

Peel and Western District Housing Committee
Financial Statements

For the year ended 31 March 2023

Peel and Western District Housing Committee

Year ended 31 March 2023

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Peel and Western District Housing Committee

Year ended 31 March 2023

Members, Officers and Advisers

Peel and Western District Housing Committee is a combined Sheltered Housing Authority, covering the West of the Island. The Committee operates from the Mylchreest Court, Douglas Road, Peel, IM5 1LD.

Committee Members

The Committee Members during the period are shown below.

Alan Jones – Chairman (Peel Town Commissioners)
Roger Bankes-Jones – Vice Chairman (Patrick Commissioners)
Frank Crompton – Committee Member (Peel Commissioners)
Mrs Avril Muller – Committee Member (Michael Commissioners)
Terry Miles – Committee Member (Marown Commissioners)
Robin Watterson – Committee Member (German Commissioners)

Officers

Miss P L Bampton BSc (Hons) DipM CIHM Cert.CIH L2 – Clerk and Responsible Finance Officer

Committee's Accountants

Suntera Accounting & Tax Limited, Peveril Buildings, Douglas, IM99 1RZ

External Auditor

Crowe Isle of Man Audit LLC, Victory House, Prospect Hill, Douglas, IM1 1EQ

Internal Auditor

Moore Stephens Isle of Man Limited, 26-28 Athol Street, Douglas, IM99 1BD

Peel and Western District Housing Committee

Year ended 31 March 2023

Explanatory Foreword

Origins of Peel and Western District Housing Committee

The Committee's origins date back to 1969 when it was formed to develop and administer the current Westlands Sheltered Housing Complex which is located off Albany Road in Peel.

The purpose of the complex was to provide sheltered housing to single people and couples over the age of 65 years.

As a Housing Authority the Committee receives funding through the IOM Government's housing deficiency system whereby the Department of Infrastructure provide a revenue payment to meet the difference between cost (loans, maintenance, and management) and income (rents).

Original Westlands (1969 – 2017)

The Committee bought the land for the original Westlands from Peel Town Commissioners and in 1970, Phase One and the Bungalows were built followed by two further phases in 1974 and 1981.

Phase One included several small bedsits which proved to be unpopular so in 2006/2007 an extensive refurbishment included two bedsits being knocked into one and an extra storey being added. This resulted in 91 bungalows and apartments:

Phase 1, comprising 25 one-bedroom apartments.

Phase 1, The Bungalows, comprising of 23 one-bedroom bungalows and 1 two bedroom bungalow.

Phase 2, comprising 24 one-bedroom apartments and 4 bedsits.

Phase 3, comprising 12 one-bedroom apartments and 2 bedsits.

Whilst the Westlands complex is in a location ideal for elderly people the Committee became increasingly aware that the 50 year old design was not meeting the current needs of an ageing population, whether they be existing tenants or applicants on the waiting list.

The main problems were:

- a) Many of the apartments were very small and the bungalows, whilst reasonably attractive, were particularly small and unsuitable for people with mobility issues. Some kitchens and bathrooms were tiny.
- b) Phase 1, although extended by adding a first floor in 2007, was still compromised as it only has limited communal facilities and an institutional internal environment.
- c) Phase 2/3 was not very attractive, looked dated, the deck access was narrow and exposed, there was only one small lift and there were no communal facilities.
- d) Phase 2/3 plant room and equipment required upgrading as soon as practical, including removal of asbestos, new boilers etc. The heating system inside the scheme needed to be replaced along with tank fed cold water services.
- e) Mains services across Westlands need upgrading.

Peel and Western District Housing Committee

Year ended 31 March 2023

Explanatory Foreword - continued

- f) Most of Westlands did not comply with modern mobility requirements or support the Government's aim to enable people to remain in their homes for as long as possible.
- g) Access to Westlands and parking was unsatisfactory and did not meet modern parking space requirements.
- h) A lack of communal facilities made it difficult to promote community activities.
- i) Dwellings were becoming increasingly difficult to let.

The difficult to let problem was partly disguised by the fact that lettings were still possible because there is a high demand (need) for sheltered accommodation in the West and a shortage of supply and other options in Peel.

In summary, the original Westlands was dated and sub-standard and did not meet Peel and Western's vision for sheltered housing in Peel and the West. The Committee realised that whilst Westlands was not structurally defective and could still be let, the time was the right time to move forward with a new vision for Westlands.

Vision for a New Westlands (2017 Onwards)

In 2013 the Committee appointed Mr Richard Senior as their Project Manager who worked with them and the Department of Infrastructure (Housing Division) to agree a Vision, Strategies, Objectives and Recommended Option for developing a New Westlands. This process resulted in the following being included in the approved Business Case:

Vision for Sheltered Housing in the West

"Provide quality homes in a village type environment, close to the centre of Peel, with a community spirit where existing and future tenants would desire to live".

Key Strategies

- 1) Demolish the "not fit for purpose" dwellings at Westlands and replace them with new homes and environments that will be fit for purpose for the next 50+ years.
- 2) Obtain funding to carry out developments, in a number of phases, over a number of years with the minimum of disturbance for the existing tenants.
- 3) Increase the total number of sheltered homes to meet the demand on the existing waiting list, the needs of an ageing population and to encourage existing older tenants to move and release public sector houses.

