document.

They apply to all employees, contractors and visitors working or using the Southern Civic Amenity Site.

The policy will be kept up to date, particularly as the business changes in nature and size; it will be reviewed annually or sooner if required.

Overall financial performance and results for the year

The income and expenditure account reports the net cost for the year of all functions for which the board is responsible, and how those costs are financed from general government grants and from revenue receipts from operating the site and interest receivable on bank deposits.

The comprehensive income and expenditure account reports a surplus of £27,891 (2017: loss £42,763). After adjustments shown on page 10, the general reserve result for the year is a surplus of £15,580 (2017: deficit £1,079) leaving retained reserves carried forward of £21,091 (2017: £5,511).

Significant achievements

During the period, an extra 200 tonnes of compost were produced compared to the previous year. There was an increase of £9,897 in metal disposal income receipts, due to the increase in price for metal and also the staff breaking down lawn mowers and other items to ensure all scrap metal is accounted for.

Southern Civic Amenity Site Board

Explanatory Foreword

for the year ended 31 March 2018

Issues likely to shape future performance

The Welfare Unit for the site has been condemned and is currently being replaced. This expense will be funded from reserves.

Due to reported health and safety incidents occurring at the site, the layout of the site is being reviewed. This has resulted in a temporary six month suspension on commercial users to the site, which will have an effect on the commercial income for the year ending 31 March 2019.

Composting production at the site has ceased due to the space being required to ensure the safety of the site, and the cost to produce and maintain the machines. The hire purchase payments for the screener machine are due to cease in April 2019.

The administration for the Board is due for renewal in April 2019 which may have an effect on the administration fees charged to the Board.

Southern Civic Amenity Site Board

Statement of Responsibilities for the Statement of Accounts

for the year ended 31 March 2018

The Board's responsibilities

The Board 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 Board'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.

Southern Civic Amenity Site Board

INDEPENDENT CHARTERED ACCOUNTANT'S REVIEW REPORT TO THE BOARD OF SOUTHERN CIVIC AMENITY SITE

Report on the Financial Statements

We have reviewed the accompanying financial statements of Southern Civic Amenity Site Board (the 'board') for the year ended 31 March 2018 which comprise of a comprehensive income and expenditure statement, statement of the movement on reserves, balance sheet, 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).

Responsible Financial Officer's Responsibility for the Financial Statements

As explained more fully in the Statement of Responsibilities, 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.

Accountant's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the reviewer becomes aware of matters that cause the reviewer to believe the financial statements as a whole may be materially misstated.

We believe that the evidence we have obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Southern Civic Amenity Site Board

INDEPENDENT CHARTERED ACCOUNTANT'S REVIEW REPORT TO THE BOARD OF SOUTHERN CIVIC AMENITY SITE

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements have not been prepared:

- so as to give a true and fair view of the financial affairs of the board for the year ended 31 March 2018, and comply with the requirements of any other statutory provision applicable to them, and;
- in compliance with any regulations under section 12 of the Act, and any directions under section 13, which are applicable to them.

Grant Thornton Limited

Douglas

Isle of Man

Date:

Southern Civic Amenity Site Board

Statement of Internal Control

for the year ended 31 March 2018

Introduction

Regulation 6 of the Accounts and Audit Regulations 2018 requires the Board 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 Board's statement of accounts.

This statement is made by the Southern Civic Amenity Site Board 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 Board and the Responsible Financial Officer

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

The Board 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 Board.

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

Internal control and corporate governance environment

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

- ***Board's corporate governance framework***

A corporate governance framework has been developed which documents the Board's policies and procedures in relation to community focus, performance management, internal control, risk management, delegated Board, 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 Board's internal control and corporate governance environment.

- ***Board meetings***

The Board meets monthly and consists of a Chairman and 5 other Board members. The Board receive reports from the site's officer 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 Board.

Southern Civic Amenity Site Board

Statement of Internal Control (continued)

for the year ended 31 March 2018

Review of internal control and corporate governance environment

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

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 Board's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2018.

