



**Isle of Man
Government**
Reiltys Ellan Vannin

Isle of Man Government Annual Financial Statements and Report

GD: 2023/0130

Year ended 31 March 2023

gov.im/treasury



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Government
Reillys Ellen Vannin

Annual Financial Statements and Report

Year Ended 31 March 2023



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1. FOREWORD BY THE TREASURY MINISTER

The 2022/23 financial year has seen the Island continue to face significant challenges through increased inflation and the cost of living. Government has not been immune to these issues with all budgets being under significant pressure.

Despite the ongoing financial pressures being faced, we have continued to invest in the Island in order to deliver the Island Plan and the Economic Strategy. This work will continue through the coming years in order to capitalise on the opportunities that are available to the Isle of Man and its economy.

There has been a need to continue to draw from Government reserves in the short term to support activities and the performance of investments has also been subject to significant volatility due to market conditions during the year. However, Treasury continues to focus on achieving stability within the Island's economy and continues to monitor the position in order to protect reserves to ensure that they are available to grow and invest in the future of the Island.

During the year, Treasury committed to establishing an Economic Strategy Fund, with initial funding of £100 million, which will be used to support the delivery of the Economic Strategy.

Treasury also continues to make funding available to support the Climate Change Plan and several initiatives have been brought forward through departments with more planned for the future.

The 2022/23 budget planned to deliver an overall surplus of £0.4 million. The actual surplus for the year (before accounting adjustments) was £58.6 million, which after the transfer to the Capital Financing Reserve of £20 million from the Net General Revenue Account results in a net surplus of £38.6 million. This is mainly as a result of actual received income being in excess of that budgeted for, despite additional expenditure being incurred to support the Island's population with the increased cost of living.

A supplementary vote of £18.3 million was approved by Tynwald during the financial year for the Department of Health and Social Care to increase the budgeted mandate for Manx Care. This additional budget was to allow Manx Care to continue its work in reducing certain waiting lists. As at the year end, the full amount of the additional approval was not fully utilised and as a result Tynwald agreed to roll forward £10.3 million of this additional budget to the 2023/24 financial year to allow Manx Care to continue this important work.

Government revenue (before accounting adjustments) for 2022/23 was £1,263 million (2022: £1,175 million), which is £77.5 million ahead of budget due to increased income in all areas of income tax, VAT, social security receipts and other Treasury income.

Total expenditure (before accounting adjustments) was £1,204 million (2022: £1,142 million), which is £31 million higher than budget. The higher than expected expenditure is mainly due to departmental expenditure being affected by the high level of inflation being experienced in the economy during the year and also due to the support provided by Government to the public to assist with the increased cost of living.

The current market value of our external reserves has decreased by £183 million during the year to £1,812 million as at 31 March 2023 due to the reasons noted above.

The Medium Term Financial Plan shows that the reliance on external reserves to finance government spending will reduce over the coming years and it is expected that reserve balances will grow once again, subject to more stable inflationary and investment market conditions.



The total net asset value of the Government balance sheet has increased once again compared to the prior year. This is mainly as a result of the reduction in the actuarial valuation of the pension scheme liability.

Treasury staff continue to work hard to support all areas of Government and protect the financial position of the Island. Again, I thank them for their hard work and support that they provide to the Treasury Board.

Hon Dr Alex Allinson MHK

Minister for the Treasury



2. FINANCIAL REVIEW

Following two years of dealing with the Covid pandemic, the 2022/23 financial year continued to present challenges of the Island. High inflation and significant increases to the cost of living as a result affected businesses, residents and the Government alike.

Energy cost inflation, increased fuel costs and pay awards above the levels forecast at the time of the 2022/23 Budget have placed significant pressure on departments.

Government income exceeded budget in all areas for 2022/23. Customs & Excise collected £443.1 million (2022: £390.2 million), Income Tax collected £276.3 million (2022: £243.4 million) and Social Security income totalled £255.1 million (2022: £265.2 million).

Due to the factors noted above, departmental spending also exceeded the budgeted amounts. Total department spending amounted to £1,205 million (2022: £1,143 million) compared to the budget of £1,174 million (2022: £1,108 million).

The consolidated Income and Expenditure Account shows that Government returned a net deficit of £294.4 million (2022: net deficit £166.5 million). The results of Central Government show a net deficit of £288.76 million (2022: net deficit £184.5 million). This is despite generating income in excess of that for the prior year and is mainly due to the unrealised losses being carried within investment balances at the year end.

Removing the effect of GAAP adjustments, such as depreciation and unrealised gains and losses on investments, Central Government returned a net surplus of £58.6 million (2022: surplus £31.8 million).

Treasury continued to provide support to departments, through the use of internal funds, during the year to help meet the increased pay and general costs that have been experienced and also while departmental income levels continue to recover following the pandemic.

Treasury also continued to utilise the proceeds of the £400m sustainable debt issue to support the initiatives linked to climate change, capital infrastructure and the Economic Strategy.

The £100m Economic Strategy Fund has now been established and several work streams are in progress.

The final instalment of the loan facility to the Isle of Man Steam Packet Company was paid during the year as the construction of the Manxman was completed.

During the 2022/23 financial year spending on capital projects by Central Government totalled £64.1 million (2022: £77.3 million). This reduction is as a result of schemes being affected by significantly increased costs due to inflation, continued supply chain and labour shortages along with the need to revisit scope and costings. Several capital schemes have been referred back to the design stage to ensure that the approved scope and budget remain appropriate. Departments are still able to make claims to Treasury to access additional funds where it can be demonstrated that increased costs are as a direct result of inflation.

More details of balances and the financial position are included within Section 6, Financial Highlights and Commentary.

As at 31 March 2023, Moody's credit rating of the Isle of Man Government remained at Aa3 negative, which continues to be in line with the credit rating of the UK Government, due to the continued assessed correlation between the two economies of the UK and the Isle of Man.



The overall aim is to allow our reserves to recover from the financial pressures faced over the last few years and to achieve balance over the medium term financial plan and maintain a strong financial foundation from where to grow the Island's economy.

Caldric Randall

Chief Financial Officer



3. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

In November 2019, Treasury made a formal commitment to implement the United Nations Principles for Responsible Investment (PRI)¹ and confirmed this to the PRI Association.

This commitment includes, where it is consistent with Treasury's fiduciary responsibilities, the United Nations Six Principles for Responsible Investment (the Principles)²:

- To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision making processes;
- To be an active owner and to incorporate ESG into its ownership policies and practices;
- To seek appropriate disclosure on ESG issues by the entities in which it invests;
- To promote acceptance and implementation of the Principles within the investment industry;
- To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles;
- To report on the activities and progress towards implementing the Principles.

Treasury has also committed to completing the PRI Reporting Framework on an annual basis, with the first reporting completed in September 2023.

Due to the ongoing procurement process to appoint new investment managers and the replacement of the investment adviser during the 2022/23 financial year, the establishment of the relevant policies and framework is ongoing and is expected to be completed during the 2023/24 year.

ESG is a generic term used in capital markets and used by investors to evaluate corporate behaviour and can be an indicator of the future financial performance of companies. Environmental factors include issues related to resource use, pollution, climate change, energy use and other physical environmental challenges and opportunities (this factor has been the primary focus of questions received to date). Social factors relate to social trends such as demographic changes, human rights, social attitudes, employee relations and diversity, social trust and other beliefs or behaviours. Corporate governance includes factors that measure the quality and robustness of a company's internal structure and practices.

Treasury, through its investment custodian, is benchmarking its ESG position against the FTSE World Composite Index. The ESG score of the external reserves as at 31 March 2023 is presented below.

The consolidated reserves has a total ESG score of 53.96 (2022: 53.85) compared to a score of 55.69 (2022: 55.24) for the FTSE World Composite.

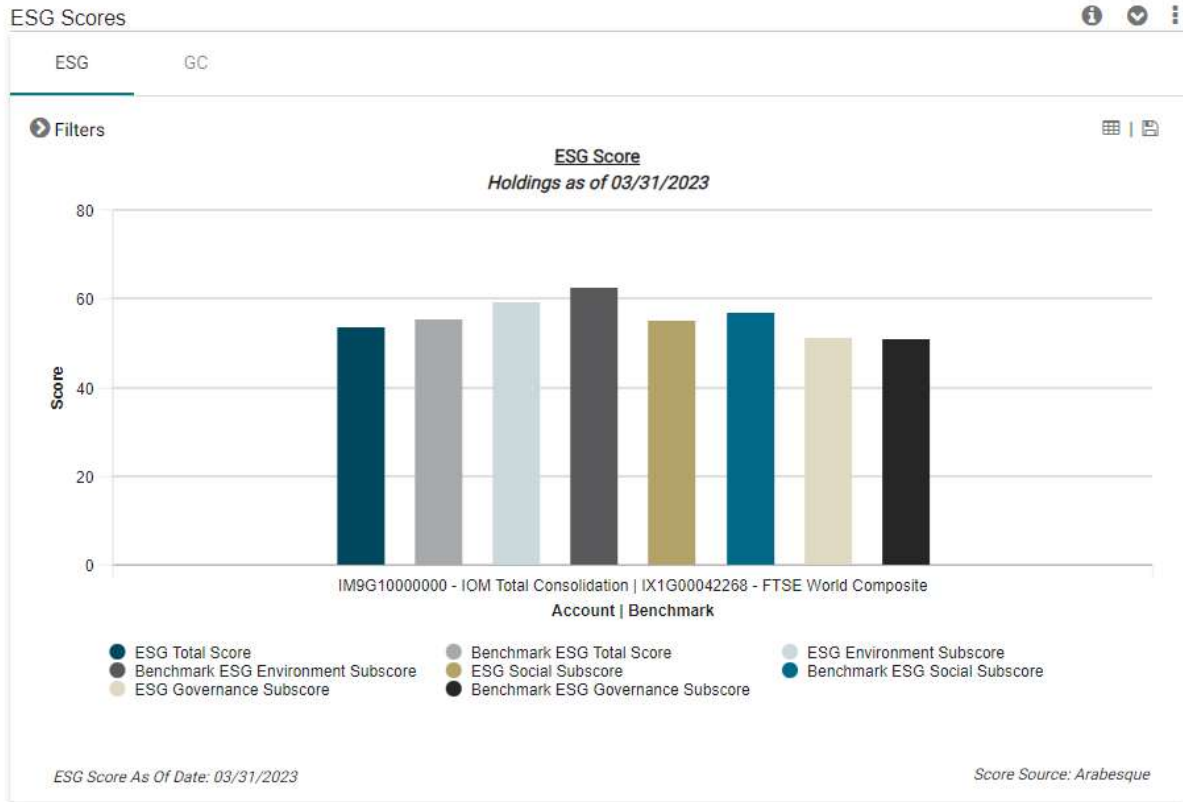
¹ <https://www.unpri.org/>

² <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>

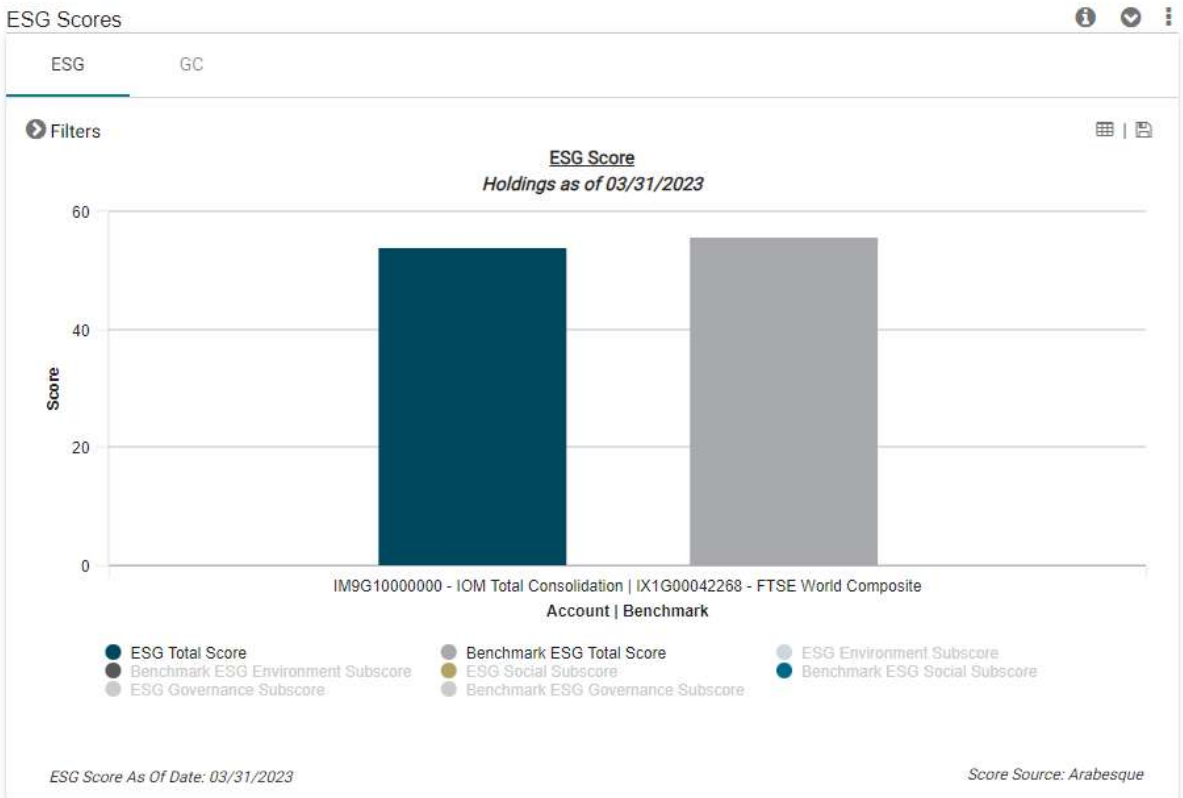


3. ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (continued)

Graph 1: Total consolidated position



Graph 2: Total ESG score comparison – Consolidated position and FTSE World Composite





4. DEPARTMENTAL ANNUAL REVIEW

4.1 Department for Enterprise (DfE)

The Department for Enterprise (DfE) is responsible for economic development and the creation of an environment where local entrepreneurship is supported and able to thrive with more new businesses choosing to call the Isle of Man home. As part of the Island Plan, the DfE is delivering key initiatives to help build a strong and diverse economy, underpinned by a robust economic strategy and clear achievable outcomes.

The DfE has a wide remit and encompasses a number of distinct functions and agencies. It is responsible for four Executive Agencies made up of private/public sector members including a Non-Executive Chair, who work in partnership to promote and develop the Island's sectors and deliver long term, sustainable economic growth for the Isle of Man. These are Finance Isle of Man, Digital Isle of Man, Business Isle of Man and Visit Isle of Man.

The Executive Agencies sit alongside the Department's central functions which are responsible for cross-agency initiatives – encompassing Policy and Strategy Development, Marketing and Business Intelligence, Enterprise Support, Legislation, and the Locate Isle of Man team.

Alongside the Executive Agencies and support functions, the Department also leads the promotion, organisation and delivery of the Isle of Man TT and Manx Grand Prix, and provides assistance to other motorsport events.

The Department is also responsible for supporting three distinct registry areas, two of which are safety regulators. All are highly regarded in their own right and are not only crucial to supporting day-to-day life in the Island, but also underpin a wide range of sectors of the economy: Isle of Man Civil Aviation Administration and Aircraft Registry, Isle of Man Ship Registry and Isle of Man Central Registry.

Collectively, the Department's functions work hand in hand with the Executive Agencies and the broader private sector in growing real businesses, generating real jobs, and providing real opportunities for growth in the Island.

All activity is aligned to the Department's mission; to create an environment, through innovation and collaboration, where the economy thrives.

The Department is also the sponsoring Department of Manx National Heritage and the Isle of Man Post Office.

Review of 2022/23

2022/23 saw the development, consultation and final approval of the Economic Strategy, an important document which sets out the Isle of Man's long-term vision for the economy. This document has been instrumental to setting a strategic direction for the activity of the Department which is based on robust research and measurement metrics.

In 2022/23 the Department delivered the following significant achievements and results:

Visit Isle of Man

- Launched a ten year Visitor Economy Strategy, supported and approved by Tynwald, with an ambitious growth target of achieving 500,000 visitors per annum by 2032.
- Solid visitor recovery post Covid-19, with c275,000 visitors through Q2-Q4 – achieving 87% of 2019 performance.



4.1 Department for Enterprise (DfE) (continued)

Finance Isle of Man

- Finance Isle of Man successfully launched the Insurtech Accelerator Programme, bringing together seven international scale-up businesses to collaborate with the local insurance community. In addition, the Fintech Innovation Challenge was launched at Digital Isle 2022.

Business Isle of Man

- Business Isle of Man played an instrumental role in the issuance of the first conditional licences, one for export and one for transport, of Medicinal Cannabis.
- Delivered a range of targeted measures to support the local economy through the cost of living crisis, including relaunching the Domestic Event Fund, Love Manx campaign and LoveIOM Gift Card incentives.

Digital Isle of Man

- The Digital Agency supported the creation of an additional 268 jobs, equating to a £4.1million exchequer benefit and achieved 75 live GSC licences, comprising an increase of over 100% since the Agency was created in 2018.
- Reached the milestone of 75% of Island premises passed with fibre broadband, and delivered eight new Internet of Things projects.

Locate Isle of Man

- Locate Isle of Man delivered the 2023 Graduate Fair, with 60 businesses and 300 students and graduates attending.
- 33 Business Migrant applications were approved, with 13 Business Migrants relocated and a forecast to create 52 new jobs, with an estimated economic impact of £1.6m and exchequer benefit of £455,000.

Policy & Strategy

- Provided strategic support to the Manx Development Corporation who secured planning permission for the redevelopment of the former Nurses Home, brought forward a detailed large-scale Westmoreland Road Masterplan and continue to undertake feasibility assessments on a number of other brownfield sites.
- Supported the Department of Education, Sport and Culture to develop and begin delivering a Childcare Strategy, which was approved by Tynwald.

Motorsport

- Delivered the return of the Isle of Man TT Races with an audience growth of over 80% for the year, including the delivery of a new streaming service (TT+), live coverage of the event and a documentary film.

Isle of Man Ship Registry

- The Isle of Man Ship Registry continued developments with 'MAVIS'- its operating platform to offer client focused cloud based online services and online registration.

Isle of Man Aircraft Registry

- The Isle of Man Aircraft Registry introduced a multi-factor authentication in Aircraft Registry Digital Information System to further enhance cyber security, in addition to digitally verified signatures for all IOMAR issued certificates.



4.1 Department for Enterprise (DfE) (continued)

Isle of Man Central Registry

- The Central Registry completed procurement of, and implemented a new Digital Archive, delivered a significant upgrade to the Beneficial Ownership database and published a new Land Registry dashboard providing for greater transparency of the housing market.

With the focus across the whole Department on economic growth aligned to the Economic Strategy, unemployment has remained at record low levels, private sector vacancies continue to grow and we continue to see an increasing economically active population.

Challenges in 2022/23

The year did present its challenges, with borders only fully reopening to welcome new visitors in April 2022, and the war in Ukraine inflating energy and cost of living more generally. This uncertainty was met with increasing inflation, increasing pay scales and decreasing numbers of registrations through the Ship and Aircraft Registers, largely due to sanctions that have been introduced against foreign companies and individuals. Despite this, the Department was able to create an overall surplus, thanks in the main to consistently strong income through the Central Registry.

Overview of performance against budget

| Net Expenditure by Division | Annual Budget | Actual Before Internal Fund Reimbursements | Variance (Unadjusted) | Internal Fund Reimbursements | Variance (Adjusted) |
|------------------------------|---------------|--------------------------------------------|-----------------------|------------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Aircraft Registry | (971) | (472) | (499) | - | (499) |
| Business Agency | 520 | 968 | (448) | 493 | 45 |
| Central Registry | (14,640) | (15,443) | 803 | - | 803 |
| Chief Executives Office | 605 | 621 | (16) | - | (16) |
| Digital Agency | 815 | 2,210 | (1,395) | 1,469 | 74 |
| Enterprise Support | 4,311 | 6,270 | (1,959) | 2,966 | 1,007 |
| Finance Agency | 715 | 643 | 72 | - | 72 |
| Isle of Man Ship Registry | (12) | 368 | (380) | - | (380) |
| Motorsport | 6,160 | 7,280 | (1,120) | 114 | (1,006) |
| Strategy & Policy Division | 2,067 | 2,416 | (349) | 246 | (103) |
| Visit Agency | 2,047 | 2,044 | 3 | - | 3 |
| Net Expenditure Total | 1,617 | 6,905 | (5,288) | 5,288 | - |

The Department has faced a challenging year with significant pressures on the Department's income. The Aircraft Register has been hit the hardest with income being £1.3 million less than budget. This is primarily due to ongoing political and financial uncertainty combined with challenging international market conditions and the requirement to deregister 22 aircraft due to sanctions.

The Ship Register is also experiencing the same challenges with income being £392k less than budget.

Both Registries are however also able to reduce their costs to help mitigate potential losses.



4.1 Department for Enterprise (DfE) (continued)

Income for the Central Registry has been positive at £960k favourable to budget. It must be noted that this was before the recent increases in interest rates, which makes mortgages more expensive to borrowers, which may reduce demand from buyers. It is likely that income for the next financial year could be impacted by any slowdown of the housing market.

The Department has actively reviewed their expenditure and look at ways of reducing costs and increasing efficiency.

Enterprise Support also underspent by £1 million which was primarily due to timing of when Financial Assistance Scheme grants are paid out. Supplies and Services were £140k adverse to budget due to consultancy costs relating to the Micro Business Grant Scheme being ahead of target.

The Aircraft Registry have reacted positively to the reduction of income by actively reducing their expenditure against budget by £824k.

Motorsport were adverse to budget by £739k. This was driven primarily by increases in salary and event costs and additional investments in safety.