Peel and Western District Housing Committee

Year ended 31 March 2023

Explanatory Foreword - continued

Key Objectives

Designs to be pleasing to the eye & light and airy	Mixture of one and two bed apartments	One bed a min of 55sqm Two bed a min of 63sqm
Not like a care home or to look institutional – no assisted bathroom	Encourage a mix of age groups, couples & more active tenants	Some wheelchair apartments
Safe and secure	Community facilities	Facilitate mobility & suitable door widths
Easy to maintain	Community lounge with French doors and garden area for sitting outside	Own sense of belonging e.g. front door to apartments
Green building	Parking suitable for higher car ownership and visitors	Living rooms to have a good aspect
Energy efficient	Guest bedroom	Showers with minimum step into the tray
2 Lifts per building	Plenty of communal storage	Plenty of personal storage
Internal buggy store	Multi-purpose room e.g. for hairdresser	Ability to grow flowers and plant pots by apartment
Wardens office	Room for visiting health and community workers to provide enhanced support	External clothes drying
Consult with tenants	Profile tenant needs	Review allocation policy
	Value For Money	

Peel and Western District Housing Committee

Year ended 31 March 2023

Explanatory Foreword - continued

The Committee Divided the Redevelopment of Westlands into Three Phases

- a) Phase A – build a new 40 unit sheltered housing scheme on a new site at Douglas Road which is close to the original Westlands Complex, to enable tenants to be moved from the existing Phase 2/3 at Westlands.
- b) Phase B – move tenants to the new scheme at Douglas Road (Phase A), demolish Phase 2/3 and build a new 32 unit sheltered scheme.
- c) Phase C – move tenants from existing Phase 1 & the adjacent 12 Bungalows at Westlands, to the new sheltered scheme at Westlands (Phase B), demolish the west end of Phase 1 & 12 bungalows and extend and refurbish the existing Phase 1 building to provide a 35 unit sheltered scheme.

Move tenants from the remaining 12 Bungalows. 4 Bungalows will be sold to create car parking for the Peel Medical Centre. The other 8 will be converted into 4 x 2 Bedroomed mobility bungalows of approximately 70sqm.

Westlands Phase A (Mylchreest Court)

In 2014 The Treasury and Department of Infrastructure approved the Business Case and allocated £15.90m for Phases A to C, including land purchase for Phase A.

The Committee appointed a **design team** which consisted of:

Savage & Chadwick – Architect & Design Team Leader.
Bell Burton Associates– Quantity Surveyor.
JBA (IOM) Limited – Structural Engineer.
March Consultants – Mechanical & Electrical Engineer.
SafetyNet – Planning Supervisor.
Erin Building Services – Clerk of Works

The land for Phase A on Douglas Road, Peel was purchased on 22nd September 2015.

The Phase A design includes 40 one and two-bedroom apartments with a large communal lounge, kitchen, guest room, warden's office, laundry, hair dressing room, meeting room, etc.

The communal heating system was designed with a biomass (woodchip) boiler backed up by gas boilers. The biomass boiler has been sized to also heat Phases B and C via underground district heating mains which will link all three phases.

The Committee tendered the building contract for Phase A and **Auldyn Construction Limited** submitted the lowest tender and within budget. As a result, they were appointed on an 18 month contract with construction commencing in February 2016.

Construction work reached practical completion in September 2017, slightly behind programme but within the contract sum.

Tenants from Phases 2 and 3, plus a few tenants from Phase One and the Bungalows who wished to transfer started moving in on 22nd September 2017 with moves being completed the following week. A further two apartments were allocated to applicants from the housing waiting list.

Peel and Western District Housing Committee

Year ended 31 March 2023

Explanatory Foreword - continued

The Committee decided to name the complex Mylchreest Court after Joe Mylchreest the famous Diamond King of Peel.

The Committee's aim for Westlands was to achieve their key strategies and objectives, within the constraints of the site and planning requirements. The Committee believes Mylchreest Court has substantially delivered this on both counts.

Westlands Phases B

Work commenced on Phase B of the Westlands redevelopment. The old Phase 2/3 has now been demolished and Auldyn Construction Limited commenced the construction of 32 sheltered apartments, communal lounge, guest room, warden's office, etc. similar to Mylchreest Court.

Phase B was completed slightly behind schedule in June 2019. Residents from Phase One and the bungalows have transferred to the new apartments along with two applicants from the housing waiting list.

The Committee decided to name the complex St Patrick Court after St Patrick Isle, which Peel Castle is located on. Like Mylchreest Court, St Patrick Court provides a large communal lounge, kitchen, guest room, warden's office, laundry room, hair dressing room, meeting room etc.

The Committee believe that St Patrick Court fully achieves the key strategies and objectives that they have set out.

Westlands Phases C

Phase C received Planning Permission for the demolition of 12 bungalows and 4 apartments, construction of a new 15 apartment extension with a common lounge, guest room, office, etc. a cosmetic refurbishment of the remainder of Phase 1 (20 apartments) and the conversion of 8 bungalows to provide 4 mobility standard bungalows of 70sqm with two-bedrooms.

Work commenced on Phase C on 22nd July 2019. Delays to the building work were caused by the three lockdowns due to Covid-19, as building work was required to cease across the Island. Brexit and the war in Ukraine also led to difficulty obtaining building materials and labour, this resulted in even further delays. The 4 bungalows at Phase C were completed in November 2022, two years behind schedule. Work was then undertaken to renew the roofs on all 4 bungalows. Residents moved into the bungalows in February 2023. The apartments at Phase C were completed in March 2023, which was 28 months behind schedule. Residents began moving into the apartments in April 2023. The roof needs replacing over 8 of the original apartments, work is now due to commence mid-September to renew the roof and install solar panels, which the Committee envisage will provide sufficient electricity to operate the communal lighting, lifts, kitchen equipment, etc.

The Committee decided that the bungalows would continue to be known as 1-4 Westlands and the Complex would be named Valkyrs Court, after Valkyrs Hockey Club who have provided charitable donations to various residents' functions over the years.

The Committee believe that the new apartments at Valkyrs Court and the bungalows fully achieves the key strategies and objectives they have set out.