During the year ended 31 March 2018, the following high risk observations were made:

- The impact of General Data Protection Regulation
- Long term absence of Clerk

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

(Signed) _____ (Signed) _____

(Chairman)

(Responsible Finance Officer)

(Dated) _____

Southern Civic Amenity Site Board

Comprehensive Income and Expenditure Statement

for the year ended 31 March 2018

Income	Notes	2018 £	2017 £
Parish contributions		269,595	264,309
Commercial users		43,461	28,098
Domestic users		4,611	3,549
Soil conditioner		15,995	12,449
Battery income		833	1,101
Miscellaneous		16,978	14,767
Metal disposal income		24,129	14,232
		375,602	338,505
Expenses			
Personnel costs			
Wages and salaries		77,604	75,532
Contractors charge		17,678	21,301
ITIP and national insurance		17,375	17,609
Pension contributions		6,847	6,583
		119,504	121,025
Operational costs			
Refuse collection charge		105,220	84,629
Skip hire		35,288	32,075
Rent		17,651	17,639
Vehicle expenses		10,479	9,342
Site maintenance		6,931	5,680
Administration expenses		984	1,186
Management charge – Port St Mary		19,600	18,000
Insurance		6,312	6,045
Compost pad costs and other disposal costs		2,443	4,279
Members expenses		1,543	1,420
Miscellaneous expenses		4,670	1,895
Telephone and electricity		3,792	5,537
Bad debts		-	2,527
Rates		409	369
Staff training		420	(295)
Accountancy fees		3,800	4,384
Internal audit fees		1,000	1,250
Independent examination		1,930	1,950
Depreciation		10,259	8,860
		232,731	206,772
Net cost of services		23,367	10,708
Net current service cost of pensions	13	(2,000)	(2,000)
		21,367	8,708
Other income			
Interest receivable		-	5
Interest element of finance lease rentals		(1,476)	(1,476)
Net pension interest cost	13	(4,000)	(4,000)
Surplus for the year		15,891	3,237
Other comprehensive income			
Re-measurement of net pension liability	13	12,000	(46,000)
Total comprehensive income and expenditure		27,891	(42,763)

Southern Civic Amenity Site Board

Statement of Movement on Reserves

for the year ended 31 March 2018

	<i>Notes</i>	General reserve £	Capital adjustment account £	Capital receipts reserve £	Pensions reserve £
Total comprehensive income and expenditure		15,891	-	-	12,000
Depreciation and impairment of fixed assets	1	10,259	(10,259)	-	-
Net charges made for retirement benefits	13	6,000	-	-	(6,000)
Fixed assets financed from General Fund		(2,394)	2,394		
Finance lease repayments		(14,176)	14,176	-	-
		15,580	6,311	-	6,000
Balance brought forward		5,511	12,088	18,500	(147,000)
Balance carried forward		21,091	18,399	18,500	(141,000)

Southern Civic Amenity Site Board

Statement of Movement on Reserves

for the year ended 31 March 2017

	General reserve	Capital adjustment account	Capital receipts reserve	Pensions reserve
	£	£	£	£
Total comprehensive income and expenditure	3,237	-	-	(46,000)
Depreciation and impairment of fixed assets	8,860	(8,860)	-	-
Net charges made for retirement benefits	6,000	-	-	(6,000)
Fixed assets financed from General Fund	(5,000)	5,000	-	-
Finance lease repayments	(14,176)	14,176	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,079)	10,316	-	(52,000)
Balance brought forward	6,590	1,772	18,500	(95,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	5,511	12,088	18,500	(147,000)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Southern Civic Amenity Site Board

Balance Sheet

as at 31 March 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible fixed assets	1		32,575		40,440
Current assets					
Debtors	2	20,078		29,831	
Cash and cash equivalents	11	64,409		50,344	
Stock	3	2,399		3,075	
			<u>86,886</u>	<u>83,250</u>	
Current liabilities					
Creditors	4	(61,471)		(73,415)	
			<u>25,415</u>	<u>9,835</u>	
			<u>57,990</u>	<u>50,275</u>	
Long-term liabilities					
Obligations under finance lease	5	-		14,176	
Net Pension liabilities	13	141,000		147,000	
			<u>(141,000)</u>	<u>(161,176)</u>	
Total assets less liabilities					
			<u>(83,010)</u>	<u>(110,901)</u>	
Reserves:					
Capital adjustment account			18,399	12,088	
Capital receipts account			18,500	18,500	
General fund reserve			21,091	5,511	
Pension reserve			(141,000)	(147,000)	
			<u>(83,010)</u>	<u>(110,901)</u>	