The expenditure for the Department includes an increase in the bad debt provision by £330k. The majority of these debts relate to the Shipping Registry.

Overall the Department's expenditure was £598k less than forecast. As a result the Department only reclaimed £5.288 million of the £5.886 million of fund claims approved to balance the budget.

Capital spend against budget

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|---------------------------------------|----------------------|--------------|--------------|------------------|--------------|--------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Fibre Optic Network | 3,103 | 3,851 | (748) | 11,100 | 7,066 | 4,034 |
| Company Registry System 5AML | 300 | 461 | (161) | 500 | 461 | 39 |
| Public Records Office Digital Archive | 300 | 156 | 144 | 750 | 256 | 494 |
| Total | 3,703 | 4,468 | (765) | 12,350 | 7,783 | 4,567 |

Fibre Optic Network

To roll out ultrafast fibre to 99% of the Island's premises, total cost £11.1m

Originally spanned 5 years but is now accelerated to connect 75% of premises within 3 years and 99% of premises within 4 years at an additional cost of £1.4m.

The scheme is running ahead of schedule which has resulted in expenditure for this financial year being higher than the phased budget. The scheme is expected to be completed within budget.

Company Registry System 5AML

This scheme has now been completed and within budget.

Public Records Office Digital Archive

This scheme is currently ongoing and is running slightly behind schedule due to a delay in commencement.



4.2 Department of Education, Sport and Culture (DESC)

Review of 2022/23

During the 2022/23 financial year the Department of Education, Sport and Culture (DESC) has made significant progress in resolving the issues surrounding the historical erosion of teachers pay and conditions. The resulting pay awards, and higher than expected public service pay awards have made a significant impact on DESC's financial position, as has the impact of global inflation, which has adversely effected both energy costs and income generation. The results of these factors are reflected in the analysis of internal fund reclaims table below.

Throughout the year DESC has maintained its commitment to recognise the importance of investing in Island residents' education from an early age, increasing school performance levels and providing high-quality education and training opportunities, allowing every individual in our community to achieve their full potential. A summary of DESC's activities and achievements during 2022/23 follows.

Primary and Secondary Schools continue to attain optimum service levels, educating over 11,500 pupils. This main stream service provided excellent attainment results for the majority of school leavers; 74% of Year 11 students achieved a level 2 qualification pass rate of grade C and above and 78% of Year 13 students achieved a level 3 qualification pass rate of C and above. 83% of Year 11 and 57% of Year 13 chose to remain in education whilst the remainder were supported in moving into the work force.

The Training Services Division supported 450 apprenticeships; 65% studying level 3 and 5 qualifications. 750 Vocational Training Assistance Schemes (VTAS) were approved during the year, with continued support for off-island courses within industries such as oil and gas. During this period there was an increase in construction industry apprenticeships to enhance on-island training. There was also an increase in VTAS applications due to changes in the licensing laws.

The Culture Division experienced issues due to several contractual commitments being carried forward from prior years as a result of the Covid Pandemic, this gave rise to a higher than usual number of shows and events taking place within the financial year. Consequently there was a varied, busy schedule which was successfully delivered and attracted new demographics of customers as well as engaging the existing customer base.

Sport, Recreation and Youth Services continued to deliver a wide range of initiatives, with nearly 4,000 places for children with disabilities taking part in a variety of activities. It has offered over 9,000 places for children participating in school holiday sports schemes in which 2,069 hours of voluntary sports coaching was delivered in holiday and school sports programmes. The Manx Youth Games continues to go from strength to strength, with over 1,100 children participating in sports delivered by more than 300 volunteer coaches.

867 children took part in the NSC swimming lesson programme which helped to ensure that 69% of children left primary school able to swim competently. In total the NSC welcomed attendances of 761,869 across the year. DESC's focus on health and well-being saw a record number of referrals from Manx Care (875) and attendances of nearly 13,000 on the Activ8 programme which aims to promote a healthy lifestyle for Government employees.

The Youth Service delivers 55 open access sessions per week from 24 different locations across the island. During 2022-23 this amounts to 38,648 contacts with young people. The Duke of Edinburgh award scheme has supported all independent operators and secondary schools in delivering an award to 192 young people during the period.



4.2 Department of Education, Sport and Culture (DESC) (continued)

Overview of performance against budget

The full year position for DESC is presented below. On an unadjusted basis, the full year expenditure outcome of £122m resulted in overspend of £9.9m against the budget of £112.1m. With adjustments to funding from the approved contingency claims, DESC's full year result met the full year budget target.

| Net Expenditure by Division | Annual Budget | Actual Before Internal Fund Reimbursements | Variance (Unadjusted) | Internal Fund Reimbursements | Variance (Adjusted) |
|------------------------------------|----------------|--------------------------------------------|-----------------------|------------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Primary Education | 31,042 | 34,125 | (3,083) | 2,496 | (587) |
| Secondary Education | 33,775 | 37,477 | (3,702) | 3,811 | 109 |
| University College Isle of Man | 11,077 | 11,415 | (338) | 437 | 99 |
| Culture Division | 1,015 | 1,957 | (942) | 117 | (825) |
| Sport, Recreation & Youth Services | 5,376 | 5,957 | (581) | 665 | 84 |
| Policy, Strategy & Governance | 16,878 | 16,085 | 793 | 629 | 1,422 |
| Education Advice & Support | 12,823 | 14,957 | (2,134) | 1,767 | (367) |
| Quality Assurance & Inspection | 157 | 92 | 65 | - | 65 |
| Net Expenditure Total | 112,143 | 122,065 | (9,922) | 9,922 | - |

As per the table below, salary costs were substantially over budget by £7.5m mainly due to the resolution of the teachers' pay awards for both the financial year 2021/22 (back-paid in August 2022) and 2022/23 (back paid in February 2023) which resulted in a pay increase of 8% for 2022/23. Public Service Commission staff were awarded a 6% increase.

Inflation also had a noticeable impact on energy costs which were £1.4m over budget. Sports, Culture and UCM divisions have all suffered lost income, totalling £0.7m, due to the downward turn in the economic climate which has made these services less affordable as the public has less disposable income to spend on leisure.

| Analysis of internal fund reimbursements | Variance £000 |
|------------------------------------------------------------|------------------|
| Salary costs | (7,493) |
| Energy costs | (1,446) |
| Income | (701) |
| Sports Division - Regional Pools - subsidised energy costs | (221) |
| Culture Division - Bona Vacantia | (50) |
| Culture Division - Arts - seized assets | (11) |
| Total internal fund reimbursements | (9,922) |



4.2 Department of Education, Sport and Culture (DESC) (continued)

Capital spend against budget

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|----------------------------------------------------|----------------------|--------------|------------|------------------|--------------|--------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Multi-site Classroom Extension Phase 2 - St Mary's | 126 | 125 | 1 | 4,321 | 4,321 | - |
| Castle Rushen High School – Pre Contract | 1,000 | 861 | 139 | 3,336 | 2,341 | 995 |
| Covered Play and Teaching Areas – Construction | 1 | - | 1 | 260 | 101 | 159 |
| QEII Re-ordering to six form entry – Construction | 223 | 16 | 207 | 450 | 221 | 229 |
| School Security - Construction | 276 | 8 | 268 | 848 | 30 | 818 |
| Total | 1,626 | 1,010 | 616 | 9,215 | 7,014 | 2,201 |

| Rolling Scheme (Cumulative) | Budget | Actual | Variance |
|----------------------------------------------|--------------|--------------|------------|
| | £000 | £000 | £000 |
| DDA Works to Department Sites – Construction | 1,067 | 903 | 164 |
| MCW - Regional Pools – Ongoing Scheme | 2,954 | 2,524 | 430 |
| Total | 4,021 | 3,427 | 594 |

St Mary's School Multi-site Classroom Extension Phase 2

The residual expenditure during 2022/23 is due to unforeseen additional works required to complete the project and these include significant steelwork to support the existing roof, additional roof boarding and extensive asbestos removal works on the existing property.

Castle Rushen High School, Pre Contract

Castle Rushen High school development which includes sports pitches drainage, formation and grassing of the pitch batters is complete. DESC is currently seeking Treasury approval to access funding from the Project Development Fund to support design and feasibility studies for the replacement of Castle Rushen High School.

QEII Science, Technology & Sixth Form

DESC plans to seek Treasury approval to access funding from the Project Development Fund to support design and feasibility studies for development at QEII.

DDA Works to Department Sites

There has been ongoing spend on works as required, particularly focus was on SEND issues to accommodate a new cohort of students in September 2023.

MCW - Regional Pools – Ongoing Scheme

Funding of works at the regional pool continued, whilst the regional pool external review report is considered and plans made for future action.



4.3 Department of the Environment, Food and Agriculture (DEFA)

Review of 2022/23

The Department of Environment, Food & Agriculture (DEFA) works to protect and enhance the Island's natural and built assets within the core principles of environment, economic and social sustainability; whilst optimising quality of life, international reputation, food production, energy security and outdoor amenity.

During 2022/23 the Department welcomed the inclusion of the Climate Change Team into the Department.

A number of key achievements made by the Department during 2022/23 include:

Island Plan

- Encouraged and facilitated energy reduction & efficiencies
- Produced a Climate Change Annual Report to Tynwald
- Reviewed areas considered as bathing areas based on use not designation
- Undertook and completed a trial for year round bathing water quality testing
- Delivered essential legislation which includes the Energy Act 2023, The Animal Welfare Bill 2023 and Climate Change (Single Use Plastics) Regulations 2022

Climate Change

- Extended the UK's ratification of the Paris Agreement to the Isle of Man
- Developed a Climate Assessment methodology tool to support policy decisions
- Target of 30MW onshore renewables agreed by the Council of Ministers (CoMin)
- Delivered Land Use, Land Use Change and Forestry (LULUCF) project which improved accuracies in the calculation of sources and sinks of Green House Gas (GHG) emissions
- Produced a monitoring framework to help measure progress of climate action

Environment

- Energy Efficiency Scheme 2022 has reached 1805 households through a total of 2065 orders valued at over £493k
- Designated 3 additional new bathing areas for 2023 season (8 designated bathing areas in total)
- Designated Douglas Head as an Area of Special Scientific Interest (ASSI) – 23 ASSIs in total
- Agreed the first Biodiversity Action Plans (BAP) with BAP Leaders Group
- Achieved 6 of the 17 short-term objectives outlined in the King Scallop Long-term Management Plan
- Successfully secured additional quota from the UK Government, initially 100 tonnes of herring in 2023 and increasing to an additional 400 tonnes of herring and 235 tonnes of Nephrops (langoustine) by 2026 for the Isle of Man fisheries sector



4.3 Department of Food, Environment and Agriculture (DEFA) (continued)

Planning and Building Control

- Implemented the process for major planning applications
- Carried out a customer survey and engaged with developers and stakeholders in order to target future changes to the planning process
- Published a refreshed Planning Application validation guide
- Publication of the Planning and Building Control Customer Charter
- Launched Neighbour Notification & Planning Committee referral alerts service
- Developed new processes for condition discharge, pre-application advice, and permitted development queries
- Made improvements to the planning website at Gov.im

Agriculture & Lands

- Delivered a successful Food and Drink Festival and Manx Produce Marquee at annual Royal Manx and Southern agricultural shows
- Implemented a combined ticket system for the Wildlife Park (onsite and online) giving an improved customer journey
- Raised our profile in the UK through a successful penguin breeding programme
- Introduced new Woodland Creation Incentive – Woodland Grant Scheme
- Planted c.240k trees over the last 5 years
- Supported the Manx Wildlife Trust's Ramsey Forest Project by providing a 99 year lease for the management of Cloughbane Plantation.
- The pilot peatland restoration site at Beinn y Phott deemed as a success by local experts.

Regulation

- Undertook a range of property inspections to support the Isle of Man Homes for Ukraine Scheme
- Resumed full monitoring regime in anticipation of the implementation of full 'scores on the doors' regulations
- Retained UK accreditation service (UKAS) status
- Delivered Control of Asbestos Regulations

Overview of performance against budget

The Department's revenue budget is relatively modest compared to the diverse array of services it provides and within such a restricted budget envelope there are very few areas with any contingency or budget surplus. Given the levels of inflation during 2022/23 this meant that budgets have been under significant pressure.



4.3 Department of Food, Environment and Agriculture (DEFA) (continued)

For a period of the 2022/23 financial year, the Department implemented strict recruitment restrictions in order to ensure it remained in budget. This was challenging in terms of service delivery and on existing staff members but was considered necessary in order to achieve financial balance.

The Department received increased fee income from its planning and building control functions, above forecast levels. This overachievement in income served to offset other areas of income generation which did not perform quite so well.

However it is important to note that there is limited, if any, control over the income from fees in this area which are largely driven by external, market forces. Therefore it is not possible to predict with any certainty that such levels can be expected to continue into 2023/24.

Within the Agriculture and Lands Directorate, the Sawmill has seen improvements in income and profitability and this is expected to continue into 2023/24.

The Wildlife Park experienced financial pressures throughout the year, mainly due to inflation and the inability for items of expenditure to be ceased without impacting on either the service or the health of the animals. Work continues to explore ways of reducing the running costs or sustainably increase the income of the park.

Other financial pressures related to the timber harvesting contract and the security costs for Sulby Claddagh. The Department has put in place an approach to managing the Claddagh that aims to minimise costs as far as possible, and with the aim of operating at cost neutral, and has undertaken a public consultation to help inform how the land is managed in the future.

The costs associated with the Sea Fisheries Patrol vessel continue to cause concern to the Department. Not only has the increase in fuel costs put these budgets under significant strain, the age and condition of the boat mean that there is significant repair and maintenance work required on an ongoing basis.

For the 2022/23 financial year, the Department required £3.75m of internal fund claims in order to balance the revenue budget. However many of these related to schemes outside of the Department's usual business activities such as the Blue Carbon Project and the Energy Efficiency Scheme.

The Isle of Man Meat Company Limited required £2.6m in subvention payments during the year, which were drawn from the Agriculture and Forestry Fund. However, unlike previous years, the Department was unable to contribute any revenue underspend towards the subvention, meaning that the remaining value of the fund is under significant pressure for 2023/24.

| Net Expenditure by Division | Annual Budget £000 | Actual Before Internal Fund Reimbursements £000 | Variance (Unadjusted) £000 | Internal Fund Reimbursements £000 | Variance (Adjusted) £000 |
|------------------------------|-----------------------|----------------------------------------------------|-------------------------------|--------------------------------------|-----------------------------|
| Corporate Services | (65) | 698 | (763) | 423 | (340) |
| Planning & Building Control | 419 | (355) | 774 | - | 774 |
| Agriculture & Lands | 9,667 | 13,029 | (3,362) | 2,640 | (722) |
| Regulation | 3,780 | 3,714 | 66 | 19 | 85 |
| Environment Policy | 2,139 | 2,763 | (624) | 631 | 7 |
| Climate Change | 790 | 633 | 157 | 39 | 196 |
| Net Expenditure Total | 16,730 | 20,482 | (3,752) | 3,752 | - |



4.3 Department of Food, Environment and Agriculture (DEFA) (continued)

Capital spend against budget

This section considers the Department capital schemes and the spend against budget, including the split between discrete and rolling schemes. There has been provided also some narrative around significant variances.

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|-----------------------------|----------------------|--------------|------------|------------------|--------------|------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Ballure Slope Maintenance | 38 | (31) | 69 | 126 | 88 | 38 |
| Kionslieu Discontinuance | 400 | (361) | 761 | 500 | 139 | 361 |
| Marine Monitoring Equipment | 120 | 120 | - | 120 | 120 | - |
| Mill Road Yard Development | 85 | (84) | 169 | 2,952 | 2,886 | 66 |
| Total | 643 | (356) | 999 | 3,698 | 3,233 | 465 |

The negative 'Actual' figures for the 2022-23 year are as a result of the reversal of prior year accruals.

| Rolling Scheme | Budget | Actual | Variance |
|----------------------------|--------------|------------|--------------|
| | £000 | £000 | £000 |
| MCW – Rural Infrastructure | 1,227 | 343 | 884 |
| Public Analyst Lab | 197 | 58 | 139 |
| Total | 1,424 | 401 | 1,023 |

Ballure Slope Maintenance

The purpose of the Ballure Slope Maintenance budget is for contingency works that may be required. Examples include checks of the slope and any minor remedial works. However for the 2022/23 financial year no works were required and therefore no budget was consumed.

Kionslieu Discontinuance

This project has not progressed as originally planned. Additional inspections were required to review the land below Foxdale and after consultation with the Flood team it was determined that the scheme in its current form needed to be paused and a revised bid made to Treasury.

The Department has been directed to the Project Development Fund to specify in detail the revised scheme.

Marine Monitoring Equipment

The budget was approved for one year to provide the necessary funding to the Department to purchase the equipment. This has now been installed at the required locations and will allow monitoring to be performed from 2023/24.

Mill Road Yard Development

Significant works have been undertaken as part of the scheme, however for 2022/23 this was limited to drainage investigations and some CCTV costs.



4.3 Department of Food, Environment and Agriculture (DEFA) (continued)

MCW – Rural Infrastructure

This capital scheme was new for 2022/23 and was formed by the merging of the two previous capital schemes – Essential Building Maintenance and Glens & Footpaths. The budget has been utilised over many small projects, including a number of the Island's glens.

The full year spend however was less than anticipated as a result of a number of poor quality tenders being received, particularly around the health and safety aspects of the projects. Additionally some projects have been delayed due to constraints around architect and engineering works.

It is intended that such schemes will be retendered in 2023/24.

Public Analyst Laboratory

The majority of the funding has been used on the Laboratory Information Management System, the servers for which are now built and the necessary custom configurations have begun. Full implementation is anticipated to be in spring 2023.



4.4 Department of Health and Social Care (DHSC)

Review of 2022/23

The Department of Health and Social Care continues to address the critical issues in Health and Social Care and deliver greater access to a comprehensive, high quality and fully integrated health and social care system.

A number of key achievements by the Department during 2022/23 include:

- Delivering the external baseline assessment of the majority of Manx Care provided and contracted services and commissioned an Ofsted baseline assessment of Children and Families Social Work and Children's Homes;
- Publishing the results of the Carers Survey in April 2023 to support the delivery of a new Carers Strategy as identified under the Island Plan;
- Launching the Health and Social Care Ombudsman to provide effective resolution of complaints;
- Securing a supplementary vote for £18.3m for Restoration and Recovery (Phase 2) to enable Manx Care address waiting list times across a number of speciality areas;
- Gaining Royal Assent for the Capacity Bill 2023;
- Re-launching the appropriate adults scheme recruiting and training volunteers to provide 24/7 assistance to vulnerable adults attending the Police Station or Courts;
- Publishing the results of the Autistic Spectrum Condition (ASC) consultation to support the delivery of a new ASC strategy as identified under the Island Plan;
- Commissioning a Review of Clinical Commissioning Policies to enable updates as appropriate based on any new guidance from NHS England;
- Through the Restoration and Recovery programme delivering a 26% reduction in waiting times for orthopaedic, ophthalmology and general surgery; and
- Working with Manx Care to launch the Long Covid, ME and CFS service.
- Granting licence to enable the establishment of a private dispensing service for cannabis based medicinal products

Overview of performance against budget

The Departments revenue budget includes the total funding provided to Manx Care to deliver its services under a mandate. The Department's revenue budget was uplifted for the 2022/23 financial year to include a £6.5m reserve fund to provide some level of both flexibility and contingency both to Manx Care and the Department itself.

Whilst the Department did approve funding within this uplift of £5.6m to Manx Care to cover several areas of cost pressure (TT & MGP, Winter Pressures, S115 and high cost patients), ultimately the entire reserve budget was utilised upon the consolidation of the Department and Manx Care's year end position.

Excluding the Manx Care Mandate, the Department itself delivered a net underspend of £10,920, predominately in its staffing budgets due to delays in recruitment, which were partly due to the structural uncertainties within the Department. The Department did however incur a significant amount of legal costs as a result of a number of well publicised cases. These costs were met from the Legal Cost Reserve.



4.4 Department of Health and Social Care (DHSC) (continued)

During 2022/23 and including the above mentioned Legal Cost Reserve claim, the Department was reimbursed a total of £22.4m from Treasury's internal funds to assist in covering the unbudgeted costs relating to, for example, Covid-19 expenditure and pay awards.

Separately to internal fund claims, the Department was successful in gaining a £18.3m supplementary vote in order to progress with phase 2 of Manx Care's Restoration and Recovery works. The funding is to focus works around three areas, namely Orthopaedic, General Surgery and Ophthalmology procedures. To 31 March 2023, £8m of the funding has been utilised (see table note), with approval granted for the remaining funding to be carried over into 2023/24 for the continuation of the work.

| Net Expenditure by Division | Annual Budget* | Actual Before Internal Fund Reimbursements | Variance (Unadjusted) | Internal Fund Reimbursements | Variance (Adjusted) |
|------------------------------|----------------|--------------------------------------------|-----------------------|------------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| NI Contributions | (49,349) | (51,284) | 1,935 | - | 1,935 |
| Corporate Services | 6,389 | 3,167 | 3,222 | 5,138 | 8,360 |
| Manx Care Mandate | 290,858 | 323,437 | (32,579) | 22,284 | (10,295) |
| Net Expenditure Total | 247,898 | 275,320 | (27,422) | 27,422 | - |

*Annual budget includes an additional £8m awarded via a Supplementary Vote for the Phase 2 Restoration and Recovery activity.

During the year, and as reported in Manx Care's own accounts, Manx Care delivered £7.3m of cash-out savings, exceeding both the original target of £4.3m and the revised delivery target of £7.1m. Efficiency savings of £2.7m have also been delivered so far against the target of £3.2m. Total delivery against the CIP Plan is £9.9m (96%).



4.4 Department of Health and Social Care (DHSC) (continued)

Capital spend against budget

The following tables provide both the Department's capital performance on both discrete and rolling schemes.