Peel and Western District Housing Committee

Year ended 31 March 2023

Explanatory Foreword - continued

Finances

During the financial year ending 31st March 2023 the Committee received £488,926 in rental income out of a possible £526,551 compared with the previous year of £474,586 out of a possible £506,526.

The Committee is allowed to spend 26.1% (2022: 25.1%) of their rental income maintaining their properties. During the year they spent £61,884 on repairs compared to £52,054 the previous year. The Committee's maintenance spend is significantly less than the allowance due to both Mylchreest Court and St Patrick Court being modern new complexes which currently don't require a high level of repairs to be undertaken to both buildings. This has led to the Committee's Maintenance Reserve increasing in recent years, as a result a transfer of £45,358 was made to fund capital works in the year ended 31st March 2023. This reserve now stands at £179,688 compared to £134,329 at 31 March 2022.

8.4% of the Committee's rental income is utilised to cover running the communal areas of the complex. These expenses cover electric, heating, cleaning, lift contracts, purchase of equipment for example washing machines, tumble dryers etc. During the year they spent £39,002 on communal expenses compared with £33,094 the previous financial year. This has led to the Committee's Community Reserve increasing from £76,866 in 2022 to £82,095 as at 31st March 2023.

The Committee spent the following on the Redevelopment of Westlands Scheme for the financial year ending 31st March 2023.

Phase C - £660,727

The Committee spending on capital schemes is funded by a number of loans from the Isle of Man Bank and loans and an overdraft with HSBC Bank. During the year the Committee made £546,973 in capital repayments and £454,942 in interest payments compared with £538,773 in capital repayments and £265,986 in interest payments the previous year.

Due to the increase in capital and interest payments that the Committee paid during the year, their housing deficiency grant that was required from the Department of Infrastructure's Housing Division rose to £1,179,411 compared to £859,637 for the financial year ending 31st March 2022.

Events Since the Balance Sheet Date

No events have been reported that will impact on the accounts for the year ended 31 March 2023.

Risks and Uncertainties

The completion of Phase C of the Westland's Redevelopment, known as the Valkyries Court, was completed in March 2023, which was 28 months behind schedule. This has resulted in a significant loss of rental income and. Peel and Western District Housing Committee have no recourse for recovering this lost income.

This scheme was significantly delayed, by factors outside of the Committee's control. The Committee's appointed contractor experienced long delays due to a shortage of staff, due to lack of availability of suitable construction staff on Island. The Covid 19 pandemic led to lockdowns of the site during these periods no building work could be undertaken. Building materials on the Island have becoming increasing expensive and more difficult to resource due in large to Covid 19, Brexit and the war in Ukraine. This lead to further delays.

Peel and Western District Housing Committee

Year ended 31 March 2023

Explanatory Foreword – continued

Risks and Uncertainties

During the overrun of the contract Peel and Western District Housing Committee have collected damages from the Contractor more or less on a monthly basis, however additional compensation events (mainly necessary works to the existing building), design team prolongation fees, asbestos discovery, surveys and associated removal costs and time awards meant that damages have only partially funded the committee's expenditure and the Committee have received no rental income for these properties during the period.

Now completion has been granted the Contractor has accelerated claims for additional time entitlement. The Architect and Quality Surveyor have assessed, and are continuing to assess these claims made against the Committee by the Contractor. The Contractor is however at liberty to invoke the dispute resolution clauses of the contract which would involve independent adjudication. This could well vary the preceding amounts. Should dispute resolution be invoked this will introduce a timescale for the Adjudication process which the Committee will have to immediately fund.

To put all of the above in context regarding the Phase C Contract the following should be noted.

The original Contract Period commencing 22nd July 2019 was 16 months completing 20th November 2020. The actual construction period was three and a half years.

In total the Contractor has had 13 months in time awards (from 20th November 2020 to 17th December 2021) to date. However, they believe they have further entitlement until September 2022.

The concern at present is that Peel and Western District Housing Committee having been faced with a three and a half year construction period, due to a 28 month prolongation period without any rental income which is only part mitigated by damages, The Committee will simply run out of money, regardless of the Contractors contractual remedies.

Peel and Western District Housing Committee will need to seek further funding from Government to cover the over expenditure on the Phase C Redevelopment Scheme, and to fund any further additional payments that need to be made to the contractor to cover their claims for additional time.

Peel and Western District Housing Committee

Year ended 31 March 2023

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

- selected suitable accounting policies and then applied them consistently; and
- made judgements and estimates that were reasonable and prudent.

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.

(Signed) PL Rampton

(Responsible Finance Officer)

(Dated) 15th January 2024

Peel and Western District Housing Committee

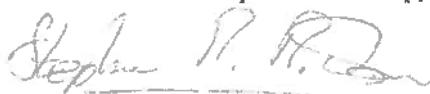
Year ended 31 March 2023

Certificate of the Tynwald Auditor General

In accordance with section 3(1) of the Audit Act 2006 I have appointed Crowe Isle of Man Audit LLC to audit the accounts of Peel and Western District Housing Committee for the year ended 31 March 2023.

In accordance with section 3(1A) of the Audit Act 2006 I have undertaken the following procedures to satisfy myself as to the adequacy of the work undertaken by the appointed auditor:

- reviewed the draft and any revised statement of accounts;
- reviewed the draft audit strategy document prepared by the appointed auditor;
- reviewed the draft report to those charged with governance prepared by the appointed auditor;
- reviewed the proposed independent auditor's report prepared by the appointed auditor;
- provided feedback to the appointed auditor as appropriate; and
- considered the responses of the appointed auditor to feedback provided.