The financial statements were approved by the Board on

and were signed on their behalf by:

Chairman

RFO

Southern Civic Amenity Site Board

Cash Flow Statement

for the year ended 31 March 2018

	<i>Notes</i>	2018	2017
		£	£
Net surplus on provision of services		15,891	3,237
Adjustments to net surplus on provision of services for non-cash movements	8	14,744	19,678
Adjustments for items included in net surplus on provision of services that are investing and financing activities		1,476	1,471
Net cash flows from Operating Activities		32,111	24,386
Net cash flows from Investing Activities	9	(2,394)	(5,000)
Net cash flows from Financing Activities	10	(15,652)	(15,664)
		(18,046)	(20,664)
Net increase in cash and cash equivalents		14,065	3,722
Cash & cash equivalents at the beginning of the reporting period		50,344	46,622
Cash & cash equivalents at the end of the reporting period		64,409	50,344

Southern Civic Amenity Site Board

Statement of Accounting Policies

for the year ended 31 March 2018

1. Basis of preparation

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

This is the first year in which the financial statements have been prepared under FRS 102 and Accounts and Audit Regulations 2018. Refer to note 14 for an explanation of the transition.

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

2. Going concern

After reviewing the budget of the Board, the board have a reasonable expectation that the Board has adequate resources including the continuation of support from Central Government, to continue in operational existence for the foreseeable future.

3. Income

Revenue represents amounts received from parish contributions and other income generated from running the amenity site.

4. Accruals of income and expenditure

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

5. Value Added Tax

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

Southern Civic Amenity Site Board

Statement of Accounting Policies (continued)

for the year ended 31 March 2018

6. Tangible fixed assets

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

(a) Recognition

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

- It is probable that the future economic benefits or service potential associated with the asset will flow to the Board, 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:

- Operational assets – historic cost

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) Impairment

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

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

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

Southern Civic Amenity Site Board

Statement of Accounting Policies (continued)

for the year ended 31 March 2018

6. Tangible fixed assets (continued)

(c) Impairment (continued)

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.

(d) 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:	
Computer equipment	33.3%
Plant and machinery	20-25%
Assets held under finance leases	33.3%

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.

(e) Disposals

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

7. Cash and cash equivalents

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

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

Southern Civic Amenity Site Board

Statement of Accounting Policies (continued)

for the year ended 31 March 2018

8. 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.

9. 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.

10. 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.

11. Employee benefits

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

(a) Short term benefits

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

(b) Defined benefit pension plan

The Board 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 Board 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 Board's defined benefit obligation at the end of the reporting date less the fair value of the plan assets attributable to the Board's members at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the administering Board engages independent actuaries to calculate the obligation of the Board. 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.

Southern Civic Amenity Site Board

Statement of Accounting Policies (continued)

for the year ended 31 March 2018

11. Employee benefits (continued)

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

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

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

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

12. 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.

13. 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 Board maintains the following significant reserves:

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

Capital receipts reserve: these are amounts of capital monies received to be used to finance future capital expenditure

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

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

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.

Southern Civic Amenity Site Board

Significant Judgements and Estimates

for the year ended 31 March 2018

(a) Judgements

In applying the accounting policies set out above the Board 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:

- Property, Plant and Equipment assets are judged to be held for their service potential rather than future resale value and therefore the Board does not allocate residual values to assets when calculating depreciation. This could lead to the potential overstatement of depreciation and the understatement of asset carrying values in the Balance Sheet. The calculation of depreciation, however, does not affect the amount to be collected from Government in terms of deficiency.
- The Board 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 Board 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.