Discrete Schemes:

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|-------------------------------------------------------------|----------------------|---------------|------------|------------------|---------------|--------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Accommodation for Day Care Services Eastcliffe | 650 | 148 | 502 | 5,750 | 5,189 | 561 |
| Acute Adult Psychiatric In-Patient Facility | 1,250 | 2,140 | (890) | 10,365 | 9,368 | 997 |
| GP Surgery Development Scheme - Peel | (13) | 1 | (14) | 872 | 872 | - |
| Older Persons Residential & Resource Unit East | 4,788 | 5,378 | (590) | 12,557 | 10,271 | 2,286 |
| Older Persons Residential & Resource Unit North | 229 | 178 | 51 | 429 | 418 | 11 |
| Radiology Equipment Replacement Scheme | 969 | 646 | 323 | 3,941 | 3,941 | - |
| Reconfiguration of Learning Disabilities (Radcliffe Villas) | 1,000 | 257 | 743 | 1,800 | 365 | 1,435 |
| Redevelopment of Emergency Dept, Noble's Hospital | 300 | 16 | 284 | 300 | 25 | 275 |
| Redevelopment of Grianagh Court | 1,000 | 995 | 5 | 1,650 | 1,350 | 300 |
| Replacement LIM system, Pathology, Noble's Hospital | 800 | 311 | 489 | 1,830 | 1,243 | 587 |
| | 10,773 | 10,070 | 903 | 39,494 | 33,042 | 6,452 |

Accommodation for Day Care Services Eastcliffe:

The scheme has progressed well, with the works on the farmhouse building completed. Therefore the scheme is now due to be closed, with the underspend (£575k) returning to Treasury.

Acute Adult Psychiatric In-Patient Facility:

The remaining budget in the scheme was used only for the Grianagh Court scheme.

Work has progressed well and handover is anticipated to take place in June 2023 based upon current projections. A request had also been approved by Treasury's Strategic Asset and Capital Investment Committee for an additional £60k to cover the cost of resin sealing all floors in the building due to cracking found when the current latex levelling compound to the vinyl flooring had been removed.

Older Persons Residential & Resource Unit East:

The scheme has progressed with a current projected handover date of October 2023. However discussion have continued with the architect regarding the design not as anticipated and required. Consequently the Department of Infrastructure Project Management Unit (PMU) are working on a new report with the possibility of insurance claims against the design team.

Additionally a submission to Treasury had been approved up to £900k due to the additional costs incurred due to Covid-19 and levels of inflation.



4.4 Department of Health and Social Care (DHSC) (continued)

Radiology Equipment Replacement Scheme:

New Fluoroscopy/Angiography systems have been purchased alongside five new ultrasound machines. The overspend position is a timing difference and will be corrected using the 2023/24 allocation.

Reconfiguration of Learning Disabilities (Radcliffe Villas):

All of the 2022/23 spend on this scheme relates to professional fees e.g. architect, QS, M&E Engineers, planning supervisor, project management, site surveys and building fees. This scheme was originally costed at £750k, increasing to £1.8m, and the most current estimate is now over £5.5m.

The scheme has been ongoing since 2011 and the effects of Covid and alternative site options etc. have been significant and therefore the scheme has never reached the tender stage.

Due to length of time this scheme has been live and due to the significant increases in potential cost and changes in scope, the scheme has been directed to the Project Development Fund so that a more up to date design & cost can be developed.

Rolling Schemes:

| Rolling Scheme | Budget | Actual | Variance |
|----------------------------|--------------|--------------|------------|
| | £000 | £000 | £000 |
| Asset Replacement Scheme | 1,354 | 999 | 355 |
| Strategic Development Fund | 1,142 | 642 | 500 |
| Total | 2,496 | 1,641 | 855 |



4.5 Department of Home Affairs (DHA)

Review of 2022/23

During the last financial year, our divisions have continued to strive towards delivering the numerous projects that have been identified in the Department's Delivery Plan to ensure the successful implementation of this administration's Island Plan. This is undertaken in addition to the continued provision of responsive services to any emergency incident that happens on Island as business as usual.

Key Achievements in 2022/23

- Report on the review of the Road Safety strategy completed and under review
- Domestic Abuse Act brought into force and Domestic Abuse Protocol³ published
- Justice Reform implementation plan⁴ published
- Sexual Offences and Obscene Publications Act 2021 implementation plan⁵ published
- Established a Community Safety Partnership to identify and implement early interventions to tackle complex issues such as youth offending
- Introduced pardons and disregards for those convicted of a relevant historic sexual offence
- Concluded design work on the Sexual Assault Referral Centre and began tender for construction
- Expanded the Financial Crime Unit to incorporate a Proactive International Money-Laundering Investigation Team (PIMLIT)
- Commissioned an independent review of Legal Services on the Isle of Man
- Commissioned and concluded an independent review of the role of HM Attorney General
- Commissioned a review of the harms caused by illicit substances
- Implementation of the Liquor Licensing and Public Entertainments Act 2021
- Commissioned and concluded independent reviews of the Constabulary (HM Inspectorate of Constabulary and Fire and Rescue Services) and the Prison and Probation Service (HM Inspectorate of Prisons and HM Inspectorate of Probation) and a Peer Review of the Fire & Rescue Service
- Publication of the Department's Climate Action Plan⁶

Overview of Financial Performance

As a Department whose services operate 24 hours a day, seven days a week, inflation has a great impact on our budgets. This has been our primary financial challenge with overspends in almost every area of the budget. While a Cost Improvement Programme identified a number of proposals that were put forward by service areas as having the potential to reduce costs

³ <https://www.gov.im/media/1378854/domestic-abuse-multi-agency-working-protocol-2023.pdf>

⁴ <https://www.gov.im/media/1376009/justice-reform-act-2021-implementation-plan-24032022.pdf>

⁵ https://www.gov.im/media/1376010/soop-implementation-plan-20230523-1-_compressed.pdf

⁶ <https://www.gov.im/media/1376770/climate-action-plan-2022.pdf>



4.5 Department of Home Affairs (DHA) (continued)

and increase efficiencies, a significant proportion have been difficult to implement due to a lack of capacity and relevant experience. The programme has been reviewed as we move into 2023/24 with the aim of prioritising those projects that can deliver meaningful benefits within the next 12 months supported by the Department's senior management team.

By the end of the financial year, the Department had a structural deficit of £3.5m and an operating deficit of £2m. While most of this was in relation to the average pay award across all our pay groups of 6% (compared to a budget of 2%), overspends have also been occurring in non-pay budgets where the costs of many of our contracts have increased in line with inflation or at least above the 1% that had been built in for this year. A high proportion of this expenditure supports the delivery of statutory services so while we can review and challenge when these partnerships are renewed, sole providers or a limited number of providers often means we have little room for negotiation. That said, financial governance has improved across the Department and many historical practices that failed to test the market are no longer considered acceptable and are being discontinued.

Under achievement of income has also continued to be a major risk to financial performance. Consistent over-performance in the Prison and the Fire and Rescue Service have masked low revenue generation within Communications and the Chief Executive's Office. Additional funding approved for 2023/24 within the revenue budget has been used to rebase these targets to more realistic reflections of each service area's expected income which will make the management of these budgets easier for our budget holders from next year onwards.

Overview of performance against budget

| | Annual Budget | Actual Before Internal Fund Reimbursements | Variance (Unadjusted) | Internal Fund Reimbursements | Variance (Adjusted) |
|------------------------------|---------------|--------------------------------------------|-----------------------|------------------------------|---------------------|
| Net Expenditure by Division | £000 | £000 | £000 | £000 | £000 |
| Chief Executives Office | 1,199 | 1,609 | (410) | 575 | 165 |
| Civil Defence | 178 | 208 | (30) | 12 | (18) |
| Fire & Rescue Service | 5,384 | 5,806 | (422) | 470 | 48 |
| Communications | 1,541 | 2,052 | (511) | 511 | - |
| IOM Constabulary | 18,985 | 20,658 | (1,673) | 1,674 | 1 |
| Prison & Probation Service | 9,152 | 9,603 | (451) | 256 | (195) |
| Net Expenditure Total | 36,439 | 39,936 | (3,497) | 3,498 | 1 |

The revenue budget for the Sexual Assault Referral Centre (SARC) was included in the Chief Executive's Office during 2022/23 assuming the service would be 100% operational from the 1st month of the financial year. In reality, the service began in a transitional format meaning that there was an underspend of approximately £100k by the end of the year. In addition to this, there was a higher than usual turnover of staff within the small team in the CEO's office which resulted in a number of savings while vacancies were recruited to. The claims made within this division were for the 3 independent reviews that the Department are leading on, including the Covid Review, review of the role of HM Attorney General and a review of legal service provision on the Isle of Man.



4.5 Department of Home Affairs (DHA) (continued)

Everbridge, the Government's mass communication system has been paid for from the Civil Defence budget for a number of years without a permanent budget. This has been resolved from 2023/24 onwards but has caused a 17% overspend during 2022/23.

Historically, an error within the pay budgets which only applied an annual uplift to basic pay and not other pay costs including overtime, the retainer paid to on-call staff and allowances, meant that a legacy gap grew between the Fire & Rescue Service's budget allocation and total staff-related expenditure. This has been resolved in future years by utilising some of the additional funding provided by Treasury to permanently adjust the budget. Given that the majority of their budget is in relation to staffing costs, the overspend relates almost entirely to the 6% pay award and the internal reimbursement from the Contingency Fund was used to meet this pressure.

In previous years, the Department has used an underspend in the Police's revenue vote to offset overspending elsewhere, but 2022/23 demonstrated that it was no longer possible to rely on this to balance the budget. The cost of a number of contracts have increased in line with RPI which has outstripped the non-pay budgets which were uplifted by 1%. On a positive note, the division were able to meet their income target for the first time in 15 years thanks to a number of one-off income payments. Unfortunately this is unlikely to be repeated and we have adjusted the targets down to a more realistic level for 2023/24.

Energy costs continue to be a major risk across the Department but this is focused particularly within the Prison and Probation Service who meet the running costs of the Isle of Man Prison at Jurby. Electricity cost increases of approximately 40% and 50% on gas continue to put a significant pressure on the ability to remain within budget despite the Department being as proactive as possible with any energy efficiency measures or proposals. It is hoped that a successful bid to the Climate Change Fund to update the energy efficiency report on the Prison will identify where savings could potentially be captured.

Capital spend against budget

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|------------------------------------------|----------------------|--------------|------------|------------------|--------------|--------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Sexual Assault Referral Centre | 100 | 100 | - | 1,080 | 103 | 977 |
| Castletown & Malew Fire Station | 19 | (3) | 22 | 1,648 | 1,576 | 72 |
| Joint Douglas Fire and Ambulance Station | 363 | (419) | 782 | 975 | 70 | 905 |
| Total | 482 | (322) | 804 | 3,703 | 1,749 | 1,954 |

| Rolling Scheme | Budget | Actual | Variance |
|--------------------------------|--------------|------------|--------------|
| | £000 | £000 | £000 |
| Comms Development Programme | 748 | 118 | 630 |
| Equipment Replacement – Fire | 297 | 228 | 69 |
| Equipment Replacement – Police | 273 | 120 | 153 |
| Prison Minor Capital Works | 227 | - | 227 |
| Total | 1,545 | 466 | 1,079 |



4.5 Department of Home Affairs (DHA) (continued)

An issue which occurred when the total vote for a number of our rolling schemes was not extended in the 2022/23 budget meant that the Department did not have enough overall total budget to be able to utilise the in-year 2022/23 budgets. The main capital projects affected by this were the Communications Development Programme and the Prison Minor Capital Works budgets. Both divisions agreed that the expenditure planned for 2022/23 could be re-profiled to 2023/24 which gave them more time to recruit to the vacancies for the Project managers who would ultimately be responsible for each area.

Planning permission for the Sexual Assault Referral Centre was obtained during 2022/23 and detailed operating specifications have been finalised in conjunction with Manx Care and the Department for Infrastructure. An additional £2.2m was secured in the 2023/24 budget to meet the additional costs of the build of the Sexual Assault Referral Centre and it is hoped that the majority of the build work will be commenced in the coming financial year.

The Department has also been working with Business Change Services to develop a Blue Light Strategy which will underpin how each of the emergency services will work together collaboratively from both an operational and physical viewpoint. It is hoped that the strategy will identify an appropriate solution to where and how these services should be homed in the future with a view to maximising efficiencies wherever possible.



4.6 Department of Infrastructure (DOI)

Review of 2022/23

The 2022/23 financial year commenced with a challenging financial outlook. At the end of the prior financial year the Royal Institute of Chartered Surveyors had outlined a 40-year high on construction material costs. Increased global demand and supply chain cost increases arising from the pandemic have continued to affect numerous areas across the Department. This was felt more than ever in the capital portfolio.

As such, the first forecast in May 2022 saw the Department predict a significant overspend of £23.6m against its revenue budget.

As the financial year progressed further financial challenges began to emerge such as unprecedented energy price rises and a landscape of elevated inflation affecting both payroll and contracted services. This culminated in a high of 10.8% CPI inflation in July 2022.

Throughout the year the Department continued to deliver on its capital programme, adapting the Island's infrastructure to cope with the effects of climate change for example the Pulrose River bridge replacement and completing new facilities such as the Island's new vehicle testing centre.

Affordable housing remained a priority for the Department including updates to the Shared Equity Purchase Assistance Scheme and commencing work to enable the mid rental option to be a permanent scheme. The Department of Infrastructure worked with Local Authorities to deliver modern public sector housing in Castletown and Ramsey as well as supporting the working groups on the issue of homelessness.

To address the gradual reduction of forecast overspend in the Department across the year a cost improvement plan was developed. This saw the Department undertake a variety of initiatives including:

- An immediate recruitment freeze;
- Mining waste for ferrous/non ferrous materials to generate a new income stream;
- Conversion where applicable to lower cost fuel types used in quarry equipment;
- Recovering debt where appropriate; and
- Implementing practical energy use approaches across of the Government estate.



4.6 Department of Infrastructure (DOI) (continued)

Overview of performance against budget

The Department of Infrastructure has successfully balanced against its allocated revenue budget in 2022/23. The table below shows a summary of divisional results, both pre and post fund reimbursements.

| Net Expenditure by Division | Annual Budget | Actual Before Internal Fund Reimbursements | Variance (Unadjusted) | Internal Fund Reimbursements | Variance (Adjusted) |
|--------------------------------|---------------|--------------------------------------------|-----------------------|------------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Corporate Support & Compliance | 6,624 | 5,566 | 1,058 | 39 | 1,097 |
| Airport | 2,380 | 7,960 | (5,580) | 826 | (4,754) |
| Highway Services Division | (3,478) | (3,903) | 425 | 228 | 653 |
| Public Estates & Housing | 23,185 | 23,979 | (794) | 2,022 | 1,228 |
| Transport Services Division | 13,220 | 17,644 | (4,424) | 2,931 | (1,493) |
| Harbours Division | (185) | (3,174) | 2,989 | 100 | 3,089 |
| Flood and Coastal Protection | 1,482 | 1,361 | 121 | 59 | 180 |
| Net Expenditure Total | 43,228 | 49,433 | (6,205) | 6,205 | - |

Internal fund reimbursements included airport flight subvention, lease dilapidations, energy and payroll contingency.

Corporate Support & Compliance saw higher than expected costs in the Waste Services Division. The impact of this was reduced by favourable income from Energy from Waste sale of electricity to the MUA.

The Airport ended the period £4.75m over budget. The majority of this overspend arising from income being under-achieved by £4.4m, a result of the aviation industry in recovery post-pandemic. A further element was that structural reallocations were necessary, post separation from the Harbours Division.

The Highway Services Division ended the period with a favourable variance of £653k focussing efforts where possible on capital maintenance initiatives.

The Public Estates & Housing Division ended the period with a favourable variance of £1.228m including underspending from the Local Authorities use of Housing Deficiency funding. This result also masked the Commercial teams' under recovery of income by £1.734m. A significant element of this under recovery related to subsidising the use of Chester Street as a vaccination hub and the prior disposal of several rent bearing properties, resulting in unachievable income targets.

Transport Services Division ended the period £1.493m over budget. This is largely as a result of capping bus fares in the second half of the year, providing coverage for absences and the increasing cost of providing minibus services. Fuel, oil, diesel, coal and lubricant net costs were also £949k over budget in the year due to pressure on fuel pricing.

The Harbours Division ended with a favourable variance of £3m arising from income exceeding budgeted targets. This included an element of one-off income receipts and identified the need to amend budget targets to take account of the separation of Airport previously noted.



4.6 Department of Infrastructure (DOI) (continued)

The Flood Management Division ended the period with a favourable variance of £180k mostly arising from unfilled vacancies.

Capital spend against budget

The table below shows the Department's capital schemes and the spend against budget, split between discrete and rolling schemes. Additional commentary for schemes overspent is shown below in the notes.

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|-------------------------------------------------------------|----------------------|--------|----------|------------------|--------|----------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| A5 Road Reconstruction | 921 | 12 | 909 | 986 | 126 | 860 |
| Active Travel | 15 | 97 | (82) | 2,563 | 2,510 | 53 |
| Airfield Drainage | 434 | 177 | 257 | 584 | 314 | 270 |
| Airport Fire Station | 90 | 2 | 88 | 200 | 119 | 81 |
| Airport Training Rig | 880 | - | 880 | 2,200 | - | 2,200 |
| Balthane Gateway | 600 | 663 | (63) | 1,929 | 663 | 1,266 |
| Clagh Vane Redevelopment 7/8 | 50 | 56 | (6) | 10,418 | 6,781 | 3,637 |
| DDA - Public Buildings | 256 | (235) | 491 | 750 | 515 | 235 |
| Douglas Harbour - King Edward VIII Pier Upgrade | 1,000 | 329 | 671 | 3,250 | 329 | 2,921 |
| Douglas Harbour Strategy | 79 | - | 79 | 988 | 121 | 867 |
| Douglas Promenade | 295 | (137) | 432 | 25,730 | 25,730 | - |
| Douglas Promenade Walkway | - | 1 | (1) | 1,935 | 52 | 1,883 |
| East Quay Peel | 948 | 1,388 | (440) | 2,526 | 1,515 | 1,011 |
| Harbours Ramsey Shipyard | 455 | - | 455 | 455 | - | 455 |
| Rockmount, Poortown Road | 150 | - | 150 | 150 | - | 150 |
| Heritage Trail Improvements | 260 | 9 | 251 | 2,066 | 1,497 | 569 |
| HSD Ash Dieback Mitigation | 416 | 15 | 401 | 416 | 15 | 401 |
| HSD Transport Model | 385 | 5 | 380 | 385 | 5 | 380 |
| Integrated Communication Control System | (42) | 124 | (166) | 350 | 341 | 9 |
| IOM Ferry Terminal - Liverpool | 32,622 | 29,738 | 2,884 | 70,676 | 65,427 | 5,249 |
| Jurby Development Initiative | 1,004 | 11 | 993 | 1,837 | 841 | 996 |
| Peel Marina Works | 722 | 240 | 482 | 919 | 430 | 489 |
| PEH Dalmeny Structural Refurbishment | 118 | - | 118 | 118 | - | 118 |
| PEH Ellerslie Workshop Recladding | 123 | 2 | 121 | 123 | 2 | 121 |
| PEH International Arrivals Facilities | 1,947 | 7 | 1,940 | 2,097 | 7 | 2,090 |
| PEH Modernisation works to Visitor Facilities, Sea Terminal | 500 | 46 | 454 | 1,000 | 46 | 954 |
| PEH Rationalisation of Units in Jurby Ind Estate | 198 | 2 | 196 | 198 | 2 | 196 |


4.6 Department of Infrastructure (DOI) (continued)

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|--------------------------------------------------|----------------------|---------------|---------------|------------------|----------------|---------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Pulrose River Bridge | 155 | 770 | (615) | 3,957 | 2,968 | 989 |
| Quarry Plant Replacement | 22 | (512) | 534 | 5,030 | 4,496 | 534 |
| Raggatt Landfill | 456 | - | 456 | 541 | - | 541 |
| Ramsey District Cottage Hospital (RDCH) | 330 | - | 330 | 330 | 16 | 314 |
| Refurbishment of Michael Street Peel | - | 1 | (1) | 685 | 121 | 564 |
| Regeneration - Douglas (Castle/Duke St) | (91) | (91) | - | 4,291 | 4,291 | - |
| Runway Instrument Landing System | (206) | 85 | (291) | 2,959 | 1,708 | 1,251 |
| Runway Visual Range Measurement | - | - | - | 100 | - | 100 |
| Secondary Waste Incinerator | 2,000 | - | 2,000 | 2,000 | - | 2,000 |
| Special Waste Landfill Facility | 1,440 | 1 | 1,439 | 1,711 | 66 | 1,645 |
| Vehicle Test Centre Relocation | 227 | 540 | (313) | 3,777 | 3,772 | 5 |
| Water Storage for Fire Fighting Purposes - Jurby | 124 | - | 124 | 124 | - | 124 |
| West Quay Ramsey | - | 39 | (39) | 1,540 | 197 | 1,343 |
| Wrights Pit | 307 | - | 307 | 307 | - | 307 |
| Total | 49,190 | 33,385 | 15,805 | 162,201 | 125,023 | 37,178 |

Full details of the Department's capital spending on a scheme by scheme basis is included at section 15.2.