Stephen Warren
Tynwald Auditor General/ Ard Scruteyder Tinvaal
6 Finch Road
Douglas
Isle of Man
IM1 3PW

Date

Peel and Western District Housing Committee

Year ended 31 March 2023

Independent Auditor's Report to the Members of Peel & Western District Housing Committee

Opinion

We have audited the statement of accounts of Peel & Western District Housing Committee ("authority") for the year ended 31 March 2023 which comprise the comprehensive income and expenditure statement, the statement of movement on reserves, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the statement of accounts:

- give a true and fair view of the state of the Authority's affairs as at 31 March 2023 and of its total comprehensive income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Accounts and Audit Regulations 2018 with key consideration of Regulation 10(2) and the relevant provisions of the Audit Act 2006; and
- comply with the requirements of any other statutory provision applicable to them.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the statement of accounts section of our report. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the statement of accounts in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authority with respect to going concern are described in the relevant sections of this report.

Peel and Western District Housing Committee

Year ended 31 March 2023

Independent Auditor's Report to the Members of Peel & Western District Housing Committee – Continued

Other information

The Commissioners are responsible for the other information. The other information comprises the information included in this report, other than the statement of accounts and our auditor's report thereon. Our opinion on the statement of accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the statement of accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statement of accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the statement of accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where Section 4 of the Audit Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Responsible Financial Officer

As explained more fully in the Responsible Financial Officer's responsibilities statement set out on page 11, the Responsible Financial Officer is responsible for the preparation of the statement of account and for being satisfied that they give a true and fair view, and for such internal control as the Responsible Financial Officer determines is necessary to enable the preparation of statement of accounts that are free from material misstatement, whether due to fraud or error.

In preparing statement of accounts, the Responsible Financial Officer is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the authority intends to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the statement of accounts

Our objectives are to obtain reasonable assurance about whether the statement of accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Peel and Western District Housing Committee

Year ended 31 March 2023

Independent Auditor's Report to the Members of Peel & Western District Housing Committee - Continued

Auditor's responsibilities for the audit of the statement of accounts - continued

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these statement of accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We considered the opportunities for non-compliance with the key laws and regulations affecting the Authority. We identified the Audit Act 2006 and the Accounts and Audit Regulations 2018 as the primary pieces of legislation and regulation affecting the entity. We reviewed the legislation to conclude whether there has been any activity in the Scheme which is required to be disclosed under this legislation.
- We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, management override in the manipulation of financial information and bias in the use of estimates. We discussed these risks with the Authority's administrators and designed audit procedures to mitigate the risks identified. These included tests on the recognition of revenue, testing a sample of journals to confirm they were appropriate for the transactions noted in the year and reviewing the design and implementation of the controls in significant financial systems.

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

When auditing the financial statements, we have followed the requirements of the Audit Act 2006 with key consideration of Sections 4(2) and 4(3). These responsibilities include consideration of whether:

- the payment or application of money or other property held or received by or on account of the Authority; or
- a transaction effected by or on account of the Authority is or will be contrary to law.

In auditing the accounts, we are also required to consider whether the internal organisation of the Authority and the internal controls maintained by it, are such as to secure the proper management of the finances of the Authority and economy and efficiency in the use of its resources.

Peel and Western District Housing Committee

Year ended 31 March 2023

Independent Auditor's Report to the Members of Peel & Western District Housing Committee - Continued

Use of our report

This report is made solely to the authority'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 authority'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 authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe Isle of Man Audit LLC

Crowe Isle of Man Audit LLC

Chartered Accountants

6th Floor, Victory House

Prospect Hill

Douglas

Isle of Man

IM1 1EQ

Date 18th January 2024

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Internal Control

Introduction

Regulation 6 of the Accounts and Audit Regulations 2018 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 the Peel and Western District 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 organisation. 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 Committee 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 Committee 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 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:

- *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.

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Internal Control - continued

- **Committee meetings**

The Committee meets monthly and consists of a Chairman and 5 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.

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.

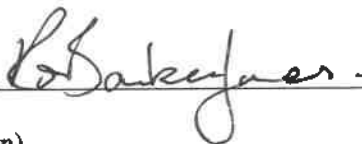
Report on internal control and corporate governance environment

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 Committee's internal control and corporate governance arrangements are adequate and operate effectively during the period ended 31 March 2023.

During the year ended 31 March 2023, no high risk observations were made.

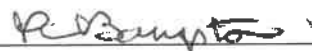
The RFO has met with the Committee to discuss the detailed findings of the report with a view to implementing, where practical, the key recommendations of the Internal Auditor.

(Signed)



Vice (Chairman)

(Signed)



(Responsible Finance Officer)

(Dated)

16.1.24

Peel and Western District Housing Committee
Year ended 31 March 2023

Comprehensive Income and Expenditure Statement

for the year ended 31 March 2023

	<i>Notes</i>	2022/23 Net £	2021/22 Net £
Dwelling rents		488,926	474,586
Charges for services and facilities		61,083	59,694
Contributions towards expenditure including Housing Deficiency Receipts		1,179,411	859,637
Other income		4,394	1,413
		<u>1,733,814</u>	<u>1,395,330</u>
Repairs and maintenance		(61,884)	(52,054)
Supervision and management		(359,936)	(300,629)
Rent, rates, taxes and other charges		(193,925)	(160,332)
Depreciation		(143,784)	(151,966)
Net service cost of pensions	17	(4,000)	(11,000)
		<u>(763,529)</u>	<u>(675,981)</u>
Net income/(cost) of Housing services		970,285	719,349
Interest payable and similar charges		(548,185)	(267,609)
Net pension interest cost	17	(2,000)	(1,000)
Profit on disposal of land		-	203,219
		<u>420,100</u>	<u>653,959</u>
Surplus on provision of services		420,100	653,959
Other Comprehensive Income and Expenditure			
Remeasurement of net pension liability	17	59,000	17,000
Revaluation of property		62,540	-
		<u>541,640</u>	<u>670,959</u>
Total comprehensive income and expenditure		541,640	670,959