Southern Civic Amenity Site Board

Notes to the financial statements for the year ended 31 March 2018

1. Tangible fixed assets

<i>Operational assets</i>	Computer equipment £	Plant & machinery £	Total £
Cost or valuation			
At 1 April 2017	1,230	99,530	100,760
Additions	-	2,394	-
At 31 March 2018	1,230	101,924	103,154
Depreciation			
At 1 April 2017	1,230	59,090	60,320
Charge for the year	-	10,259	10,259
At 31 March 2018	1,230	69,349	70,579
Net book value			
At 31 March 2018	-	32,575	32,575
At 31 March 2017	-	40,440	40,440

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

	Plant & machinery £
Net book value at 1 April 2017	35,440
Additions	-
Depreciation	(8,860)
Net book value at 31 March 2018	26,580

Outstanding obligations to make payments under these leases (excluding finance costs) at 31 March 2018 are detailed in notes 4 and 5.

Southern Civic Amenity Site Board

Notes to the financial statements (continued)

for the year ended 31 March 2018

2. Debtors

	2018	2017
	£	£
Amounts falling due in one year:		
Government departments	6,770	14,329
Other local authorities	1,172	341
Trade debtors	10,676	15,161
Accrued income	1,460	-
	<u>20,078</u>	<u>29,831</u>

3. Stock

	2018	2017
	£	£
Compost bags	<u>2,399</u>	<u>3,075</u>

The value of stock recognised as an expense in the comprehensive income and expenditure statement is £676 (2017: £115).

4. Creditors

	2018	2017
	£	£
Government departments	20,162	21,662
Other local authorities	5,403	5,295
Obligations under finance leases	14,176	14,176
Trade creditors	11,119	22,029
Accruals	10,611	10,253
	<u>61,471</u>	<u>73,415</u>

Southern Civic Amenity Site Board

Notes to the financial statements (continued)

for the year ended 31 March 2018

5. Finance leases

Minimum lease payments under finance leases fall due as follows:

	2018	2017
	£	£
Amounts due within one year	14,176	14,176
Later than one year and not later than five years	-	14,176
	<hr/>	<hr/>
	14,176	28,352
Less future finance charges	(1,476)	(2,952)
	<hr/>	<hr/>
Present value of lease obligations	12,700	25,400
	<hr/>	<hr/>
Due for settlement within one year	12,700	12,700
Due for settlement later than once year and not later than five years	-	12,700
	<hr/>	<hr/>
	12,700	25,400
	<hr/> <hr/>	<hr/> <hr/>

The fixed rate finance lease has an option to purchase fee on expiry of £25.

6. Members' allowances

During 2017/18 the board paid £1,543 to its members in respect of their attendance at meetings, undertaking duties and responsibilities (2016/17: £1,420). Members may be remunerated by their individual authorities for their attendance.

7. Related party transactions

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

Central Government - has a direct influence over the general operations of the board – it is responsible for providing the statutory framework within which the board operates. During the year £4,323 (2017: £1,171) was received from Government departments in respect of amenity site costs. At 31 March 2018, £6,770 (2017: £14,329) was due from Government departments in respect of VAT and amenity site costs.

During the year, Southern Civic Amenity Site was charged £102,831 (2017: £70,707) by Government departments in respect of refuse collection and landfill charges. At 31 March 2018, £10,467 was due to Government departments in this respect (2017: £21,662).

Other local authorities contribute to the running of the site. During the year, £269,595 (2017: £264,309) was received in respect of Parish contributions and £6,435 (2017: £3,065) in respect of amenity site costs from other local authorities. At 31 March 2018, £1,172 (2017: £341) was due from other local authorities in respect of amenity site costs.

Southern Civic Amenity Site Board

Notes to the financial statements (continued)

for the year ended 31 March 2018

7. Related party transactions (continued)

During the year, Southern Civic Amenity Site was charged £19,600 (2017: £18,000) in respect of administration charges and repairs and £17,651 in respect of amenity site rent (2017: £17,639) by other local authorities. At 31 March 2018, £5,403 was due to other local authorities in respect of rent (2017: £5,295).

Members of the board - have direct control over the board's financial and operating policies. All board members are asked to complete a disclosure statement in respect of themselves and their family members/close relatives, detailing any material transactions with related parties. During 2017/18 and 2016/17 no related party disclosures arose in relation to members of the board other than those disclosed in note 6.