4.6 Department of Infrastructure (DOI) (continued)

The table below shows the Departments rolling schemes in 2022/23. The budget available has been updated to take into account the Pink Book and actual spend in prior financial years with associated timing differences.

| Rolling Scheme | Budget | Actual | Variance |
|-----------------------------------------------------------------------|---------------|---------------|--------------|
| | £000 | £000 | £000 |
| Ambulance Fleet Replacement | 640 | 640 | - |
| Climate Change Adaption | 9,000 | 9,000 | - |
| DHA Vehicle Acquisition | 1,777 | 1,777 | - |
| Heritage Rail Budget | 5,380 | 3,742 | 1,638 |
| House Purchase Assistance Scheme | 2,860 | 961 | 1,899 |
| MCW - DfE | 203 | 125 | 78 |
| MCW - DHA | 260 | 40 | 220 |
| MCW - DHSC | 1,754 | 1,754 | - |
| MCW - Education and Children | 3,570 | 2,942 | 628 |
| MCW - Government Estate | 647 | 400 | 247 |
| MCW - Heritage Rail & Public Transport | 542 | 542 | - |
| MCW - Improvements (Previously called Residential Road Refurbishment) | 1,268 | 1,268 | - |
| MCW - Nobles Hospital (Compliance) | 666 | (550) | 1,216 |
| MCW - Nobles Hospital (Plant & Machinery) | 648 | 123 | 525 |
| MCW - Villa/Gaiety | 215 | 215 | - |
| MCW - Wildlife Park | 132 | 100 | 32 |
| MCW Housing Planned Works | 2,467 | 1,920 | 547 |
| Plant & Vehicle Replacement | 3,200 | 3,185 | 15 |
| Site Feasibility Studies | 150 | 148 | 2 |
| Strategic Highway Refurbishment | 7,287 | 5,483 | 1,804 |
| Strategic Structural Maintenance | 1,540 | 1,540 | - |
| Total | 44,206 | 35,355 | 8,851 |



4.7 The Treasury

Review of 2022/23

2022/23 was a year of challenge for Treasury given the ongoing fiscal challenges including inflationary rises. Treasury responded to the cost of living crisis with £17m of additional schemes to support low income families. Within Government, Treasury supported the other Departments by allocating its revenue contingency budget to cover off the pay award and the inflationary impact of energy costs.

Publication and agreement of the Economic Strategy was a key deliverable for the Treasury in 2022/23 and it will now act as a clear focus for the Department as we move forward to the implementation phase. An Economic Strategy Fund was created with £100m for investment and business growth. A Head of Economic Advisory was appointed during the year who will develop Government's economic appraisal capability and provide advice for decision making.

An outline tax strategy was completed in February 2023 with the final document to be completed during 2023/24. During the year a consultation was launched into the National Insurance scheme which received over 300 responses. The Income Tax Division also continued to monitor compliance with all existing international tax standards, ensuring the Island was not placed onto the EU's grey/blacklist, thereby protecting the Island's reputation. More than 95% of actionable assessments were issued in the year and 100% of actionable debt pursued.

Progress has been made on implementing recommendations of the first and second reports of the Select Committee on poverty and will continue into 2023/24. Additionally, the Social Security Division has been working with partner Departments on recommendations from the Childcare Strategy.

Significant progress has been made on implementation of the new financial system. Procurement activity was started at the end of 2022/23 with evaluations of the products and suppliers taking place in Q1 2023/24.

Phase 1 of the new system for Customs & Excise was delivered in the year. Whilst it was largely a success, some teething issues will be addressed in June 2023. Phase 2 is due for delivery in April 2023/24. The Division received an unqualified Audit Report from the National Audit Office for the year.

The Procurement Review which took place in 2021/22 recommended a CLAN (Centre-led Activity Network) approach to procurement. This is similar to the business-partnering model already in operation by the Financial Advisory Service. Therefore during the year a new Head of Procurement role was created and the existing procurement team was transferred from the Attorney General's Chambers to Treasury to compliment the finance business partnering team.

The Audit Advisory Division was the subject of an external inspection during the year which confirmed their compliance with auditing standards. The Division completed 100% of its planned audit reviews along with completion of 100% of Financial Irregularities, Whistleblowing Complaints and Tender appeals in accordance with the relevant frameworks.



4.7 The Treasury (continued)

Overview of performance against budget

| | Annual Budget | Actual Before Internal Fund Reimbursements | Variance (Unadjusted) | Internal Fund Reimbursements | Variance (Adjusted) |
|------------------------------|------------------|--------------------------------------------|-----------------------|------------------------------|---------------------|
| Net Expenditure by Division | £000 | £000 | £000 | £000 | £000 |
| Income Tax | (244,479) | (269,281) | 24,802 | - | 24,802 |
| Customs & Excise | (427,859) | (449,375) | 21,516 | - | 21,516 |
| Social Security | 84,418 | 92,208 | (7,790) | 6,851 | (939) |
| Financial Governance | 6,254 | 7,807 | (1,553) | 1,963 | 410 |
| Financial Advisory | 3,017 | 2,969 | 48 | - | 48 |
| Audit Advisory | 703 | 537 | 166 | - | 166 |
| Lottery Distribution | 1,400 | 1,674 | (274) | - | (274) |
| Treasury Grants | 9,453 | 11,085 | (1,632) | 1,652 | 20 |
| Revenue Contingency | 16,359 | 16,366 | (7) | - | (7) |
| Net Expenditure Total | (550,734) | (586,010) | 35,276 | 10,466 | 45,742 |

Income tax income was £24.5m ahead of budget, largely from Resident Tax.

Customs income was better than budget following the release of prior year provisions for FERSA. A £20m provision was made during the pandemic which has now been released.

Social Security Division includes the Cost of Living Schemes, which cost £17m in total. Of that, £8.8m was funded by general revenue and £8.3m by the NI fund, although £6.9m was reimbursed by the Contingency Fund as outlined above. Whilst there are no additional internal fund reimbursements noted above, there was a net transfer to the NI fund of £16.5m. This is the net of NI income (£255m) and NI funded benefits (£238m, primarily pensions £197m). The income figure is reduced by the transfer to the NHS which was £43m, meaning the gross income was £298m.

In Financial Governance Division (FGD), investment income was £2m better than budget with Crown Fines adding a further £1m. Expenditure included £500k of bank fees in relation to Local Authority borrowing which was subsequently reimbursed from the Housing Reserve Fund. £780k was also incurred for development of the Economic Strategy which was largely reclaimed from the Economic Fund.

The Financial Advisory Service (FAS) budget is 98% employee costs and was below budget due to vacancies during the year. During the year, Finance Shared Services, including the Rates Collection Team transferred from FGD to FAS along with Procurement Services, which transferred from the Attorney General's Chambers. The budget for these new sections was transferred in the 2023/24 budget process.

Audit Advisory has vacant posts contributing to the under-spend in that Division. Some recruitment was underway at the end of 2022/23 with the plan to return to full staffing levels, where affordable.

Lottery Distribution relates to the Lottery income received within the Customs & Excise Division. The adverse variance here is simply the result of receiving additional income within Customs which has subsequently been distributed to the Arts Council, the Sports Council and Culture Vannin.



4.7 The Treasury (continued)

Treasury Grants includes £1.7m of Covid support schemes – the Strategic Capacity Scheme and the Winter Disruption Scheme. These were reimbursed from the Economic Recovery Fund.

The Revenue Contingency budget was used to support Departments with the inflation challenge. This included meeting the gap between the budget pay award (2%) and the actual pay award (6% for civil servants but up to 11% for some groups). This was approved by Treasury mid-year, meaning that the draw on the Contingency Fund was reduced. Distribution of the Revenue Contingency was as follows:

| Department | £000 |
|--------------|---------------|
| DEFA | 386 |
| DESC | 9,638 |
| DHA | 1,146 |
| DfE | 416 |
| DOI | 1,241 |
| DHSC | 3,276 |
| Other bodies | 219 |
| | 16,322 |

Capital spend against budget

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|---------------------|----------------------|--------------|---------------|------------------|--------------|---------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| VIPS replacement | 2,056 | 2,106 | (50) | 6,113 | 5,568 | 545 |
| BPS Upgrade | 259 | 76 | 183 | 1,559 | 893 | 666 |
| Scanning | - | - | - | 100 | 100 | - |
| Employment Theme | 200 | 3 | 197 | 487 | 102 | 385 |
| EFS | 1,310 | 57 | 1,253 | 2,620 | 184 | 2,436 |
| Operational Change | 500 | - | 500 | 1,666 | - | 1,666 |
| SSD transformation | 200 | 132 | 68 | 1,259 | 170 | 1,089 |
| Capital Contingency | 9,000 | 300 | 8,700 | 16,826 | 300 | 16,526 |
| Capital Inflation | 13,000 | 2,132 | 10,868 | 13,000 | 2,132 | 10,868 |
| Total | 26,525 | 4,806 | 21,719 | 43,630 | 9,449 | 34,181 |

| Rolling Scheme | Budget | Actual | Variance |
|----------------------------|--------------|----------|--------------|
| | £000 | £000 | £000 |
| Climate Change Initiatives | 5,000 | - | 5,000 |
| Total | 5,000 | - | 5,000 |



4.7 The Treasury (continued)

Phase 1 of the new system for Customs & Excise was delivered in the year. Whilst it was largely a success, some teething issues will be addressed in June 2023. Phase 2 is due for delivery in April 2024.

The Enterprise Financial System (EFS) is at the procurement stage with four lots having been out for tender. Various groups are assessing the different lots with a view to decide on each one during June. So far spend has been low as the small internal team has done most of the work.



4.8 Cabinet Office

Review of 2022/23

During the last financial year the Cabinet Office has undertaken the essential central role at the heart of the Isle of Man Government and remains responsible for many distinct areas.

Key Achievements in 2022/23

The Department has continued to deliver its business as usual services and functions, including:

- Council of Ministers governance and administration
- lead the development and coordinated the performance management of Government's Island Plan and its deliverables
- centrally co-ordinated policy development including Planning Policy and supported the Housing & Communities Board.
- supported regular and targeted engagement with the UK Government, UK Parliament and other influential and relevant international partners to ensure that the interests of the Island are defended and protected
- acted as the corporate central hub – providing Government's Human Resources, Technology Services, Business Change and corporate Communications services
- provided Passport, Immigration and Nationality services
- provided Public Health Services which help to protect and improve the health and wellbeing of residents and to reduce health inequalities.

Together with these overarching Government services the Department has also:

- implemented the Integrity Line/Concerns at Work initiative
- facilitated the OHR review, the review of the role of the Chief Secretary and the independent review into Government's handling of Covid19
- provided support for those impacted by the war in Ukraine
- opened the new Get Online Centre at the Welcome Centre to support the community in developing their digital skills.

Further detail can be found in the Cabinet Office Department Plan 2023⁷.

Overview of performance against budget

The Department experienced significant financial pressure in the year and achieved its approved revenue budget of £34.661m due to reimbursements from Treasury's internal funds as demonstrated in the table. This funding allowed the Department to undertake additional activities such as the reviews that were approved in Tynwald (as mentioned above).

The impact of inflation was felt across the Department, but particularly in GTS. This division holds the majority of the Government service contracts and was unable to accommodate the unprecedented levels of inflation within its approved budget.

⁷ <https://tyrwald.org.im/spfile?src=cots12&file=/business/opqp/sittings/20212026/2023-GD-0007.pdf>



4.8 Cabinet Office (continued)

The Cabinet Office utilised approved contingency funding to allow it to achieve its 2022/23 revenue budget. As per the terms of such approvals the Department claimed only the approvals that were required to achieve a balanced budget. As a result some of the divisions reported an adverse variance at yearend.

| Net Expenditure by Division | Annual Budget | Actual Before Internal Fund Reimbursements | Variance (Unadjusted) | Internal Fund Reimbursements | Variance (Adjusted) |
|---------------------------------------|---------------|--------------------------------------------|-----------------------|------------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Crown & External Relations | 2,393 | 3,363 | (970) | 980 | 10 |
| Central Policy | 2,449 | 2,755 | (306) | 98 | (208) |
| Health and Care Transformation | - | 4,578 | (4,578) | 4,578 | - |
| Government Technology Services | 19,684 | 20,370 | (686) | - | (686) |
| Office of Human Resources | 6,122 | 6,320 | (198) | - | (198) |
| Passport, Immigration and Nationality | (346) | (585) | 239 | 108 | 347 |
| Business Change Services | 1,711 | 3,085 | (1,374) | 1,790 | 416 |
| Public Health Directorate | 2,093 | 1,760 | 333 | 71 | 404 |
| Senior Executives Office | 555 | 724 | (169) | 84 | (85) |
| Net Expenditure Total | 34,661 | 42,370 | (7,709) | 7,709 | - |

- Central Policy received less income than budgeted due to reduced retail space at the Welcome Centre following the installation of the Get Online Centre. The division incurred consultancy fees in the course of recent reviews for which full reimbursement was not required to ensure that the Department met its approved 2022/23 revenue budget.
- Government Technology Services has the largest payroll budget in the Department and has been significantly impacted by the 6% pay award. (The additional 4% budget award from Treasury of £284,000 went some way to mitigate that impact). The impact of inflation has resulted in an overspend in supplies and services. Contingency funding for the inflationary impact was approved, however this funding was not drawn down.
- Office of Human Resources have incurred consultancy and software expenditure which is largely responsible for the adverse budget variance.
- Passport, Immigration and Nationality has supported an adverse expenditure variance by increased income.



4.8 Cabinet Office (continued)

Capital spend against budget

| Discrete Scheme | Current Year 2022-23 | | | Total to 2022-23 | | |
|--------------------------------|----------------------|------------|--------------|------------------|--------------|--------------|
| | Phasing | Actual | Variance | Budget | Actual | Variance |
| | £000 | £000 | £000 | £000 | £000 | £0 |
| DOI Network Migration | 470 | 135 | 335 | 895 | 544 | 351 |
| Passports & Immigration System | 441 | 51 | 390 | 1,101 | 132 | 969 |
| Technology - NUIX Solution | 96 | 26 | 70 | 707 | 636 | 71 |
| Smart Services | 596 | 7 | 589 | 681 | 7 | 674 |
| IOM Borders System | 185 | - | 185 | 185 | - | 185 |
| TT Race Timing Solution | - | 392 | (392) | 1,275 | 1,275 | - |
| Total | 1,788 | 611 | 1,177 | 4,844 | 2,594 | 2,250 |

- DOI Network Migration is currently in “Delivery” phase and is due for completion in the 2023/24 financial year.
- Passport and Immigration system has been delayed due to a delay in the UK project. It is now estimated that it will be completed in the 2023/24 financial year.
- NUIX System: original project has been completed and the remaining funding was approved for delivery of an IOM Constabulary project which is due for completion in the 2023/24 financial year.
- Smart Services spend was much lower than phased as it was expected that the new digital strategy programme would commence earlier in the financial year.
- IOM Borders System is on hold due to a delay in the UK project. Completion is anticipated in the 2023/24 financial year.
- The TT Race timing solution project was completed in the 2021/22 financial year, however not all invoices were paid in the 2021/22 financial year.

| Rolling Scheme | Budget | Actual | Variance |
|--------------------------------------------------|------------|------------|----------|
| | £000 | £000 | £000 |
| Minor Capital Funding (Business Change Services) | 250 | 250 | - |
| Total | 250 | 250 | - |

- This funding facilitates the delivery of multiple small change projects (cross-Government) within Business Changes Services.



5. EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

5.1 Introduction

The purpose of this foreword is to offer interested parties a comprehensive guide to the most significant matters reported in this Annual Report (the Accounts). The pages which follow are the audited Isle of Man Government financial statements for the year ended 31 March 2023.

5.2 Accounting Changes

The Isle of Man Government introduced the Audit Act 2006 and the Accounts and Audit Regulations 2018 for accounting and financial reporting, and requires the Accounts to be prepared in accordance with any Financial Reporting Standards issued or adopted by the UK. Consequently, the Accounts for the year ended 31 March 2023 have been prepared in accordance with FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland), as applicable to an Isle of Man entity.

The Accounts are prepared in respect of 'Central Government' (comprising Departments, Offices and revenue funded Statutory Boards of Isle of Man Government, as in previous years) and also in respect of the Isle of Man Government Group Accounts (comprising Central Government plus the two non-Revenue Funded Statutory Boards and companies owned by Central Government).

5.3 Financial Highlights and Commentary (Section 6)

The financial commentary is intended to provide a quick guide to the Government's annual transactions and its year end position.

5.4 Statement of Responsibilities (Section 7)

This sets out the respective responsibilities for preparing the Accounts.

5.5 Statement on Internal Control (Section 8)

This is a statement by the Chief Financial Officer describing the Government's arrangements for ensuring strong governance and internal control, the progress made in addressing issues identified by this process previously and areas where improvements are planned.

5.6 Certificate of the Tynwald Auditor General (Section 9)

Section 5 of the Tynwald Auditor General Act 2011 sets out the general functions of the role.

Section 3 of the Audit Act 2006 permits the Tynwald Auditor General to appoint an auditor to examine accounts required to be audited under this Act.

The Tynwald Auditor General has exercised his powers under Section 3 of the Audit Act 2006 and appointed an external audit firm to perform the examination of these accounts.

The Certificate of the Tynwald Auditor General confirms the procedures that he has undertaken to satisfy himself as to the work undertaken by the appointed Independent Auditor.

5.7 Report of the Independent Auditor (Section 10)

The Independent Auditor reports on whether, in their opinion, the Accounts have been properly prepared in accordance with Financial Reporting Standards and the requirements of the Accounts and Audit Regulations 2018 made under the Audit Act 2006 and comply with the requirements of all other enactments applicable to the Accounts.



5. EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)

5.8 Income and Expenditure Account (Sections 11.1- 11.2)

The Income and Expenditure Account shows in summary form all of the Government's annual income and expenditure, in accordance with United Kingdom Accounting Standards as applicable to an Isle of Man entity, and the consequent surplus or deficit which has arisen during the year. It reports the cost for the year of the major services undertaken by the Government and compares that cost with the finance provided by Treasury income.

The income and expenditure for the year has been presented in accordance with the source of the voted income and the Government Department responsible for the expenditure.

5.9 Statement of Total Movement on the General Revenue Account Balance (Section 11.3)

This shows the surplus or deficit on the Income and Expenditure Account adjusted for the additional amounts which are required by statute and non-statutory proper practices to be charged and credited to the General Revenue Account in determining the movement on the General Revenue Account balance for the year. Examples of such transactions include adjustments in respect of fixed assets and pension, and transfers from the Net General Revenue Account to other external and internal reserve funds which are not included within the Income and Expenditure Account.

5.10 Statement of Comprehensive Income (Section 11.4)

The Statement of Comprehensive Income shows all gains and losses recognised by Government during the year which are not reflected in operating performance within the Income and Expenditure Account, such as revaluation of certain property and infrastructure assets and unrealised gains or losses on investments.

5.11 Balance Sheet (Section 11.5)

This statement is fundamental to understanding Government's year-end financial position as it reflects the balances in the Accounts of the Treasury. It does not generally attempt to place market values on the assets, although the value of Long Term Investments and certain Fixed Assets are revalued from their original cost. The amount of "Total Net Assets" does not reflect any liability associated with the National Insurance Fund Investments (future social security obligations).

5.12 Cash Flow Statement (Section 11.6)

The Cash Flow Statement provides information about the changes in cash and cash equivalents for the reporting period, showing separately changes from operating activities, investing activities and financing activities.

5.13 Statement of Changes in Equity (Section 11.7)

The Statement of Changes in Equity presents the surplus or deficit for the reporting period, other comprehensive income, the effects of changes in accounting policies, corrections of material errors recognised in the period and the other movements in reserves.



5. EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)

5.14 Notes to the Statement of Accounts (Section 12)

The Notes to the Accounts record additional information that is either required to explain the summary information provided in the Accounts, or assist in explaining other information contained within the Accounts. The Notes include details of further information, the remuneration statement and any specific required year end information, including:

- Accounting Policies: this statement explains the basis upon which the figures in the Accounts have been prepared. The Accounts can only be properly appreciated if the policies which have been followed in dealing with material items are explained.
- Analysis of Treasury Income: detailed analysis of Customs and Excise, Income Tax, Social Security Income and Other Treasury Income which are included in summary form in the Income and Expenditure Account.
- Investments and Internal Reserves: detailed analysis of Government's Funds including balances brought forward, movements during the year, the balances carried forward and the associated year end market values.
- Employee Pension Liabilities: estimated liabilities in respect of employee pension schemes (as opposed to state benefit pension commitments) together with movements during the year and key assumptions used to prepare the estimates.

The following sections do not form part of the audited Annual Report and are provided for information only.

5.15 Reconciliation of Expenditure of Departments and Other Bodies (Section 13)

These statements provide a reconciliation of the expenditure of the individual Departments and other bodies which appear in the Income and Expenditure Account. The Central Government General Revenue budget is prepared on a different basis from the requirements of United Kingdom Accounting Standards as applicable to an Isle of Man Entity, which is appropriate and necessary for reporting purposes.

5.16 Consolidated Loans Fund (Section 14)

Certain expenditure of a long term nature is funded from the Consolidated Loans Fund, enabling the expenditure to be defrayed against the General Revenue budget over a number of years. These statements provide details of funding made available to Departments during the year, how this funding has been financed and details of advances and repayments made during the year. Aggregate balances for loans made to external bodies are also presented.

5.17 Other Information (Section 15)

This section presents certain information that was previously included within the Detailed Government Accounts and is not subject to audit.

This is included as a source of management information, containing a more detailed version of the Government's Accounts, comparing actual income and expenditure to the budgeted figures.



5. EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS (continued)

Information from this detailed management information is the basis for these Accounts which then have certain adjustments applied to ensure compliance with the current relevant accounting standard (FRS102).

Paul Sayle, FCA FCCA

Interim Chief Accountant, Treasury

Date: 20 December 2023



6. FINANCIAL HIGHLIGHTS AND COMMENTARY

6.1 Introduction

This section is intended to provide a quick guide to the Government's annual transactions and its year end position. The graphs included within the commentary add further information and give a visual impression of the relative sizes of the Income and Expenditure Account components.

The commentary is split between Central Government Accounts (comprising Departments, Boards and Offices funded from the General Revenue Account) and Group Accounts (which also include the two non-revenue funded Statutory Boards and twelve companies owned by Central Government).