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Movement on Reserves for the year ended 31 March 2023

	Notes	Housing revenue reserve £	Capital adjustment account £	Revaluation reserve £	Pension reserve £	Heating reserve £	Community reserve £	Capital receipts reserve £	Housing maintenance reserve £
Total comprehensive income and expenditure		420,100	-	62,540	59,000	-	-	-	-
Depreciation and impairment of fixed assets		143,784	(136,831)	(6,953)	-	-	-	-	-
Net charges made for retirement benefits		6,000	-	-	(6,000)	-	-	-	-
Assets funded through reserves		-	7,746	-	-	-	-	-	(7,746)
Loan fund principal repayments		(546,973)	546,973	-	-	-	-	-	-
Transfer from Heating Reserve Account		35,417	-	-	-	(35,417)	-	-	-
Transfer to Community Reserve Account		(5,229)	-	-	-	-	5,229	-	-
Transfer between reserves		-	-	(53,105)	-	-	-	-	53,105
Transfer between reserves		(53,099)	53,099	-	-	-	-	-	-
Balance brought forward		-	470,987	2,482	53,000	(35,417)	5,229	-	45,359
		-	(4,668,568)	535,913	(55,000)	118,940	76,866	264,082	134,329
Balance carried forward		-	(4,197,581)	538,395	(2,000)	83,523	82,095	264,082	179,688

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Movement on Reserves for the year ended 31 March 2022

	Notes	Housing revenue reserve £	Capital adjustment account £	Revaluation reserve £	Pension reserve £	Heating reserve £	Community reserve £	Capital receipts reserve £	Housing maintenance reserve £
Total comprehensive income and expenditure		653,959	-	-	17,000	-	-	-	-
Depreciation and impairment of fixed assets		151,966	(145,013)	(6,953)	-	-	-	-	-
Net charges made for retirement benefits		12,000	-	-	(12,000)	-	-	-	-
Assets funded through reserves		-	33,866	-	-	-	-	-	(33,866)
Loan fund principal repayments		(538,773)	538,773	-	-	-	-	-	-
Transfer from Heating Reserve Account		(12,495)	-	-	-	12,495	-	-	-
Transfer to Community Reserve Account		(9,454)	-	-	-	-	9,454	-	-
Transfer to Housing Maintenance Reserve Account		(53,984)	-	-	-	-	-	-	53,984
Proceeds on sale of land		-	(264,082)	-	-	-	-	264,082	-
Transfer between reserves		-	175,462	-	-	-	-	-	(175,462)
Transfer between reserves		(203,219)	203,219	-	-	-	-	-	-
Balance brought forward		-	542,225	(6,953)	5,000	12,495	9,454	264,082	(155,344)
Balance carried forward		-	(5,210,793)	542,866	(60,000)	106,445	67,412	-	289,673
		-	(4,668,568)	535,913	(55,000)	118,940	76,866	264,082	134,329

Peel and Western District Housing Committee

Year ended 31 March 2023

Balance Sheet


as at 31 March 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible fixed assets	1		13,761,983		13,174,757
Current assets					
Debtors	3	220,831		115,537	
Cash at bank		60,505		351,178	
		<u>281,336</u>		<u>466,715</u>	
Current liabilities					
Short-term borrowing	5	(671,428)		(519,033)	
Creditors	4	(515,115)		(466,488)	
Bank overdraft	5	-		(4,699,381)	
		<u>(1,186,543)</u>		<u>(5,684,902)</u>	
Net current liabilities			(905,207)		(5,218,187)
			<u>12,856,776</u>		<u>7,956,570</u>
Long-term liabilities					
Long-term borrowing	5	(15,906,574)		(11,495,008)	
Net Pension liabilities	17	(2,000)		(55,000)	
		<u>(15,908,574)</u>		<u>(11,550,008)</u>	
Total assets less liabilities			(3,051,798)		(3,593,438)
Reserves:					
Capital adjustment account			(4,197,581)		(4,668,568)
Revaluation reserve			538,395		535,913
Pension reserve			(2,000)		(55,000)
Heating reserve			83,523		118,940
Community reserve			82,095		76,866
Housing maintenance reserve			179,688		134,329
Capital receipts reserve			264,082		264,082
			<u>(3,051,798)</u>		<u>(3,593,438)</u>

The financial statements were approved by the Committee on 16.1.24 and were signed on their behalf by:

Vice Chairman

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RFO 

Peel and Western District Housing Committee
Year ended 31 March 2023

Cash Flow Statement
for the year ended 31 March 2023

	<i>Notes</i>	£	2023 £	2022 £
Net surplus on provision of services		420,100		653,959
Adjustments to net surplus on provision of services for non-cash movements	12	30,153		(473,566)
Adjustments for items included in net surplus on provision of services that are investing and financing activities	14	454,942		265,986
Net cash flows from Operating Activities		<hr/>	905,195	446,379
Net cash flows from Investing Activities	13		(605,505)	(1,737,567)
Net cash flows from Financing Activities	14		4,109,018	22,707
Net increase/(decrease) in cash and cash equivalents			<hr/>	<hr/>
Cash & cash equivalents at the beginning of the reporting period	15		(4,348,203)	(3,079,722)
Cash & cash equivalents at the end of the reporting period	15		<hr/> 60,505	<hr/> (4,348,203)

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Accounting Policies

1. Basis of preparation

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

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

2. Going concern

The Board is dependent on the timely receipt of the housing deficiency from the IOM Government to ensure that it can meet its liabilities as they fall due. The increases in interest rates during the year resulted in further cash flow pressures for the Committee. Consequently, the housing deficiency calculations were revised during the year to incorporate the increase in interest charges and ensure that sufficient cash was available. The loans are ultimately underwritten by the IOM Government.