8. 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	2017
	£	£
Depreciation, impairment & revaluation losses for non-current assets	10,259	8,860
(Decrease) / Increase in creditors	(11,944)	8,571
Decrease / (Increase) in debtors	9,753	(3,753)
Stock used in the year	676	-
Difference between FRS102 pension cost and contributions paid	6,000	6,000
	<u>14,744</u>	<u>19,678</u>

9. Cash flow statement – Investing activities

	2018	2017
	£	£
Purchase of assets (Fixed assets, investment property, intangible assets)	(2,394)	(5,000)
	<u>(2,394)</u>	<u>(5,000)</u>

10. Cash flow statement – Financing activities

	2018	2017
	£	£
Repayment of finance lease – capital element	(14,176)	(14,176)
Repayment of finance lease – interest element	(1,476)	(1,476)
Bank interest received	-	5
Increase in short term deposits	-	(17)
	<u>(15,652)</u>	<u>(15,664)</u>

Southern Civic Amenity Site Board

Notes to the financial statements (continued)

for the year ended 31 March 2018

11. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank	47,262	33,197
Short term deposits	17,147	17,147
	64,409	50,344

12. Independent examination fees

During the year the Board incurred independent examination fees of £1,930 (2017: £1,950).

13. Post-employment benefits

The Board 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 Board. The Board has committed to a funding plan with the Administering Board, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the Administering Board 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 2018 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	31 March 2018	31 March 2017
Rate of increase in salaries	3.1%	3.2%
Rate of increase in pensions	2.3%	2.4%
Rate for discounting scheme liabilities	2.7%	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 Accounts.

The mortality assumptions used were as follows:

	31 March 2018 Years
Longevity at the age of 65 for current pensioners	
Men	21.7
Women	24.3
Longevity at the age of 65 for future pensioners	
Men	24.1
Women	27.1

Southern Civic Amenity Site Board

Notes to the financial statements (continued)
for the year ended 31 March 2018

13. Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
	£	£	£
At 1 April 2017	246,000	(393,000)	(147,000)
Benefits paid	(1,000)	1,000	-
Employer contributions	6,000	-	6,000
Plan participants' contributions	1,000	(1,000)	-
Current service cost	-	(8,000)	(8,000)
Past service cost	-	-	-
Interest income/(expense)	7,000	(11,000)	(4,000)
Remeasurement gains	-	-	-
Actuarial losses	-	14,000	14,000
Return on plan assets excluding interest income	(2,000)	-	(2,000)
	<u>257,000</u>	<u>(398,000)</u>	<u>(141,000)</u>
At 31 March 2018	<u>257,000</u>	<u>(398,000)</u>	<u>(141,000)</u>

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

	2018	2017
	£	£
Current service cost	8,000	7,000
Interest cost	11,000	11,000
	<u>19,000</u>	<u>18,000</u>
	<u>19,000</u>	<u>18,000</u>

The Board's share of the fair value of plan assets was:

	2018	2017
Equity instruments	60%	57%
Bonds	28%	26%
Property	12%	13%
Cash	-	4%

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

	2018	2017
	£	£
Interest income	7,000	7,000
Return on plan assets less interest income	(2,000)	31,000
	<u>5,000</u>	<u>38,000</u>
Total return on plan assets	<u>5,000</u>	<u>38,000</u>

Southern Civic Amenity Site Board

Notes to the financial statements (continued)

for the year ended 31 March 2018

14. FRS 102 Transition

This is the first year that the Board has presented its results under FRS 102. The last financial statements under the SORP were for the year ended 31 March 2017. The date of transition to FRS 102 was 1 April 2016. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2017 and the total equity as at 1 April 2016 and 31 March 2017 between the SORP as previously reported and FRS 102.

Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the Comprehensive Income and Expenditure Statement as the employee service is received. There were no staff with outstanding holiday pay as at 31 March 2017 and as such no prior year adjustment for holiday pay has been recognised on transition to FRS 102. In the year to 31 March 2018 a liability for holiday pay was recognised of £110.

Defined benefit scheme

Under previous UK GAAP the Board recognised an expected return on defined benefit plan assets in the Comprehensive Income and Expenditure Statement. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the Comprehensive Income and Expenditure Statement. There has been no change in the defined benefit liability at either 1 April 2016 or 31 March 2017. The effect of the change has been to reduce the debit to Net cost of Services in the year to 31 March 2017 by £3,000 and increase the debit in Other Comprehensive Income by an equivalent amount.