6.2 Financial Highlights

| FINANCIAL HIGHLIGHTS - GROUP | | | | | |
|----------------------------------|--|-----------------|-----------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | 2022-23 £000 | 2021-22 £000 | Variance £000 | Comments |
| REVENUE | | | | | |
| Operating Income | | 1,597,068 | 1,224,157 | 372,911 | Operating Income is higher than prior year as Government revenues have increased due to higher levels of inflation in the general economy and an increase in departmental fee income. |
| Operating Expenditure | | (1,586,649) | (1,335,882) | (250,767) | Operational Departmental spending has increased, details of which can be found in section 15 of this Annual Report. All areas of Government have faced inflationary pressure and increased energy costs during the year. |
| Other Income and Expenditure | | (304,823) | (54,774) | (250,049) | The increase in Other Income and Expenditure is a result of increased interest payable associated with the Government bond coupon payments and pension interest costs. There has been significant volatility in the investment markets during the year which has led to an increase in the unrealised loss position. |
| Surplus / (Deficit) for the year | | (294,403) | (166,499) | (127,905) | The increase in income year on year has been outweighed by the increase in departmental net expenditure, loss on forward purchases and the significant unrealised loss within the investment portfolio. |
| CAPITAL | | | | | |
| Income | | 55,911 | 404,546 | (348,635) | Capital income has reduced due to the receipt of the £400m bond proceeds not being repeated in 2022/23. Departmental capital expenditure is no longer financed through loans therefore the level of repayments has reduced significantly following full repayment of all historic positions in the prior year. |
| Expenditure | | (88,712) | (440,320) | 351,608 | Capital expenditure has decreased significantly as a result of the refinancing of existing loans with the MUA and the Isle of Man Steam Packet from the proceeds of the bond issue during the prior year. This has not been repeated in 2022/23. Further loans have been advanced to the MUA in relation to its capital programme and to the Isle of Man Steam Packet to finance the purchase of the Manxman. |
| EXTERNAL RESERVES | | | | | |
| Market Value | | 1,811,817 | 1,996,328 | (184,511) | Investment markets have continued to suffer from significant volatility during the year. There have been withdrawals from external investment positions to finance Government activities during the year which has been the main source of the loss in value of the investment portfolio. |
| Investment Income | | 38,012 | 31,556 | 6,456 | Investment income has benefitted from increased interest rates during the year. |



6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

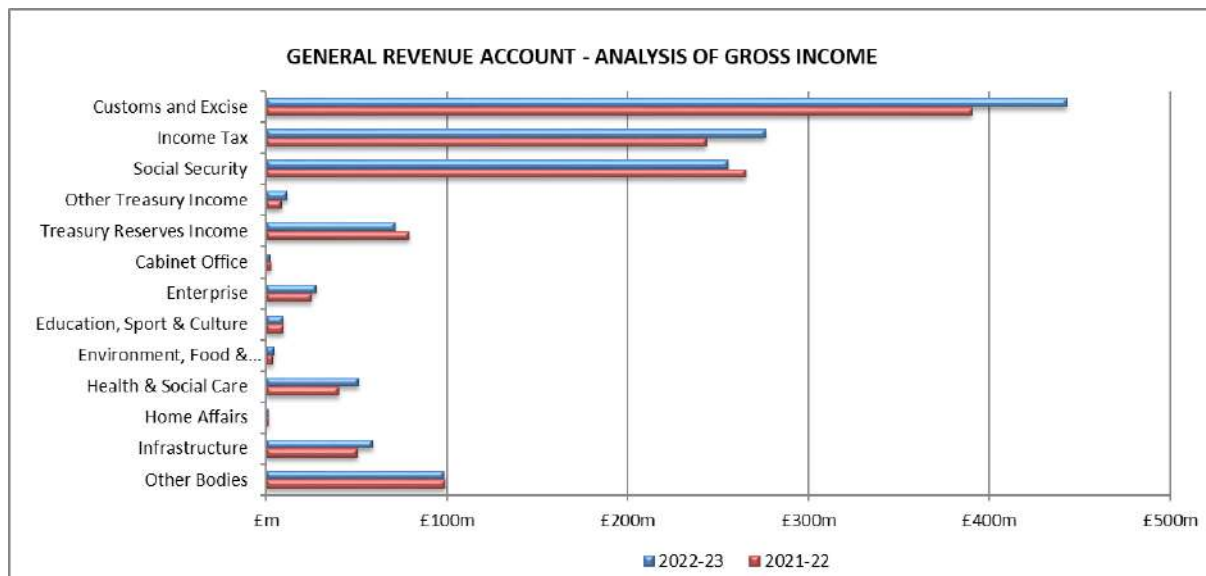
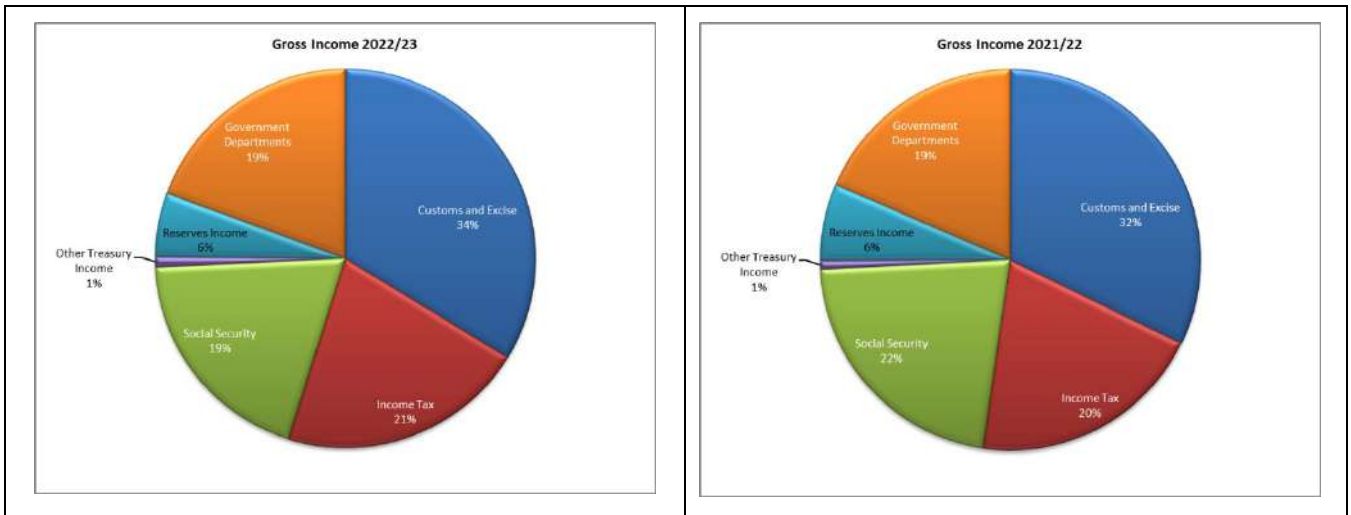
6.3 Central Government

6.3.1 Income

Compared to the management information within Section 15, income is adjusted to include the income from reserves and to adjust the income within Tax and Customs on an accruals basis rather than cash basis.

Gross income from all sources at £1,312.4 million (2022 : £1,222.6 million) was above 2021/22 and above the budgeted figure due to the increased Income Tax and Customs and Excise income due to the effects of the high inflation within the economy.

Within operating income the larger movements were in Customs and Excise income (up £52.8 million on 2021/22), Income Tax income (up £32.9 million on 2021/22), Social Security Income (down £10.1 million on 2021/22).





6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

6.3 Central Government (continued)

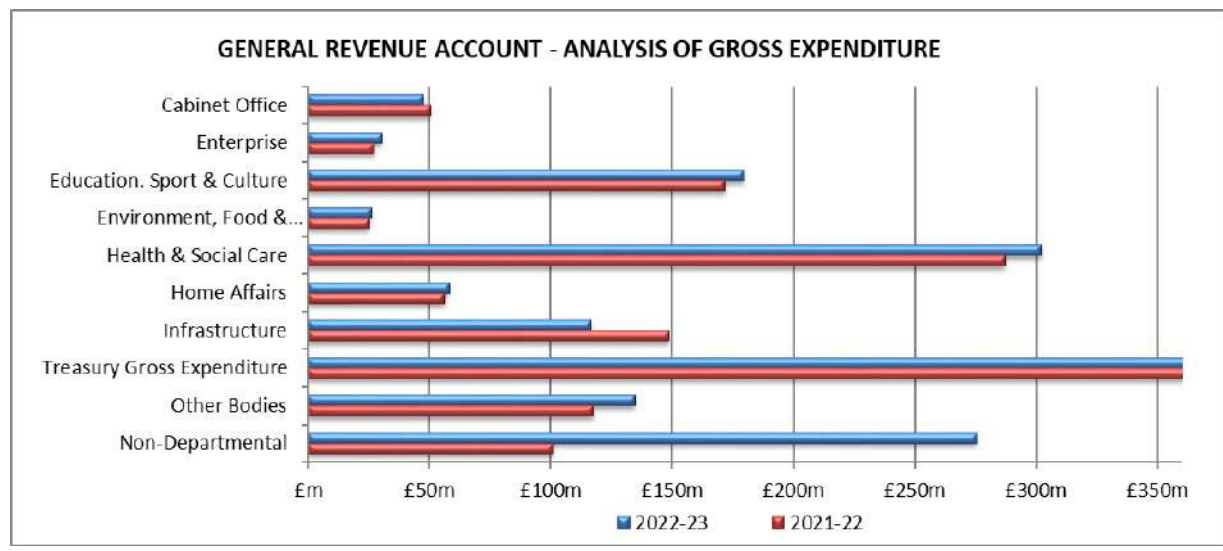
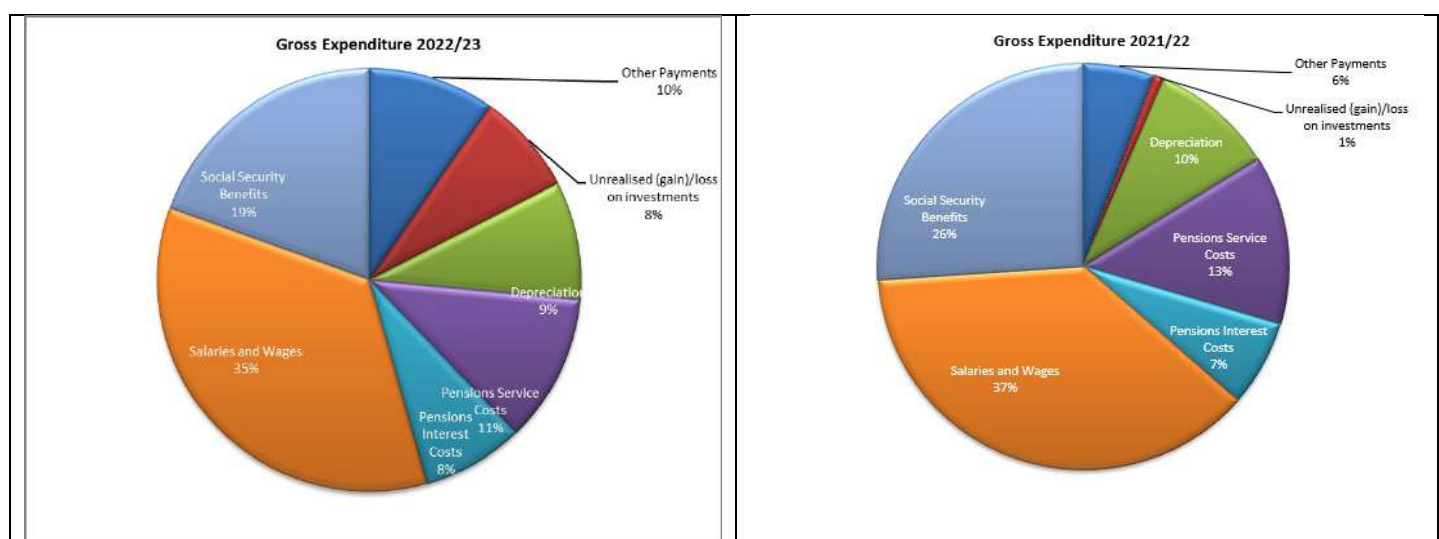
6.3.2 Expenditure

Compared to the management information, included at Section 15, expenditure within these Accounts is higher due to the inclusion of depreciation charges and actuarial pension costs (as opposed to net pension payments made).

FRS102 requires that unrealised gains or losses on investments are included within the Income and Expenditure Account. As with prior years, this has had a significant impact on reported results. In 2022/23 there was an unrealised loss of £143.5 million (reported as expenditure) and in 2021/22 there was an unrealised loss of £2.8 million (reported as expenditure).

Gross expenditure was £1,601.0 million (2022: £1,407.1 million). Department expenditure continues to include a contribution for employee pension costs and this is reported as income within Executive Government.

Pension interest costs, included at note 12.24.6, were £125 million (2022: £96 million) and this reflects the estimated impact of inflation on existing pension liabilities between the annual actuarial valuations of the pension scheme liabilities.



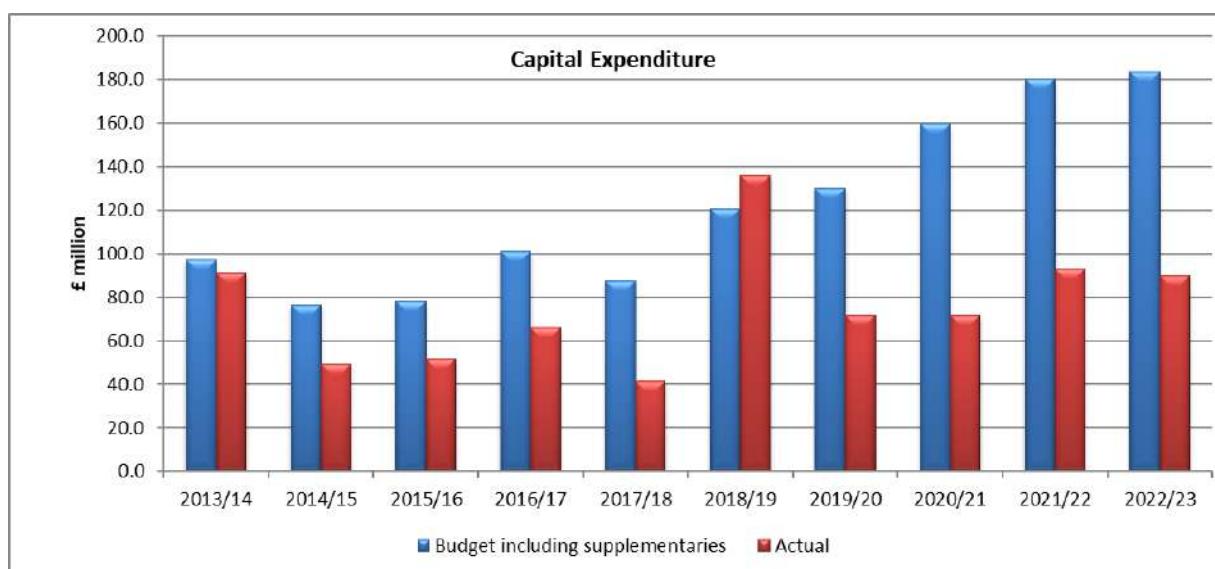


6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

6.3 Central Government (continued)

6.3.3 Capital Expenditure

Total capital expenditure for the year was £90.0 million (2022: £93.1 million). This compares with the original budget of £183.7 million (2022: £180.2 million).



| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|-------------------------|---------|---------|---------|---------|---------|
| Budget | 120.4 | 130.0 | 159.9 | 180.2 | 183.7 |
| Actual | 136.1 | 71.6 | 71.6 | 93.1 | 90.0 |
| Actual as a % of budget | 113% | 55% | 45% | 52% | 49% |

This table presents the combined capital expenditure that is funded from the Consolidated Loans Fund and the Capital Financing Reserve.

The balance on the Capital Fund as at 31 March 2023 was £24.2 million (2022: £26.7 million) and the cash balance was in an overdraft position of £15.1 million (2022: £17.7 million asset). This relates to capital spending from the Consolidated Loans Fund only and does not include funding available through the Capital Financing Reserve.



6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

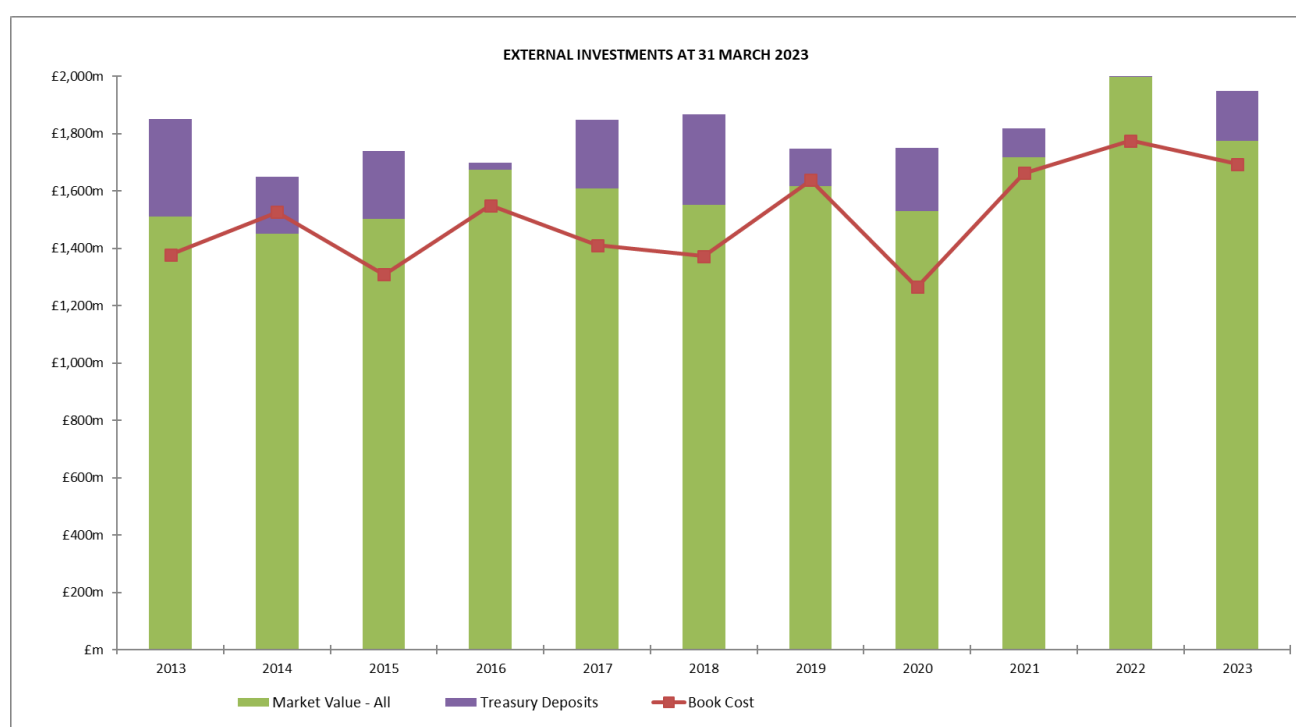
6.3 Central Government (continued)

6.3.4 Reserve Funds

Treasury's investment strategies for the larger funds (which are invested by external investment managers) include exposure to equities and, although their market values can and have fluctuated downwards from time to time, the broad and long term trend has been upwards.

In 2022/23 the market value of the investments (net of transfers into and out of the funds) decreased by £183.4 million to £1,811.8 million (2022: increased by £278.2 million to £1,995.2 million). See note 12.14.2.

Treasury Deposits decreased by £23.9 million to £175.2 million (2022: decreased by £98.1 million to £199.0 million).



6.3.5 Transfers from Reserve Funds

The surplus for the year after reimbursements from internal funds was £58.6 million (2022: surplus of £31.8 million).

Net transfers totalling £42 million were made between the Reserve Fund and General Revenue (2022: £198 million transfer from General Revenue to the Reserve Fund). During the year there were transfers totalling £151.9 million to other internal funds (2022: £172.7 million), which included a transfer of £59.6 million to the Capital Financing Reserve (2022: £99.6 million).

As a result, the retained balance on the General Revenue Account decreased by £50.0 million to a deficit position of £165.9 million (2022: decreased by £108.8 million to a deficit position of £115.9 million).



6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

6.3 Central Government (continued)

6.3.6 Other Balances

Fixed Assets (Note 12.10)

The value of tangible fixed assets increased by £149.1 million to £2,421.4 million (2022: increased by £183.0 million to £2,272.3 million) after depreciation charges of £111.2 million (2022: £133.7.1 million). During the year freehold land and building fixed assets and vehicle, plant and equipment fixed assets and infrastructure fixed assets with a net book value of £1.9 million (2022: £2.9 million) were disposed of.

Long Term Debtors (Note 12.16.1)

Long term debtors increased by £69.9 million to £600.0 million (2022: £530.1 million).

General Revenue Adjustments Account (Note 12.23.2)

The balance of the General Revenue Adjustments Account decreased by £1,814.4 million to £453.7 million mainly as a consequence of the movement in fixed assets, pension charges and unrealised gains and losses on investments (2022: decreased by £170.2 million to £2,268.1 million).

Internal Investments (Note 12.23.4)

The value of internal investments increased by £15.3 million to £186.8 million (2022: increase of £93.5 million to £171.5 million). This now includes the Capital Financing Reserve which had a year end balance of £32.2 million (2022: £57.5 million).

Pension Scheme Liability (Note 12.24.4)

The pension scheme liability in respect of Government pension schemes decreased by £1,682 million to £2,902 million (2022: decreased by £205 million to £4,584 million), principally due to an actuarial gain of £1,904 million (2022: gain of £408 million).

6.4 Group Accounts

6.4.1 Contribution from Statutory Boards

The Group Accounts include transactions and balances in respect of the two non-revenue funded Statutory Boards (Manx Utilities Authority [MUA] and Isle of Man Post Office [IOMPO]), and the Government-owned companies (Radio Manx Limited, Laxey Glen Mills Limited, Manx Development Corporation Limited, Isle of Man Film Limited, Isle of Man Film (DOI) Limited, Isle of Man Limited, Isle of Man National Transport Limited, Isle of Man Steam Packet Group Limited, Isle of Man Meat Company Ltd, Treaco Limited, Cinemanx Limited and Nimbus Medical Holdings Limited).