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

3. Income

(a) Rentals and charges for services and facilities

Rent revenue and charges for services and facilities are measured at fair value of the consideration received or receivable and represents the amount receivable for the services rendered.

(b) Housing deficiency

Housing deficiency is accounted for on an accruals basis and represents amounts due for the period in respect of the shortfall in housing income over housing receipts in the year.

4. Accruals of income and expenditure

The 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.

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Accounting Policies (Continued)

5. Value Added Tax

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

6. Tangible fixed assets

Tangible fixed assets have physical substance and are held by the committee 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 committee; 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:

- Assets under construction – historic cost less impairment
- Social Housing and all other tangible fixed assets are measured at current value which is determined as the amount that would be paid for the asset in its existing use ("existing use value" – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate.

For non-property assets that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for current value.

(c) Revaluation

A class of assets included in the Balance Sheet at current value (fair value for Surplus assets) may be revalued on a rolling basis provided revaluation of the class of assets is completed within five years.

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Accounting Policies (Continued)

6. Tangible fixed assets - continued

(c) Revaluation - continued

The valuations are undertaken with sufficient regularity to ensure that their carrying amount is not materially different from current value (fair value for Surplus assets). All valuations are undertaken by a qualified valuer, using a professional valuer contracted to the committee.

Short-life assets, such as vehicles and computer equipment are not revalued but are measured at depreciated historic cost as a proxy for fair value.

Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. When assets are subject to revaluation losses they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, 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 in the Comprehensive Income and Expenditure Statement.

(d) Impairment

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

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.

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.

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Accounting Policies (Continued)

6. Tangible fixed assets - continued

(e) Depreciation

Depreciation is provided for on all Tangible Fixed Assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land and community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight-line basis by allocating the cost (or re-valued amount) of the asset over the number of years that the asset is expected to be of useful benefit as follows:

Operational assets:

Land	not depreciated
Freehold buildings	50 years
Building improvements	10 to 15 years
Equipment and fixtures	10 years

The useful life of an asset is estimated on a realistic basis and is regularly reviewed as part of the revaluation process. Where the useful life of a fixed asset is revised, depreciation is charged over the revised life of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

(f) Disposals

Income from the disposal of fixed assets is accounted for on an accruals basis. Capital receipts are held in the 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 committee's cash management.

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Accounting Policies (Continued)

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.

Housing Deficiency

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

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 committee 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 committee 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 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. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the committee's defined benefit obligation at the end of the reporting date less the fair value of the plan assets attributable to the committee's members at the reporting date.

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Accounting Policies (Continued)

11. Employee benefits - continued

The defined benefit obligation is calculated using the projected unit credit method. Annually the administering committee engages independent actuaries to calculate the obligation of the committee. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy. This includes the use of appropriate valuation techniques.

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

Peel and Western District Housing Committee

Year ended 31 March 2023

Statement of Accounting Policies (Continued)

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 Committee maintains the following significant reserves:

Housing Maintenance Reserve: set up to hold surplus monies received from annual housing repairs allowance less expenditure incurred.

Heating Reserve: set up to hold surplus monies of income from heating charges over heating expenses.

Community Reserve: set up to hold surplus monies from the annual administration allowance over community area expenses incurred.

Housing Revenue Reserve set up to hold surplus monies received from annual housing income less allowances and finance charges.

Capital Receipts Reserve set up to hold surplus capital monies from sale of assets

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

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

Capital Adjustment Account: amounts set aside from capital receipts or revenue resources to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

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.

Peel and Western District Housing Committee

Year ended 31 March 2023

Significant Judgements and Estimates

(a) Judgements

In applying the accounting policies set out above the committee 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:

- The committee operates a 5 year revaluation programme for assets held on the Balance Sheet at revalued amount. This means that assets are not revalued formally every year. However a desktop review is undertaken of the assets that were not formally revalued during the year, taking into account factors such as changes to building cost indices since the asset's last revaluation and the impact of revaluations in year for similar assets. As a result it is judged that the potential difference in value that would result from formal revaluation is not material in the context of the overall carrying value of the assets, and therefore the risk of material misstatement to the Balance Sheet is low.
- Property, Plant and Equipment assets are judged to be held for their service potential rather than future resale value and therefore the committee 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 committee 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 committee 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.

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements

1. Tangible fixed assets

	Assets under construction £	Land and Buildings £	Equipment and fixtures £	Total £
Cost/valuation				
At 1 April 2022	5,197,408	8,319,386	69,837	13,586,631
Additions in the year	660,727	7,746	-	668,473
Revaluation	-	23,705	-	23,705
At 31 March 2023	<u>5,858,135</u>	<u>8,350,837</u>	<u>69,837</u>	<u>14,278,809</u>
Depreciation				
At 1 April 2022	-	377,626	34,248	411,874
Charge for the year	-	136,960	6,824	143,784
Revaluation adjustment	-	(38,832)	-	(38,832)
At 31 March 2023	<u>-</u>	<u>475,754</u>	<u>41,072</u>	<u>516,826</u>
Net Book Value				
At 31 March 2023	<u>5,858,135</u>	<u>7,875,083</u>	<u>28,765</u>	<u>13,761,983</u>
At 31 March 2022	<u>5,197,408</u>	<u>7,941,760</u>	<u>35,589</u>	<u>13,174,757</u>

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 2019. A further valuation was performed as at 31 March 2023 in respect of Phase C. The basis for valuation is set out in accounting policies.