The combined operational surplus for these bodies was £18.4 million (2022: deficit of £31.2 million). The increase in operating results is primarily due to Manx Utilities Authority and Isle of Man Steam Packet Group recording a surplus for the 2022/23 financial year.

However, the surplus decreases to a net deficit of £10.1 million (2022: net surplus of £17.6 million) after taking into account net interest charges of £17.1 million (2022: £16.9 million), interest and investment income gains of £2.7 million (2022: gains of £1.4 million), unrealised losses on forward purchases of £18.4 million (2022: unrealised gain of £64 million) and unrealised gain on investments of £4.3 million (2022: unrealised gain of £0.2 million).



6. FINANCIAL HIGHLIGHTS AND COMMENTARY (continued)

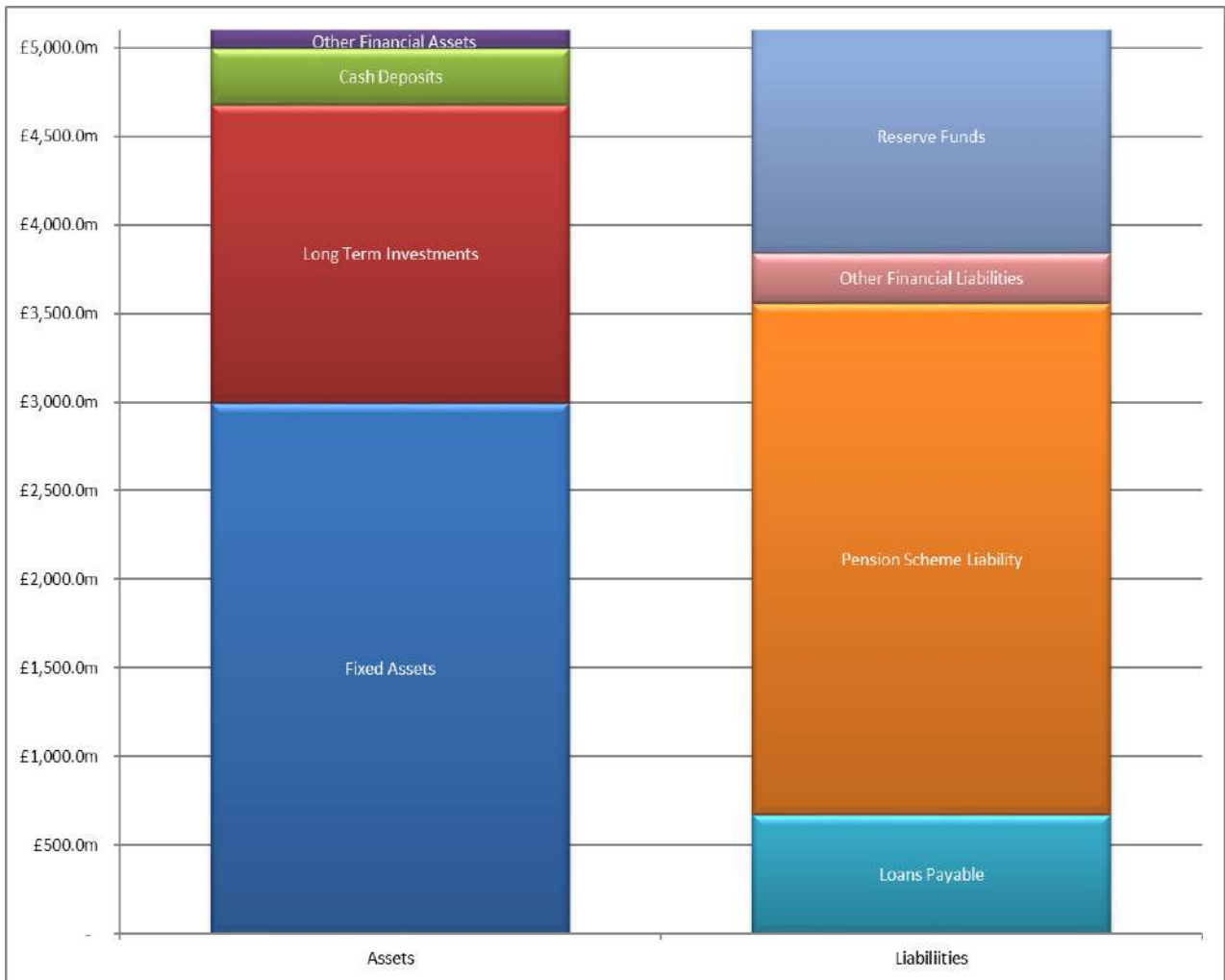
6.4 Group Accounts (continued)

6.4.2 General Revenue Account

The results of the two non-revenue Statutory Boards and owned companies do not affect the balance on the Government’s General Revenue Account as they are not funded and do not contribute directly to the General Revenue Account.

6.4.3 Balance Sheet

The group balance sheet can be analysed as follows:





7. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Treasury's Responsibilities

The Treasury 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. That Officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Treasury and the Chief Financial Officer's Responsibilities

The Treasury and the Chief Financial Officer are responsible for the preparation of the Statement of Accounts.

The Accounts and Audit Regulations 2018 made under the Audit Act 2006 require the Chief Financial Officer to prepare accounts for each financial year in accordance with Financial Reporting Standards issued or adopted from time to time by the Financial Reporting Council in the United Kingdom. The Chief Financial Officer has elected to prepare the financial statements under FRS 102: The Financial Reporting Standard applicable in the UK and Ireland (as applicable to an Isle of Man Entity).

In preparing the Isle of Man Government's accounts, the Treasury and Chief Financial Officer are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the Accounts and Audit Regulations 2018
- assess the Group and Central Government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

The Chief Financial Officer is also required to:

- keep proper accounting records which are up to date
- maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control.
- take reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate

I certify that the Statement of Accounts give a true and fair view of the income and expenditure of Isle of Man Government for the year ended 31 March 2023 and the financial position of Isle of Man Government as at 31 March 2023.

Caldric Randall

Chief Financial Officer, Treasury Department

Date: 20 December 2023



8. STATEMENT ON INTERNAL CONTROL – YEAR ENDED 31 MARCH 2023

1. Scope of Responsibility

- 1.1 The Chief Financial Officer is appointed in accordance with the Treasury Act 1985 as the principal financial adviser to the Treasury and acts as the Accountable Officer of the Department. The Chief Financial Officer is responsible for ensuring that Government business is conducted within an adequate system of internal control so as to give a reasonable assurance that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.2 In discharging this responsibility, the Chief Financial Officer has received Statements on Internal Control or Assurance Certificates from the Accountable Officers of all parts of Government (being the designated bodies set out in the extract reproduced in the Appendix); who have provided assurance that they, and their relevant financial and senior officers, have taken responsibility for having in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal.
- 1.3 In essence, the Statement on Internal Control can be seen as a means of measuring and evidencing the health of the Government in the context of the above obligations.

2. The Risk Management and Control Framework

- 2.1 The Government operates a control environment based upon the Civil Service Regulations, the Financial Regulations, a framework of functions and responsibilities delegated to individual officers within detailed job descriptions, codes of conduct and an internal reporting mechanism within each designated body through the relevant senior management teams to each Accountable Officer.
- 2.2 These foundations set the overall framework for internal control, and the particular responsibilities of the Ministers, Members, Accountable Officers, departmental committees, and officers in respect of the:
 - Accomplishment of established goals and objectives;
 - Compliance with policies, plans, procedures, law, and other regulations;
 - Reliability and integrity of management information;
 - Economical and efficient use of all resources; and
 - Safeguarding of all assets.
- 2.3 Individual responsibility and accountability for internal control is vested wholly in each individual Accountable Officer.
- 2.4 The Treasury maintains a central accounting system through which all financial transactions undertaken by central Government Departments are made. The Manx Utilities Authority and the Isle of Man Post Office maintain their own accounting systems.

3. Review of Effectiveness

- 3.1 The Government's systems of internal control are designed to manage rather than eliminate the risk of failing to achieve objectives: they can only provide reasonable and not absolute assurance. Accordingly, reasonable assurance is given that, except for the matters listed below, the Government's corporate governance arrangements are adequate and operate effectively.



8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2023 (continued)

3.2 The review of the effectiveness of the Government's internal controls is informed by the work of the management of designated bodies, the Treasury's Audit Advisory Division, the public auditors and by other external inspection bodies. The established audit committees of the Manx Utilities Authority, Isle of Man Post Office, Isle of Man Steam Packet Group Limited and Financial Services Authority, further enhance control assurance in those organisations. The Statement on Internal Control or Assurance Certificate produced by each designated body is then used as a basis for this Government-wide Statement on Internal Control.

4. Management Assurances

4.1 To inform my review of effectiveness I have considered the views of Accountable Officers and senior managers across Government, who have completed questionnaires which review internal control, risk management and corporate governance arrangements. In providing their assurances the Accountable Officers and managers have given specific consideration to each of the following operating risks within their areas of responsibility:

- Business Continuity;
- Performance Management;
- Financial Management;
- Procurement;
- Information Management;
- Value for Money;
- Human Resources;
- Change Management;
- Health and Safety;
- Environment; and
- Corporate Governance.

4.2 An Assurance Certificate or Statement on Internal Control for each designated body has been produced, derived from the self-review questionnaires completed for each of its functional areas, and covering each of the specific operating risks listed above. These returns have not identified any material areas of weakness in the Isle of Man Government system of internal control.

5. System of Internal Audit

5.1 In accordance with the Audit Act 2006, the Government maintains an internal audit system which operates in accordance with the Government Internal Audit Standards.

5.2 I am informed by the Director of Audit Advisory Division that the results of the work undertaken during the 2022-23 assurance programme provide adequate (reasonable) assurance on the overall adequacy and effectiveness of the Government's framework of governance, risk management and control.



8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2023 (continued)

- 5.3 In cases where control weaknesses have been previously identified, follow-up reviews have indicated that reasonable action is being taken by management to strengthen relevant internal controls.
- 5.4 The Treasury's Audit Advisory Division also maintain a robust system of review in relation to the reporting of Financial Irregularities within Government and it is noted that there have been instances over the period where concerns have been raised over the appropriate application of Treasury's Financial Regulations, in particular those relating to the procurement of goods and services.
- 5.5 The Audit Advisory Division provides an independent appeal service in relation to Tenders undertaken by the Departments and the Treasury.
- 5.6 The Division have also been involved in advising in the design, development and facilitation of the Government's Integrity Line service which went live in September 2022. Working with Crimestoppers, the Integrity Line provides a new 'front door service' to Government officers who wish to report poor working practices.

6. External Reviews

- 6.1 In addition to the internal review processes described above, the Government is subject to external review and assessment, including external audit. Assurance is taken from these external reviews in respect of our adherence to and compliance with applicable international standards.
- 6.2 Government and its operations and governance are also subject to the parliamentary scrutiny of Tynwald. Accordingly, I have given appropriate consideration to any significant issues arising in Tynwald; and in particular to the work of the Standing Committee of Tynwald on Public Accounts; and the three Policy Review standing committees.
- 6.3 In October 2022 an independent External Quality Assessment of the Government's Internal Audit service was performed by the Heads of Internal Audit for the House of Lords and the Ordnance Survey. An external assessment is due every five years, the last review took place in March 2015 (re-inspection was delayed due to the COVID-19 global pandemic). This year the Division was awarded a 'Generally Conforms' audit opinion. They were found to have general conformance to a majority of the individual statements of good practice, and at least partial conformance to the others.
- 6.4 Grant Thornton were commissioned by the Cabinet Office to review the Occupational Human Resources (OHR) Division. This work has been designed to review the effectiveness and efficiency of OHR and make recommendations for improvement (where identified); and
- 6.5 The independent review into the Isle of Man Government's handling of the COVID-19 pandemic, commissioned by Tynwald. The Chairperson will report their conclusions and identify any recommendations for consideration to Tynwald by 31st December 2023.



8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2023 (continued)

7. Key Improvements Made

7.1 There have been several significant improvements made to the management of Government's risks:

- The Integrity Line, which went live in September 2022, provides employees with a confidential way to call out significant concerns or report any major wrongdoing involving the Isle of Man Public Service. All referrals are made via Crimestoppers, the Line is available 24 hours a day, 7 days week and gives assurance to officers that their issues are being dealt with confidentially, independently and safely;
- The Risk Management process has been reviewed and revised to incorporate good working practices. The Risk Management Policy has been updated and communicated to Chief Officers. Further communications, training and workshops are in development; and
- The Follow-up process has been revised and communicated to Chief Officers and senior managers. The follow-up data has been cleansed on our recommendation tracking system (TeamMate) and any recommendations that are more than four years old will be removed as they no longer present a risk to the organisation.

8. Governance Areas for Review

8.1 There are several significant risk areas that are currently subject to substantial or ongoing review and these include:

- Staffing is a consistently identified risk across Departments particularly recruitment, where vacancies remain significantly high across Departments;
- In common with other public sector offices the Isle of Man Government's financial position and current inflationary environment places pressure on Departments to deliver objectives within financial resources available; and

COVID-19 continues to impact the Isle of Man Government's operations during the year, this is mainly in relation to staff capacity during periods of illness. Business Continuity arrangements have been tested throughout the year but are also instigated when service delivery is at risk.

9. Responsibility for System of Internal Control

9.1 The continuous review of the effectiveness of the system of internal control is the responsibility of each Accountable Officer; as informed by the Audit Advisory Division of the Treasury, external auditors, third party review and self-assessment. Each Accountable Officer must produce and put into effect plans to address control weaknesses when they arise (including those highlighted above) and must ensure continuous improvement of the systems and procedures in place.

Caldric Randall

Chief Financial Officer, Treasury



8. STATEMENT ON INTERNAL CONTROL - YEAR ENDED 31 MARCH 2022 (continued)

Appendix

The Isle of Man Corporate Governance Principles and Code of Conduct apply to all “designated bodies” and “departments of Government” within the meaning of the Treasury Act 1985.

The following were “designated bodies” for the purpose of 2022-23 Statement on Internal Control (SIC):

All departments (Cabinet Office; Department of Education, Sport and Culture; Department for Enterprise; Department of Environment, Food and Agriculture; Department of Home Affairs; Department of Health and Social Care; Department of Infrastructure; and Treasury; that is the bodies established by the Government Departments Act 1987). Note that whilst Treasury is a Department and considered within the scope of the SIC, it is not a designated body within the meaning of the Treasury Act 1985.

All Statutory Boards (Manx Care, the Communications and Utilities Regulatory Authority; Financial Services Authority; Isle of Man Gambling Supervision Commission; Isle of Man Office of Fair Trading; Public Sector Pensions Authority; Isle of Man Post Office; and the Manx Utilities Authority, that is the bodies to whom the Statutory Boards Act 1987 applies);

Any other body or authority (other than a local government body) constituted by any enactment for any purposes involving the expenditure of public moneys or the receipt of public moneys for the purposes of that body or authority or for the public revenue. For example Manx National Heritage or the Financial Intelligence Unit;

Any other body designated as such for the purpose of the Treasury Act 1985 by order of the Council of Ministers.

For the purposes of this document, the term “department of Government” includes the: Attorney General’s Chambers, General Registry, Isle of Man Information Commissioner, Industrial Relations Service, Road Traffic Licensing Committee and Veteran’s Welfare Service.



**9. CERTIFICATE OF THE TYNWALD AUDITOR GENERAL TO THE TREASURY
DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED
31 MARCH 2023**

In accordance with section 3(1) of the Audit Act 2006 I have appointed Grant Thornton Limited to audit the consolidated accounts of the Isle of Man Government 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: 20 December 2023



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the Accounts of the Isle of Man Government for the year ended 31 March 2023 which comprise the Income and Expenditure Account (Group and Central Government), the Statement of Total Movement on the General Revenue Account Balance (Group and Central Government), the Statement of Comprehensive Income (Group and Central Government), the Balance Sheet (Group and Central Government), the Cash Flow Statement (Group and Central Government), the Statement of Changes in Equity (Group and Central Government) and the notes to the financial statements, including a summary of significant accounting policies.

Central Government Accounts comprise Departments, Offices and revenue-funded Statutory Boards of the Isle of Man Government. Group Accounts comprise Central Government plus the two non-revenue funded Statutory Boards and companies owned by the Isle of Man Treasury on behalf of the Isle of Man Government.

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 accounts:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Group and the Central Government as at 31 March 2023 and of the Group financial performance and cash flows for the year then ended; and
- comply with the provisions of the Accounts and Audit Regulations 2018 made under the Audit Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the accounts, we have concluded that the Treasury Department and Chief Financial Officer's use of the going concern basis of accounting in the preparation of the accounts is appropriate. Our evaluation of the validity of the Treasury Department and Chief Financial Officer's assessment of the Group and Central Government's ability to continue to adopt the going concern basis of accounting included a review of the budget approved by Tynwald for the year ended 31 March 2024. This includes the five year plan to 31 March 2029 which details budgeted income, expenditure and capital projects over this period. We have assessed and challenged the reasonableness of estimates made within this plan. In addition, we considered the Central Government's tax raising powers under the Treasury Act 1985 which can be used to raise income and the external credit rating of the Isle of Man Government which is classed as stable.



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Conclusions relating to going concern (continued)

We have nothing to report having performed our review.

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 Treasury'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 Treasury and Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

Matters on which we are required to report by exception

In accordance with section 6(2) of the Audit Act 2006, we are required to include a statement in our audit report providing particulars where in relation to the accounts we:

- are not satisfied as to any of the matters specified in section 4(1) of the Audit Act 2006; or
- consider that any matter specified in section 4(2) of the Audit Act 2006 in contrary to law; or
- consider that the relevant body has failed in any respect mentioned in section 4(3) of the Audit Act 2006

With respect to section 4(3) of the Audit Act 2006, we have not noted any significant failures to report. We have reported other matters identified to management and those charged with governance in a separate control report.

Except as noted above, we have nothing to report in respect of the matters we are required to report by exception.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Accounts of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Accounts as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where those charged with governance had made subjective judgements, for example, in respect of significant accounting estimates that involved making significant judgements around the valuation of assets and liabilities. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Based on our considerations as set out below, our areas of focus included:

- Valuation of Freehold Land and Buildings
- Completeness, existence and accuracy of tangible fixed assets
- Valuation of the defined benefit pension scheme liability

How we tailored the audit scope

The Group consists of the Accounts of the Isle of Man Central Government, the two non-revenue funded statutory boards and companies owned by the Government.

We tailored the scope of our audit taking into account the differing revenue streams, the assets held across the Group and Central Government, the public sector nature of the Group and the public's interest in the Isle of Man Government Accounts on the Island.

In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we also considered to control environment in place at the Central Government and Government owned companies.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the entity and its environment, the history of misstatements, the complexity of the Group and Central Government and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality as follows:

| Materiality measure | Group | Central Government |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial statements as a whole | £23.16M which equates to 1.5% of Group total revenue. This benchmark was considered the most appropriate given that the Group's objective is to raise taxation and other revenue in order to fund and provide services to the residents of the Isle of Man and raising tax to fund those services. | £19.15M which equates to 1.5% of Central Government total revenue. This benchmark was considered the most appropriate given that the Central Government's objective is to raise taxation and other revenue in order to fund and provide services to the residents of the Isle of Man. |



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

| Materiality measure | Group | Central Government |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Performance materiality to drive the extent of our testing | <p>75% of financial statement materiality.</p> <p>In setting this percentage, we considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the Group and its control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the Group Accounts exceeds materiality for the financial statements as a whole.</p> | <p>75% of financial statement materiality.</p> <p>In setting this percentage, we considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the Central Government and its control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the Central Government Accounts exceeds materiality for the financial statements as a whole.</p> |
| Communication of misstatements to the Treasury Department | <p>£1.2M and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the Accounts.</p> | <p>£957k and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the Accounts.</p> |



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Significant matters identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

| Description of significant matter | Audit response |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Valuation of Freehold Land and Buildings</p> <p>As detailed in Note 12.10.3 the Group holds Freehold Land & Buildings with a total net book value of £1.430Bn at 31 March 2023.</p> <p>The determination of the fair value of the Freehold Land and Buildings is considered to be a significant judgement as detailed in Note 12.2 and we therefore consider this to be a significant audit risk and key audit matter.</p> <p>Any unreasonable judgements made could result in a material misstatement of both the Group and Central Government's Income and Expenditure Account and Balance Sheet.</p> | <p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> - We reviewed management's processes and assumptions for the calculation of the fair values, the instructions issued to valuation experts and the scope of their work. - We obtained an understanding of the design and implementation of key controls over the valuation process through the performance of walkthroughs. - We evaluated the competence, expertise and objectivity of the management expert used. - We discussed with the valuer the basis on which the valuations are carried out and challenged the key assumptions used including the impairment percentage applied to the individual buildings through discussions with the valuer and review of the valuation reports and supporting documentation. - We reviewed the information used by the valuer to ensure it is robust and consistent with our understanding and that the information provided agrees to underlying records. |



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> - We agreed the revaluations made during the year to the Central Government's fixed asset register. - We reviewed the accounting policy and evaluated the appropriateness of the policy disclosed in the accounts. <p>No issues were identified during the course of our audit.</p> |
| <p>Completeness, existence and accuracy of tangible fixed assets</p> <p>As detailed in Note 12.10.3 the Central Government holds tangible fixed assets having net book value of £2.955Bn at 31 March 2023. Of this £1.430Bn is Freehold Land and Buildings.</p> <p>Due to the number of transactions and assets held by the group the completeness, existence and accuracy of fixed assets, mainly freehold land and buildings, required particular attention we therefore consider this to be significant to our audit and a key audit matter.</p> | <p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> - We evaluated the design and implementation of key controls over the fixed asset additions and disposals process and determined that they were not being implemented in line with their design. We were unable to rely upon these controls in auditing this area. - We tested a sample of items from the fixed asset register and traced these back to the property viewer database and vice versa. - We reconciled the fixed asset register to the financial statements fixed asset disclosures. - We physically verified a sample of land and buildings from the fixed asset register. - We tested of sample of additions and disposals to supporting documents. <p>No issues were identified during the course of our audit.</p> |



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Valuation of the Defined Benefit Pension Scheme Liability

As detailed in Note 12.24 the Group has several defined benefit pension schemes across Central Government, the Isle of Man Post Office and subsidiary entities. The total Group liability as at 31 March 2023 is £2.892Bn.