As the Committee have demolished property as part of the major rebuild scheme, the property element above has been depreciated over its useful economic life resulting in an increased depreciation charge in both this and the prior years.

Development work is explained in the explanatory foreword. In terms of Phase A, construction work reached completion in September 2017 and in terms of Phase B work was completed in June 2019.

Historical cost of revalued fixed assets

Included within the above are assets with a historical cost as follows:

Land and Buildings - £19,853,275 (2022: £19,184,802).

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements (Continued)

2. Assets held

	Number at 31 March 2022	Changes In year	Number at 31 March 2023
Operational assets			
Sheltered accommodation units	96	15	111

3. Debtors and prepayments

	2023 £	2022 £
Amounts falling due in one year:		
Trade debtors	869	600
Housing rents	2,260	4,173
Value added tax	62,225	32,779
Housing deficiency due from Government Departments	122,013	-
Sundry debtors	27,072	9,427
Prepayments	6,392	68,558
	<u>220,831</u>	<u>115,537</u>

Debtor balances are shown net of provisions for bad or doubtful debts as follows:

	2023 £	2022 £
Housing rents	<u>2,678</u>	<u>2,084</u>

In addition, within sundry debtors is an amount of £22,000 which is disputed. As the Committee feel this amount remains due, no provision has been made against this debtor.

4. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	208,180	140,703
Housing rents	2,942	2,568
Housing deficiency due to Government Departments	-	186,373
Sundry creditors and accruals	302,795	135,646
Heating refund creditor	1,198	1,198
	<u>515,115</u>	<u>466,488</u>

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements (Continued)

5. Long term borrowing

Loans outstanding may be analysed as follows:

	2023 £	2022 £
Falling due within one year:		
Bank loans	671,428	519,033
Bank overdraft	-	4,699,381
	<u>671,428</u>	<u>5,218,414</u>
Falling due after more than one year:		
Bank loans	15,906,574	11,495,008
Total borrowing	<u>16,578,002</u>	<u>16,713,422</u>

Historically, loans were taken out with Isle of Man Bank and were fixed interest loans. Fixed rate loans vary between 5.87% and 5.90% and all loans are unsecured, although a letter of comfort has been provided by the Isle of Man Government to the Isle Of Man Bank for all loans. The overdraft incurs interest at 0.4% above IOM Bank base rate.

For the last 7 years, new borrowings and new overdrafts have been taken out with HSBC Bank. These are unsecured although a letter of comfort has been provided by the Isle of Man Government to HSBC Bank. All HSBC loans are taken out under variable rate loans with a rate of 0.95% above Libor rates. Overdrafts incur interest at 0.95% above Libor rates.

6. Dwelling rent income

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent 25.3% of the rental debit for the year (2022: 23.8%).

7. Rent arrears

	2023 £	2022 £
Rent arrears	2,260	4,173
Rent arrears as a percentage of gross rent income	<u>0.34%</u>	<u>0.62%</u>

Arrears written off during the year amounted to £Nil (2022: £Nil) and the provision has increased from £2,084 as at 31 March 2022 to £2,678 as at 31 March 2023.

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements (Continued)

8. 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 is calculated as follows:

	2023	2022
	£	£
Opening balance due	(186,373)	(599,576)
Charges to Deficiency Grant	1,179,411	859,637
Payments received from Department of Infrastructure	(871,025)	(446,434)
	<u>122,013</u>	<u>(186,373)</u>

9. Key management personnel

Key management personnel are those persons having Board and responsibility for planning, directing and controlling the activities of the Board. Key management personnel remuneration totalled £36,780 (2022: £23,927) including pension contributions.

10. Members' allowances

During 2021/22 and 2022/23 no amounts were paid by the Committee to its Members in respect of their attendance at meetings, undertaking duties and responsibilities.

11. 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. The Committee required deficiency funding of £1,179,411 (2022: £859,637) from Central Government (see note 8).

The committee have financial dealings with Peel Town Commissioners, an authority of which two Committee members are Commissioners. During the year an amount of £12,437 (2022: £21,422) was invoiced from Peel Town Commissioners to Peel & Western District Housing Committee in respect of the recharge of expenditure incurred and staff costs incurred by Peel Town Commissioners on Peel & Western District Housing Committee business. An amount of £14,924 (2022: £25,706) was due to Peel Commissioners at the year end in respect of these transactions.

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements (Continued)

11. Related party transactions

During the year, the Committee was charged £26,685 by the Department of Environment, Food and Agriculture in respect of heating charges and other fees (2022: £28,118). At the year-end, £1,264 was due to the Department of Environment, Food and Agriculture in this respect (2022: £3,823).

During the year, the Committee was charged £26,508 by the Manx Utilities Authority in respect of electricity charges (2022: £20,441). At the year-end, £4,173 was due to the Manx Utilities Authority in this respect (2022: £1,093).

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. With the exception of the above disclosures:

Officers of the Committee - no related party disclosures arose in relation to officers.

Members of the Committee – no related party transactions arose in relation to members of the Committee.

12. 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:

	2023	2022
	£	£
Depreciation, impairment & revaluation losses for non-current assets	143,784	151,966
Profit on sale of assets	-	(203,219)
(Decrease) in creditors	(14,337)	(369,723)
(Increase) in debtors	(105,294)	(64,590)
Difference between FRS102 pension cost and contributions paid	6,000	12,000
	<u>30,153</u>	<u>(473,566)</u>

13. Cash flow statement – Investing activities

	2023	2022
	£	£
Purchase of assets	(605,505)	(2,001,649)
Proceeds on sale of assets	-	264,082
	<u>(605,505)</u>	<u>(1,737,567)</u>

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements (Continued)

14. Cash flow statement – Financing activities

	2023	2022
	£	£
Bank borrowings taken out in the year	5,110,933	827,470
Repayments of short-term and long-term borrowing	(546,973)	(538,777)
Loan interest paid	(454,942)	(265,986)
	<u>4,109,018</u>	<u>22,707</u>

15. Cash and cash equivalents

	2023	2022
	£	£
Bank balances	60,505	351,178
Overdrafts	-	(4,699,381)
	<u>60,505</u>	<u>(4,348,203)</u>

16. Audit fees

During the year the Committee incurred external audit fees of £7,200 (2022: £5,400).