The determination of this liability is considered to be a significant judgement as detailed in Note 12.2 and we therefore consider this to be a significant audit risk and key audit matter.

The Group engages an independent actuarial expert (Hymans Robertson for the Central Government, Buck for the Isle of Man Post Office and Mercer for The Isle of Man Steam Packet Group Limited) to determine the liability at the year end. This valuation considers key assumptions agreed with management and changes in the membership profile of the scheme.

Any unreasonable judgements made could result in a material misstatement of the Income and Expenditure Account, Statement of Comprehensive Income and Balance Sheet.

Our audit work included, but was not restricted to, the following:

- We obtained an understanding of the methodology and assumptions used in the valuation of the defined benefit pension scheme liability.
- We evaluated the design and implementation of key controls over the valuation of the defined benefit pension scheme liability.
- We assessed the competence, capabilities, and objectivity of the actuaries.
- We carried out reasonable checks on the actuary's figures; evaluated if the methodology, assumptions, and results fit together as a whole.
- We reviewed the reasonableness of the underlying assumptions including discount rate, CPI and salary and pension increase rates by recalculating based on third party documentation and challenging any differences identified. We also challenged the change in assumptions from the prior year given changes in inflation and interest rates to ensure movements are appropriate.
- We reviewed the disclosures in the financial statements for completeness and accuracy.

No issues were identified during the course of our audit.



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Other information

The Treasury Department of the Isle of Man Government is responsible for the other information. The other information comprises the information included in the Accounts set out on pages 4 to 58, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Treasury and the Chief Financial Officer

The Responsible Financial Officer is responsible for ensuring that:

- the accounting systems are observed;
- the accounting records are maintained in accordance with proper practices and are kept up to date;
- the accounts of the Isle of Man Government are prepared in accordance with the Accounts and Audit Regulations 2018 and other applicable law;
- the accounts and relevant accounting records presented for inspection are sufficient for inspection purposes.

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 53, the Treasury and the Chief Financial Officer are responsible for the preparation of the Accounts and for being satisfied that they give a true and fair view, and for such internal control as the Treasury and the Chief Financial Officer determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasury and Chief Financial Officer are responsible for assessing the Group and Central Government'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 Group or Central Government intends to cease operations, or has no realistic alternative but to do so.

The Treasury and Chief Financial Officer are responsible for overseeing the Isle of Man Government's financial reporting process.



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Our responsibilities under the Audit Act 2006 include the following:

- consideration of whether the internal organisation of the Isle of Man Government and the internal controls maintained by it, are such to secure the proper management of the finances of the body and economy and efficiency in the use of its resources; and
- consideration of whether the Isle of Man Government has complied with all principles prescribed by the Council of Ministers or directed by Treasury.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

Based on our understanding of the Isle of Man Government, we identified that the principal risks of non-compliance with laws and regulations related to compliance with The Treasury Act 1985, the Customs and Excise Agreement 2018, the Data Protection Act 2018, the Employment Act 2006, the Equality Act 2017 and the Health and Safety at Work etc. Act 1974. We also considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Isle of Man Government Financial Regulations and the Accounts and Audit Regulations 2018 made under the Audit Act 2006.

The Audit engagement principal considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated the incentives and opportunities of those charged with governance for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.



10. REPORT OF THE INDEPENDENT AUDITOR TO THE TREASURY DEPARTMENT OF THE ISLE OF MAN GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The Isle of Man Government is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including Accounts and Audit Regulations 2018 made under the Audit Act 2006, and taxation laws as applicable to the Isle of Man Government. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Group and Central Government is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of minutes and documents provided to the board.
- We assessed the susceptibility of the Group and Central Government's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates including the valuation of the defined benefit liability and the revaluation of freehold land and buildings; and
 - identifying and testing journal entries, in particular any unusual journal entry postings.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omission, misrepresentations, or override of internal controls.

Use of our report

This report is made solely to the Treasury Department of the Isle of Man Government, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Treasury Department of the Isle of Man Government 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 Treasury Department of the Isle of Man Government, as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited

Douglas

Isle of Man

Date: 20 December 2023



11. STATEMENT OF ACCOUNTS

11.1 Income and Expenditure Account – Group

| INCOME AND EXPENDITURE ACCOUNT | | | | | |
|----------------------------------------------|--------|---------------------|----------------------|----------------------------|----------------------------|
| | Note | Group | | | |
| | | 2022-23 | | | 2021-22 |
| | | Gross Spend £000 | Gross Income £000 | Net (Spend)/Income £000 | Net (Spend)/Income £000 |
| Treasury Department | | | | | |
| Customs and Excise | 12.3.1 | - | 443,050 | 443,050 | 390,223 |
| Income Tax | 12.3.2 | - | 276,345 | 276,345 | 243,411 |
| Social Security | 12.3.3 | - | 255,100 | 255,100 | 265,225 |
| Other Treasury Income | 12.3.4 | - | 11,576 | 11,576 | 8,574 |
| Treasury Reserves Income | 12.3.5 | - | 71,667 | 71,667 | 79,190 |
| Sub-Total Treasury Income | | - | 1,057,738 | 1,057,738 | 986,623 |
| Government Departments | | | | | |
| Cabinet Office | | (47,562) | 2,175 | (45,387) | (47,630) |
| Enterprise | | (30,321) | 27,790 | (2,531) | (2,130) |
| Education, Sport & Culture | | (179,722) | 9,628 | (170,094) | (162,234) |
| Environment, Food & Agriculture | | (23,515) | 4,540 | (18,975) | (19,029) |
| Health & Social Care | | (301,176) | 51,427 | (249,749) | (246,655) |
| Home Affairs | | (58,231) | 1,402 | (56,829) | (54,984) |
| Infrastructure | | (116,572) | 59,170 | (57,402) | (97,746) |
| Treasury Gross Expenditure | | (428,616) | - | (428,616) | (421,162) |
| Sub-total Government Departments | | (1,185,715) | 156,132 | (1,029,583) | (1,051,570) |
| Other Bodies | | | | | |
| Executive Government | | (47,500) | 86,064 | 38,564 | 64,086 |
| Statutory Boards (Revenue Funded) | | (80,551) | 12,464 | (68,087) | (73,403) |
| Sub-total Other Bodies | | (128,051) | 98,528 | (29,523) | (9,317) |
| Legislature | | (6,630) | - | (6,630) | (6,238) |
| Sub-total Central Government | 12.4.2 | (1,320,396) | 1,312,398 | (7,998) | (80,502) |
| Statutory Boards (Non-Revenue Funded) | | | | | |
| Isle of Man Post Office | | (24,071) | 24,236 | 165 | 1,512 |
| Manx Utilities Authority | | (166,159) | 176,932 | 10,773 | (26,036) |
| | | (190,230) | 201,168 | 10,938 | (24,524) |
| Owned Companies | | | | | |
| Isle of Man Film Limited | | - | - | - | - |
| Isle of Man Limited | | - | - | - | - |
| Isle of Man National Transport Limited | | - | - | - | - |
| Laxey Glen Mills Limited | | (466) | 325 | (141) | (39) |
| Radio Manx Limited | | (2,404) | 1,324 | (1,080) | (1,069) |
| Isle of Man Steam Packet Group | | (60,460) | 72,190 | 11,730 | (3,312) |
| Isle of Man Meat Company Limited | | (12,218) | 9,636 | (2,582) | (2,100) |
| Manx Development Corporation | | (475) | 27 | (448) | (179) |
| (Deficit)/Surplus before Interest | | (76,023) | 83,502 | 7,479 | (6,699) |
| Interest payable and similar charges | 12.7 | (149,948) | - | (149,948) | (117,572) |
| Interest and investment income | | - | 2,692 | 2,692 | 1,354 |
| Debt reduction | | - | - | - | - |
| Gain on forward purchases | | (18,400) | - | (18,400) | 64,035 |
| Unrealised (loss)/gain on investments | | (139,167) | - | (139,167) | (2,591) |
| (Deficit)/Surplus for the year | | (1,894,164) | 1,599,760 | (294,404) | (166,499) |

All results derive from continuing activities. The Notes on pages 77 to 141 form part of these Accounts.



11.2 Income and Expenditure Account – Central Government

| INCOME AND EXPENDITURE ACCOUNT | | | | | |
|------------------------------------------|---------|---------------------|-------------------------|--------------------------------|-----------------------------------|
| Central Government | | | | | |
| 2022-23 | | | | | |
| | | Gross Spend £000 | Gross Income £000 | Net (Spend)/ Income £000 | Net (Spend)/ Income £000 |
| | Note | | | | |
| Treasury Department | | | | | |
| Customs and Excise | 12.3.1 | - | 443,050 | 443,050 | 390,223 |
| Income Tax | 12.3.2 | - | 276,345 | 276,345 | 243,411 |
| Social Security | 12.3.3 | - | 255,100 | 255,100 | 265,225 |
| Other Treasury Income | 12.3.4 | - | 11,576 | 11,576 | 8,574 |
| Treasury Reserves Income | 12.3.5 | - | 71,667 | 71,667 | 79,190 |
| Total Treasury | | - | 1,057,738 | 1,057,738 | 986,623 |
| Other Departments | | | | | |
| Cabinet Office | 13.2 | (47,562) | 2,175 | (45,387) | (47,630) |
| Enterprise | 13.2 | (30,321) | 27,790 | (2,531) | (2,130) |
| Education, Sport & Culture | 13.2 | (179,722) | 9,628 | (170,094) | (162,234) |
| Environment, Food & Agriculture | 13.2 | (26,111) | 4,540 | (21,571) | (21,138) |
| Health & Social Care | 13.2 | (302,126) | 51,427 | (250,699) | (246,655) |
| Home Affairs | 13.2 | (58,231) | 1,402 | (56,829) | (54,984) |
| Infrastructure | 13.2 | (116,572) | 59,170 | (57,402) | (97,746) |
| Treasury Gross Expenditure | 13.2 | (429,395) | - | (429,395) | (419,459) |
| Sub-total Government Departments | | (1,190,040) | 156,132 | (1,033,908) | (1,051,976) |
| Other bodies | | | | | |
| Executive Government | 13.2 | (47,500) | 86,064 | 38,564 | 64,086 |
| Statutory Boards (Revenue Funded) | 13.2 | (80,551) | 12,464 | (68,087) | (73,403) |
| | | (128,051) | 98,528 | (29,523) | (9,317) |
| Legislature | 13.2 | (6,630) | - | (6,630) | (6,238) |
| Total Expenditure | 13.2 | (1,324,721) | 254,660 | (1,070,061) | (1,067,531) |
| Net Voted Income | 12.4.2 | (1,324,721) | 1,312,398 | (12,323) | (80,908) |
| (Deficit)/Surplus before Interest | | | | | |
| Interest payable and similar charges | 12.7 | (132,801) | - | (132,801) | (100,722) |
| Interest and investment income | | - | - | - | - |
| Unrealised (loss)/gain on investments | 12.14.5 | (143,507) | - | (143,507) | (2,827) |
| (Deficit) / Surplus for the year | | (1,601,029) | 1,312,398 | (288,631) | (184,457) |

All results derive from continuing activities. The Notes on pages 77 to 141 form part of these Accounts.


11.3 Statement of Total Movement on the General Reserve Account Balance

| MOVEMENT ON THE GENERAL REVENUE ACCOUNT BALANCE | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------|-------------------------|---------------------------|-------------------------|
| | | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Amounts included in the Income and Expenditure Account but required to be excluded when determining the movement on the General Revenue Account balance for the year | | | | | |
| - Depreciation and impairment of fixed assets | | 142,547 | 133,689 | 111,225 | 104,087 |
| - Amortisation of Other Intangible Assets | | 3,105 | 5,781 | 324 | 325 |
| - Net loss on disposal of fixed assets | | 137 | - | 137 | - |
| - Net charges made for retirement benefits | | 222,000 | 203,000 | 222,000 | 203,000 |
| - Unrealised loss / (gain) on investments | | 139,167 | 2,591 | 143,507 | 2,827 |
| - Other adjustments | | 3,398 | 22,747 | 3,397 | 22,748 |
| | | 510,354 | 367,808 | 480,590 | 332,987 |
| Amounts not included in the Income and Expenditure Account but required to be included when determining the movement on the General Revenue Account balance for the year | | | | | |
| - Loan Charges for Capital Financing | | - | - | - | - |
| - Net Capital Expenditure charge in-year to the General Revenue Adjustment Account | | (94,030) | (51,208) | (94,030) | (51,208) |
| | | (94,030) | (51,208) | (94,030) | (51,208) |
| Transfers that are required to be taken into account when determining the movement on the General Revenue Account balance for the year | | | | | |
| - Net transfer to reserves | | (171,948) | (258,933) | (147,957) | (206,154) |
| | | (171,948) | (258,933) | (147,957) | (206,154) |
| Net additional amount required to be credited / (charged) to the General Revenue Account balance (Deficit)/Surplus for the year on the Income and Expenditure Account | | | | | |
| | | 244,376 | 57,667 | 238,603 | 75,625 |
| | | (294,403) | (166,499) | (288,630) | (184,457) |
| Decrease in General Revenue Account balance for the year | | | | | |
| | | (50,027) | (108,832) | (50,027) | (108,832) |
| - General Revenue Account balance brought forward | | (115,916) | (7,084) | (115,916) | (7,084) |
| General Revenue Account balance carried forward | | (165,943) | (115,916) | (165,943) | (115,916) |

The Notes on pages 77 to 141 form part of these Accounts.



11.4 Statement of Comprehensive Income

| STATEMENT OF COMPREHENSIVE INCOME | | | | | |
|-----------------------------------------------------------------|----------------|------------------|----------------|---------------------------|----------------|
| | <i>Note</i> | Group | | Central Government | |
| | | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | | £000 | £000 | £000 | £000 |
| Income and Expenditure Account – (deficit)/surplus for the year | | (294,404) | (166,499) | (288,631) | (184,457) |
| Other Comprehensive Income: | | | | | |
| - Surplus on revaluation of fixed assets | <i>12.10.4</i> | 198,908 | 260,938 | 204,246 | 259,442 |
| - Unrealised investment gains/ (losses) | | 4,352 | 147 | - | - |
| - Net fair value gain on hedge instruments | | 8,324 | 1,065 | - | - |
| - Re-measurement of net defined benefit obligation | <i>12.24.8</i> | 1,918,639 | 417,832 | 1,904,000 | 408,000 |
| Total other comprehensive income/(loss) for the year | | 2,130,223 | 679,982 | 2,108,246 | 667,442 |
| Total comprehensive income/(loss) for the year | | 1,835,819 | 513,483 | 1,819,615 | 482,985 |

The Notes on pages 77 to 141 form part of these Accounts.



11.5 Balance Sheet

| BALANCE SHEET | | | | | |
|------------------------------------------|---------|--------------------|--------------------|--------------------|--------------------|
| | Note | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Long Term Assets | | | | | |
| Fixed Assets | 12.10 | 2,956,350 | 2,763,346 | 2,421,428 | 2,272,333 |
| Intangible Assets | 12.10 | 69,365 | 72,485 | 498 | 835 |
| Investment Property | | 2,750 | 2,749 | - | - |
| Long Term Investments | 12.14.1 | 1,715,547 | 1,898,175 | 1,754,968 | 1,953,096 |
| Long Term Debtors | 12.16.1 | 24,164 | 15,870 | 600,035 | 530,178 |
| | | 4,768,176 | 4,752,625 | 4,776,929 | 4,756,442 |
| Current Assets | | | | | |
| Stocks and Work in Progress | 12.17 | 20,692 | 17,547 | 9,315 | 8,755 |
| Debtors and Prepayments | 12.16.2 | 116,944 | 110,197 | 74,185 | 80,129 |
| Financial Assets | 12.22.2 | 1,671 | 39,718 | - | - |
| Short Term Deposits | | 193,479 | 225,882 | 183,469 | 216,340 |
| Cash at Bank and in Hand | 12.18.1 | 104,716 | 38,018 | 14,924 | 12,898 |
| | | 437,502 | 431,362 | 281,893 | 318,122 |
| Current Liabilities | | | | | |
| Creditors | 12.19.1 | (223,430) | (168,111) | (134,994) | (127,584) |
| Finance Debt | 12.19.1 | (4,922) | (10,703) | (2,452) | (2,310) |
| Pension Scheme Liability | 12.24.3 | (500) | (500) | - | - |
| Bank Overdrafts | 12.18.1 | (1,030) | (1,452) | (964) | (1,400) |
| | | (229,882) | (180,766) | (138,410) | (131,294) |
| Net Current Assets | | 207,620 | 250,596 | 143,483 | 186,828 |
| Long Term Liabilities | | | | | |
| Loans Payable | 12.21.2 | (659,718) | (657,403) | (656,102) | (655,637) |
| Pension Scheme Liability | 12.24.3 | (2,891,213) | (4,586,535) | (2,902,000) | (4,584,000) |
| Finance Debt | 12.19.2 | (14,729) | (19,276) | (14,720) | (17,171) |
| Deferred Income and Provisions | 12.19.2 | (29,365) | (27,424) | (14,400) | (13,303) |
| | | (3,595,025) | (5,290,638) | (3,587,222) | (5,270,111) |
| Total Net Assets/(Liabilities) | | 1,380,771 | (287,417) | 1,333,190 | (326,841) |
| Represented by | | | | | |
| Net General Revenue Account | 11.3 | (165,943) | (115,916) | (165,943) | (115,916) |
| General Revenue Adjustments Account | 12.23.2 | (468,641) | (2,277,910) | (453,727) | (2,268,107) |
| Manx Currency Account | 12.14.5 | 102,521 | 105,323 | 102,521 | 105,323 |
| Media Development Fund | 12.14.5 | 717 | 816 | 717 | 816 |
| National Insurance Fund | 12.14.5 | 1,007,243 | 1,031,611 | 1,007,243 | 1,031,611 |
| Public Service Employees Pension Reserve | 12.14.5 | 103 | 9,796 | 103 | 9,796 |
| Reserve Fund | 12.14.5 | 565,496 | 639,491 | 565,496 | 639,491 |
| MUA Bond Repayment Fund | 12.14.5 | 61,607 | 83,392 | 61,607 | 83,392 |
| Enterprise Development Fund | 12.14.5 | 8,215 | 8,138 | 8,215 | 8,138 |
| Sinking Fund | 12.14.5 | 18,210 | 5,913 | 18,210 | 5,913 |
| Direct Investment Account | 12.14.5 | 1,919 | 1,169 | 1,919 | 1,169 |
| Internal Funds and Reserves | 12.23.5 | 249,324 | 220,760 | 186,829 | 171,533 |
| | | 1,380,771 | (287,417) | 1,333,190 | (326,841) |

The Notes on pages 77 to 141 form part of these Accounts.

The Accounts were approved by Treasury on 20 December 2023 and signed on its behalf by:

Hon Dr A J Allinson, Minister for the Treasury

C Randall, Chief Financial Officer



11.6 Cash Flow Statement

| CASH FLOW STATEMENT | | | | | |
|-----------------------------------------------------------------|---------|------------------|------------------|--------------------|------------------|
| | Note | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Net Cash Inflow/(Outflow) from Operating Activities | 12.29 | 194,848 | (406,487) | 93,540 | (423,647) |
| Cash flow from Investing Activities | | | | | |
| Interest received | | 16,258 | 8,057 | 24,483 | 17,426 |
| Investment income | | 75,216 | 80,145 | 75,216 | 80,145 |
| Net (purchases)/sales of investments | | 76,895 | (286,919) | 71,445 | (293,088) |
| Payments to acquire tangible fixed assets | | (287,134) | (77,736) | (190,528) | (42,803) |
| Proceeds from disposal of tangible fixed assets | | 447 | 236 | 28 | 203 |
| Repayments | | 2,383 | 5,144 | 2,383 | 5,144 |
| Deferred income received - customers' contributions | | 1,608 | 830 | - | - |
| Net cash (used in) / generated from investing activities | | (114,327) | (270,243) | (16,973) | (232,973) |
| Cash flow from Financing Activities | | | | | |
| Repayment of loan | | 715 | (61,792) | 17,842 | (53,752) |
| Proceeds from bond issue | | - | 392,500 | - | 392,500 |
| New loan finance arranged | | - | 25,502 | (101,371) | (102) |
| Repayment of lease finance | | (7,541) | 479 | 2,309 | 2,176 |
| Interest paid | | (30,778) | (21,265) | (23,912) | (14,163) |
| Net cash generated from / (used in) financing activities | | (37,604) | 335,424 | (105,132) | 326,659 |
| Net decrease in cash and cash equivalents | | 42,917 | (341,306) | (28,565) | (329,961) |
| Cash and cash equivalents at the beginning of the year | | (424,934) | (83,265) | (447,280) | (117,319) |
| Exchange losses on cash and cash equivalents | | (187) | (363) | - | - |
| Cash and cash equivalents at the end of the year | | (382,204) | (424,934) | (475,845) | (447,280) |
| Cash and cash equivalents comprises: | | | | | |
| Cash Balances | 12.18.1 | 104,716 | 38,018 | 14,924 | 12,898 |
| Short term deposits (maturity of 3 months or less) | | 193,479 | 225,882 | 183,469 | 216,340 |
| Bank Overdrafts and Loans Payable | 12.18.2 | (680,399) | (688,834) | (674,238) | (676,518) |
| Total | | (382,204) | (424,934) | (475,845) | (447,280) |

The Notes on pages 77 to 141 form part of these Accounts.