17. Post employment benefits

The committee 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 Committee. The committee has committed to a funding plan with the Administering Committee, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the Administering Committee 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 2023 by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	31 March 2023	31 March 2022
Rate of increase in salaries	3.70%	4.00%
Rate of increase in pensions	2.90%	3.20%
Rate for discounting scheme liabilities	4.80%	2.60%

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.

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements (Continued)

17. Post employment benefits – continued

The mortality assumptions used were as follows

	31 March 2023	31 March 2022
	Years	Years
Longevity at the age of 65 for current pensioners		
• Men	19.6	21.2
• Women	24.7	24.2
Longevity at the age of 65 for future pensioners		
• Men	21.0	22.5
• Women	26.2	25.6

Reconciliation of scheme assets and liabilities:

	Assets	Liabilities	Total
	£	£	£
At 1 April 2022	121,000	(176,000)	(55,000)
Benefits paid	(1,000)	1,000	-
Plan participant contributions	3,000	(3,000)	-
Employer contributions	11,000	-	11,000
Current service cost	-	(15,000)	(15,000)
Interest income/(expense)	3,000	(5,000)	(2,000)
Remeasurement gains/(losses)			
• Actuarial gain	4,000	89,000	93,000
• Experience loss	-	(19,000)	(19,000)
• Change in demographic assumptions	-	1,000	1,000
• Return on plan assets excluding interest income	(16,000)	-	(16,000)
At 31 March 2023	<u>125,000</u>	<u>(127,000)</u>	<u>(2,000)</u>

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

	2023	2022
	£	£
Current service cost	15,000	24,000
Interest cost	5,000	3,000
	<u>20,000</u>	<u>27,000</u>

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

	2023	2022
	%	%
Equity instruments	52	50
Bonds	34	35
Property	13	15
Cash	1	-
Total	<u>100</u>	<u>100</u>

Peel and Western District Housing Committee
Year ended 31 March 2023

Notes to the financial statements (Continued)

17. Post employment benefits – continued

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

	2023	2022
	£	£
Interest income	3,000	2,000
Return on plan assets less interest income	(16,000)	6,000
	<hr/>	<hr/>
Total return on plan assets	(13,000)	8,000
	<hr/> <hr/>	<hr/> <hr/>

18. Capital commitments

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

	31 March	31 March
	2023	2022
	£	£
Rebuild schemes	80,101	91,390
	<hr/> <hr/>	<hr/> <hr/>

Peel and Western District Housing Committee

Year ended 31 March 2023

Notes to the financial statements (Continued)

19. Contingent liabilities

On 22nd July 2019 work commenced on the final phase of the Westlands Redevelopment Scheme (Phase C). The contract was programmed to take 70 weeks to complete. Unfortunately due to a number of factors beyond the Committee's control, for example the Covid 19 pandemic, extra additional work being required to the existing building, a shortage of labour, etc. Completion of the works was finally achieved by the Committee's Contractor Auldyn Construction Limited in February 2023. This meant that the original programme was increased from 18 months to 3.6 years.

Over the past 10 months the Committee's, Project Manager has considered a number of claims from the Contractor regarding their entitlement additional fees in relation to both time and cost. There have been a number of awards made, however this process has now been exhausted. The only further option open to the Contractor is for them to invoke the dispute resolution clauses of the contract. Both the Committee's Project Manager and Quantity Surveyor cannot see any justification for this claim. They are of the opinion that if the company were to enter dispute resolution, an amount may become payable however the Committee believe there is no basis for the claim. If the Committee were to enter into arbitration with the Contractor they would incur significant legal costs. Any subsequent awards to the Contractor or costs that occurred would be financed by submitting a petition to the Department of Infrastructure to allow the Committee to borrow money from HSBC Bank under the Local Authority Borrowing Scheme. Loan repayments would be funded through housing deficiency payments received from the Isle of Man Government. There are no further contingent liabilities to disclose.

Given the dispute is ongoing, and the outcome is not known, the Committee cannot estimate the likely outcome of the dispute.

In addition, within sundry debtors is an amount of £22,000 which is disputed. As the Committee feel this amount remains due, no provision has been made against this debtor. In the event that this amount was not received, this would need to be funded by housing deficiency.

Peel and Western District Housing Committee

Year ended 31 March 2023

Detailed Expenditure Account

	2023 £	2022 £
Repairs and maintenance		
Repairs and renewals	61,884	52,054
	<u>61,884</u>	<u>52,054</u>
Supervision and management		
Salaries and wages	235,755	184,588
Carephone charges	9,552	8,166
Grass cutting	20,093	27,066
Advertising, stationery, printing and postage	10,589	11,558
Miscellaneous	8,302	4,272
Computer expenses	8,347	9,175
Community area costs	39,003	33,094
Professional fees	5,432	4
Internal audit and accountancy fees	9,040	10,625
Audit fees	7,200	5,405
Bad debts	595	(186)
Health and safety fees	6,028	6,862
	<u>359,936</u>	<u>300,629</u>
Rates		
Rates paid	78,768	98,306
Fuel and oil	96,500	47,200
Insurance	18,657	14,826
	<u>193,925</u>	<u>160,332</u>

This page does not form part of the audited financial statements.