11.7 Statement of Changes in Equity

| STATEMENT OF CHANGES IN EQUITY - GROUP | | | | | |
|-----------------------------------------|----------------------------------------------|------------------------------------------------------|---------------------------|-------------------------------------------|-------------------------|
| | Net General Revenue Account £000 | General Revenue Adjustments Account £000 | External Funds £000 | Internal Funds and Reserves £000 | Total Equity £000 |
| Balance at 31 March 2021 | (7,084) | (2,449,480) | 1,721,835 | 98,784 | (635,945) |
| 2021-22 | | | | | |
| Surplus/(Deficit) for the year | 28,325 | (286,047) | 45,891 | 45,332 | (166,499) |
| Other Comprehensive Income | - | 667,442 | - | 12,540 | 679,982 |
| Total Comprehensive Income | 28,325 | 381,395 | 45,891 | 57,872 | 513,483 |
| Transfers | (137,157) | (209,825) | 117,923 | 64,104 | (164,955) |
| Total adjustment during the year | (108,832) | 171,570 | 163,814 | 121,976 | 348,528 |
| Balance at 31 March 2022 | (115,916) | (2,277,910) | 1,885,649 | 220,760 | (287,417) |
| 2022-23 | | | | | |
| Surplus/(Deficit) for the year | 51,873 | (296,157) | (94,455) | 44,335 | (294,404) |
| Other Comprehensive Income | - | 2,108,246 | - | 21,977 | 2,130,223 |
| Total Comprehensive Income | 51,873 | 1,812,089 | (94,455) | 66,312 | 1,835,819 |
| Transfers | (101,900) | (2,820) | (25,163) | (37,748) | (167,631) |
| Total adjustment during the year | (50,027) | 1,809,269 | (119,618) | 28,564 | 1,668,188 |
| Balance at 31 March 2023 | (165,943) | (468,641) | 1,766,031 | 249,324 | 1,380,771 |

The Notes on pages 77 to 141 form part of these Accounts.



12. NOTES TO THE STATEMENT OF ACCOUNTS

12.1 Accounting Policies

12.1.1 Basis of Preparation

Isle of Man Government is a public benefit entity and the Statement of Accounts has been prepared on a going concern basis and under the historical cost convention, as modified by the recognition of certain assets and liabilities measured at fair value. The Accounts have been drawn up in accordance with the Audit Act 2006 and the Accounts and Audit Regulations 2018 as representing proper accounting practices, unless superseded by United Kingdom Accounting Standards.

The Accounts have also been prepared in compliance with United Kingdom Accounting Standards as applicable to an Isle of Man Entity, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102). The principal accounting policies applied in presentation of this Statement of Accounts are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The preparation of this Statement of Accounts requires the use of certain critical accounting estimates. It also requires Government to exercise its judgement in the process of applying the Group and Central Government accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Accounts, are disclosed in Note 12.2.

The accounts are prepared using figures extracted from the Government financial systems rounded to the nearest thousand. As a result of this rounding there is the potential for inherent casting errors.

12.1.2 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for the below items:

- Direct and indirect taxes, including Customs and Excise, Income Tax and Social Security, are accounted for as income during the year in which the assessments are raised and issued;
- Fees, charges and rents due from customers are accounted for as income at the date the Government provides the relevant goods or services;

12.1.3 Interest Income

Interest income is recognised using the effective interest rate method.

12.1.4 Borrowing costs

All borrowing costs are recognised in the Income and Expenditure Account in the period in which they are incurred. Issue costs are expensed over the life of the debt on an effective interest basis.

12.1.5 Expenses

Expenses are recognised on an accruals basis.



12.1 Accounting Policies (continued)

12.1.6 Tangible Fixed Assets

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets has been capitalised on an accruals basis. Where such expenditure is less than a specified de-minimis level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred. Capital expenditure incurred on fixed assets that does not materially add to the value of those assets is written off to the Income and Expenditure Account. All other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Where such expenditure is less than a specified de-minimis level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred.

Depreciation

Depreciation is provided on all assets with a finite useful life, other than freehold land, assets under the course of construction and investment property. Depreciation is calculated from the date of valuation based on the remaining useful economic life of the asset. Where depreciation is provided for, assets are depreciated by applying the straight line method to Balance Sheet values over periods reflecting their estimated useful lives.

The following estimated useful lives are applied:

| Depreciation Policy – Tangible Assets | |
|------------------------------------------|----------------------|
| | Years |
| Land and Buildings | |
| Land (freehold) | None |
| Buildings (freehold) | 10-60 years |
| Land and Buildings (leasehold) | Over period of lease |
| Vehicles, Plant and Equipment | |
| Vehicles | 3-10 years |
| Plant – short term | 3-9 years |
| Plant – long term | 10-30 years |
| Specialist | 5-25 years |
| Conventional ferries | 25 years |
| Fast ferries | 15-19 years |
| Office equipment and machines | 3-30 years |
| Infrastructure Assets | |
| Impounding Reservoirs | 150 years |
| Raw water mains / relined sewerage mains | 30-60 years |
| Telecommunication systems | 3-15 years |
| Gas pipeline systems | 15-25 years |
| Original sewerage mains | 70-100 years |
| Coastal Defences | 40-60 years |
| Distribution networks | 40-60 years |
| Highways | 10-30 years |
| Bridges and Constructs | 30-40 years |
| Footpaths and Permanent ways | 30 years |
| Railway Permanent Way | 20-40 years |



12.1 Accounting Policies (continued)

12.1.6 Tangible Fixed Assets (continued)

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each year. The effect of any change is accounted for prospectively.

Revaluation

Certain long term assets and assets without a relevant purchase cost have been valued by suitably qualified valuers within Government. Any gain on revaluation has been applied to the Statement of Other Comprehensive Income. Where valuers are unable to provide a definitive value, for example due to the non-existence of comparable assets or any active market for sale of the assets, the value is determined by the Valuation Office within the Treasury Department on a depreciated replacement cost basis. Revaluation of fixed assets takes place across each Government Department, on a Department by Department basis. Revaluations shall be made on a three to five year cycle to ensure that the carrying amount does not differ materially from that which would be determined using fair value.

Highways assets have not been revalued due to their specialist nature and are included at depreciated cost less any impairment. These assets are subject to ongoing maintenance and repair and therefore the historic cost method is considered to be appropriate. Land held by the Manx Utilities Authority with restrictions is held at historical cost as are infrastructure assets held by the MUA including gas, electricity and water distribution networks..

Subsequent Additions and Major Components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of any replaced asset is derecognised. Where such expenditure is less than a specified de-minimus level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred.

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Assets in the Course of Construction

Expenditure on assets in the course of construction is included within Tangible Fixed Assets. These assets are not depreciated until they are available for use. Where such expenditure is less than a specified de-minimus level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred.

Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year. Where values have changed materially in the year, the valuations are adjusted to reflect the change. When a major change in asset values occurs due to physical damage etc. the impairment loss is recognised in the Income and Expenditure Account.

For items not carried at fair value, the carrying amount is compared to the recoverable amount to determine any impairment indication. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.



12.1 Accounting Policies (continued)

12.1.6 Tangible Fixed Assets (continued)

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income and Expenditure Account.

Disposals

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the sale proceeds and current carrying value of the asset disposed (i.e. the gain or loss on disposal) is applied to the Income and Expenditure Account.

12.1.7 Heritage Assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Non-operational assets are those held primarily for this purpose. Operational heritage assets are those that are also used for other activities or to provide other services. Operational heritage assets are accounted for within the principal asset category to which they relate.

Non-operational assets (including for example works of art and antiques), have not been valued where the incomparable nature of the assets means a reliable valuation is not possible, or the level of costs of valuation greatly exceed the additional benefits derived by users of the accounts. In these cases, no value is reported for these assets in the Balance Sheet. Information about the non-operational heritage assets is included in Note 12.11.

12.1.8 Intangible Fixed Assets

Recognition

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

Costs associated with the acquisition, creation or enhancement of intangible fixed assets has been capitalised on an accruals basis. Where such expenditure is less than a specified de-minimus level it is not capitalised but is charged to the Income and Expenditure Account in the year in which it is incurred. Capital expenditure incurred on intangible fixed assets that does not materially add to the value of those assets is written off to the Income and Expenditure Account.

The cost of intangible assets acquired in business combinations are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

The following estimated useful lives are applied:

| Depreciation Policy - Intangible Assets | |
|-----------------------------------------|-------------------------------|
| | Years |
| Software | 3 years |
| Sea Services Agreement | Period of agreement (2047) |
| Licences | 3 years, or period of licence |



12.1 Accounting Policies (continued)

12.1.8 Intangible Fixed Assets (continued)

Amortisation is charged to the Income and Expenditure Account. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

Impairment

The value at which each category of assets is included in the Balance Sheet is reviewed at the end of each year. Where values have changed materially in the year, the valuations are adjusted to reflect the change. When a major change in asset values is due to a consumption of economic benefits, the impairment loss is recognised in the Income and Expenditure Account.

12.1.9 Leases

The Government has acquired a variety of assets ranging from vehicles to computer equipment by means of leases. These transfer the risks and rewards of ownership without transferring title of the assets.

Finance Leases

Assets acquired under finance leases are capitalised at commencement of the lease and included in the Balance Sheet except for leases that are in secondary rental periods, where there are no future obligations of material significance.

Finance leases capitalised are recognised at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets acquired under finance leases are depreciated over the lease period if this is shorter than their estimated useful life.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating Leases

Operating leases are those leases that do not transfer the risks and rewards of ownership to the Government. Rentals payable, net of benefits received or receivable (such as cash incentives or rent free periods), are charged to the Income and Expenditure Account on a straight line basis over the lease term and transactions are disclosed as a Note to the Accounts.

12.1.10 Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.



12.1 Accounting Policies (continued)

12.1.10 Financial Instruments (continued)

Financial Assets

Basic financial assets, including loan receivables, trade and other receivables, short term deposits and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income and Expenditure Account.

Other financial assets, including investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income and Expenditure Account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of ownership of the asset are transferred to another party or (iii) despite having retained some significant risk and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial Liabilities

Basic financial liabilities, including creditors and loans payable, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives are not basic financial instruments. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income and Expenditure Account in finance costs or finance income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, which is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



12.1 Accounting Policies (continued)

12.1.11 Deferred Income

Customer contributions in respect of tangible assets for Manx Utilities Authority are treated as deferred income. Deferred income is released to the Income and Expenditure Account over a 10 to 40 year period depending on the nature of the related asset.

Isle of Man Steam Packet Group recognise passenger revenue at the date of travel. Unused tickets which are non-refundable once the booked travel date has passed are treated as revenue in accordance with the Group's terms and conditions of sale. Cancellation fees are recognised at the point of cancellation. Passenger tickets sold before the year-end for a travel date after the year end are included in the Statement of Financial Position in current liabilities, with any unpaid element included within trade and other receivables.

12.1.12 Value Added Tax

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

12.1.13 Stocks and Work in Progress

Stocks and work in progress have been valued at the lower of cost and estimated selling price less costs to sell. They are recognised as an expense in the period in which the related revenue is recognised.

At the end of each reporting period inventories are assessed for impairment. A provision is made against slow-moving, obsolete, surplus, deteriorated and unusable stocks at the end of the reporting period. Where a reversal of the provision is required the charge is reversed up to the original provision, and is recognised as a credit in the Income and Expenditure Account.

12.1.14 Cash and Cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

12.1.15 Foreign Currency

The Accounts are presented in pound Sterling and rounded to thousands. The Group and Central Government's functional and presentation currency is the pound Sterling.

Income and expenditure arising from a transaction in foreign currency is translated into Sterling at the exchange rate in operation on the date on which the transaction occurred. Where rates do not fluctuate significantly, an appropriate average rate is used as an approximation. Monetary assets and liabilities held in a foreign currency at the Balance Sheet date are translated by using the closing rate or any fixed rate imposed by the relevant transactions.

Differences on translation of balances from foreign currencies to Sterling relating to Government income and expenditure are applied to the Income and Expenditure Account. Generally, transactions and balances are denominated in Sterling and differences arising on translation to Sterling are negligible.

Differences arising on financial assets denominated in non-Sterling currencies held by external investment managers are applied to the reserve funds that the underlying assets relate to.



12.1 Accounting Policies (continued)

12.1.16 Short Term Benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

12.1.17 Pension Costs

Government operates defined benefit plans for employees. 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. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually Government engages independent actuaries to calculate the obligation. 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 have terms approximating the estimated period of future payments (discount rate).

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with Government's policy for similarly held assets. 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 Other Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Re-measurement of net defined benefit liability'.

The cost of the defined benefit plans, recognised in Income and Expenditure Account as employee costs, where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) 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 Income and Expenditure as 'Interest payable and similar charges'.

12.1.18 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 Government maintains the following significant reserves:

- Manx Currency Account – to provide asset backing for Manx Currency issued by the Treasury under the Currency Act 1992;
- National Insurance Fund – to meet certain on-going social security liabilities for payment of contributory benefit liabilities;
- Public Service Employees' Pension Reserve – to meet the emerging pensions liability in respect of public sector pensions;



12.1 Accounting Policies (continued)

12.1.18 Reserves (continued)

- Reserve Fund – to act as a buffer against the potential risks of increased expenditure to be charged to future years' Accounts;
- MUA Bond Repayment Fund & Sinking Fund –to accumulate funds in order to meet the repayment of the MUA bonds and Treasury bond respectively as they fall due;
- Media Development Fund – to invest into film and other media projects originally but now forms part of the Reserve Fund;
- Enterprise Development Fund – to support the Enterprise Development Scheme; and
- Direct Investment Account – to separately identify investment in directly held subsidiaries.

12.1.19 Provisions and Contingencies

Provisions are recognised when the Government has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Government's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable. The nature and estimated financial effect of each item are disclosed.

12.1.20 Exceptional Items, Extraordinary Items and Prior Year Adjustments

Exceptional items and extraordinary items are included in the cost of the relevant service or on the face of the Income and Expenditure Account, as appropriate. Prior year adjustments arising from natural corrections associated with estimates used in the Accounts are accounted for in the year in which they are recognised. Adjustments arising from changes in accounting policies or material errors are accounted for by restating preceding year comparative figures and opening balances on reserves. Appropriate disclosures are made where relevant.

12.1.21 Events after the Balance Sheet date

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

The responsibilities of Government are such that significant areas of new expenditure are frequently identified, although the actual expenditure is subject to approval by Tynwald. No attempt has been made to disclose or account for material items of new expenditure which arise in the period between the year end and the date of signing the Accounts and which relate to circumstances in existence at year end. Such items are accounted for in the year in which the budget is approved.



12.1 Accounting Policies (continued)

12.1.22 Basis of Consolidation

Central Government Accounts

The Central Government Accounts show the transactions and balances for Central Government as a single entity, as defined by the Accounts and Audit Regulations 2018. This comprises all Government Departments, the revenue funded Statutory Boards (being the Office of Fair Trading, the Financial Services Authority, the Gambling Supervision Commission and the Communications and Utilities Regulatory Authority), Public Service Pensions Authority and Offices of Government and the Legislature. From the start of the 2020/21 financial year Manx Museum and National Trust (trading as Manx National Heritage) is funded via a grant from the Treasury.

Transactions and balances relating to the Consolidated Loans Fund are eliminated on consolidation in the Central Government Accounts as these are, in effect, loans from Treasury to other Government Departments. Similarly, the capital loans from Government to the Manx Utilities Authority and the Isle of Man Steam Packet Group Limited are eliminated on consolidation of the Group Accounts.

Group Accounts

The Group Accounts incorporate the Accounts of Central Government, the two non-Revenue Funded Statutory Boards and companies owned by Central Government or the Statutory Boards as listed at Note 12.15. The two non-Revenue Funded Statutory Boards are:

- Isle of Man Post Office; and
- Manx Utilities Authority.

The transactions and balances of Depositors' Compensation Schemes (initiated under the Banking Business (Compensation of Depositors) Regulations 1991 and the Compensation of Depositors Regulations 2008) are not consolidated within the Group Accounts on the basis the assets managed under these schemes relate to third parties. Amounts due from or to such schemes are included within Government debtors and creditors.

Accounting Year

The Accounting Year used for reporting purposes is the twelve months ending 31 March each year, as defined in the Accounts and Audit Regulations 2018. Treasury, a department of the Isle of Man Government, previously acquired the Isle of Man Steam Packet Group Limited which has a year end of 31 December. In accordance with FRS 102, the current year consolidated accounts include the twelve months to the 31 December 2022 as the three months to 31 March 2023 are not materially different. Similarly, the Isle of Man Post Office financial statements are for the 52 weeks ended 26 March 2023 instead of the year ended 31 March 2023, however the impact of this non-coterminous year end is not considered material.

Elimination of Transactions and Balances on Consolidation

The following transactions and balances are eliminated on consolidation:

- Year-end debtor and creditor balances between Central Government and the two non-revenue funded Statutory Boards;



12.1 Accounting Policies (continued)

12.1.23 Business Combinations

- Year-end debtor and creditor balances between Central Government and the owned companies: Isle of Man Film Limited, Isle of Man Film (DOI) Limited, Isle of Man Limited, Isle of Man National Transport Limited, Radio Manx Limited, Laxey Glen Mills Limited, Isle of Man Steam Packet Group Limited, Isle of Man Meat Company Limited, Manx Development Corporation Limited, Treaco Limited, Cinemanx Limited and Nimbus Medical Holdings Limited;
- Transactions relating to interest on the Bonds issued by Treasury on behalf of the Manx Utilities Authority;
- Transactions relating to the subvention paid to Radio Manx Limited and Isle of Man Meat Company Limited by Central Government and revenue transactions relating to the contribution from Government to Laxey Glen Mills Limited; and
- Share Capital (including Share Premium) in owned companies.

Business combinations are accounted for under the purchase method as at the acquisition date, which is the date on which control is transferred to the Government.

At the acquisition date, the Government recognises goodwill at the acquisition date as:

- The fair value of the consideration (excluding contingent consideration) transferred; plus
- The estimated amount of contingent consideration (see below); plus
- Directly attributable costs; less
- The net fair value of the identifiable assets acquired and liabilities and contingent liabilities consumed.

Consideration which is contingent on future events is recognised based on the estimates amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

12.2 Critical Accounting Judgements and Estimation Uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Central Government accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

12.2.1 Valuation and useful economic lives of tangible assets

The valuation of long term tangible fixed assets and assets without a relevant purchase cost involves the use of valuation techniques. Suitably qualified valuers are used to estimate fair values, which includes the use of assumptions.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

See note 12.10 for the carrying amount of tangible assets and note 12.1.5 for the useful economic lives of each asset class.



12.2 Critical Accounting Judgements and Estimation Uncertainty (continued)

12.2.2 Defined benefit pension scheme

The Government has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 12.24.

12.2.3 Unbilled utility sales (Manx Utilities Authority)

Metered utility sales for electricity and water are invoiced based on physical meter readings and the tariff applicable to the meter. Meters are read on a rolling programme throughout the year and at any point in time meters will have accrued consumption pending a further meter reading. At the year-end date an estimate of the quantity of electricity and water consumed is made and an average price per unit applied to these quantities.

12.2.4 Inventory impairment (Manx Utilities Authority)

During the 2019 financial year, Manx Utilities Authority reviewed the carrying value of its inventory it holds to support its operations. Following this review, it was decided that inventory held to enable the repair and maintenance of diesel and gas generation equipment for Peel and Pulrose is to be impaired on a straight line basis over the last 10 years of the useful economic lives of those assets. The carrying value of inventory was further reviewed during the current year and no additional adjustments have been applied.

12.2.5 Contingent liabilities (Manx Utilities Authority)

Manx Utilities Authority has both statutory and commercial obligations arising from its operating activities. These obligations may give rise to financial liabilities or costs in future years that arise from actions taken previously. Examples include the cost of decommissioning sites at the end of their operating lives, if the cost of decommissioning a site exceeds the residual site value, potential uninsured losses arising from legal claims, or future costs arising from long-term agreements (such as wayleave agreements). Whether such liabilities may arise is highly uncertain and the financial value of such liabilities cannot be reliably predicted. Where circumstances mean a liability is considered likely to occur and its value can be reliably estimated then a provision is made within the financial statements along with consideration of whether there is the possibility for any reimbursement; where no such circumstances have been identified then no provision is made.

In October 2019 a flooding event occurred in Laxey following a period of heavy rainfall and 62 properties were damaged by flood water, either from river water or surface water. Manx Utilities Authority had responsibilities in respect of flood risk management under the Flood Risk Management Act 2013. A number of claims from property owners have been lodged with Manx Utilities Authority's insurer and the risk of liabilities arising from this event remain.

12.2.6 Provisions

Provision is made for asset retirement obligations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and discount rates used to establish net present value of the obligations require management's judgement.



12.3 Analysis of Treasury Income

Treasury income comprises five main areas – income from Customs and Excise, income from Income Tax, Social Security income (mainly National Insurance receipts), Treasury Reserves Income and other Treasury Income. Further details of this income are set out below:

12.3.1 Customs and Excise

| CUSTOMS AND EXCISE INCOME | | | | |
|-------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Shared Revenue | | | | |
| Value Added Tax | 403,141 | 352,258 | 403,141 | 352,258 |
| Excise Duty | 2,254 | 2,144 | 2,254 | 2,144 |
| Cost of Collection Adjustment | (2,500) | (2,245) | (2,500) | (2,245) |
| Non-Shared Revenue | | | | |
| Gambling Duty | 5,596 | 5,640 | 5,596 | 5,640 |
| Air Passenger Duty | 3,549 | 1,475 | 3,549 | 1,475 |
| Lottery Duty | 1,674 | 1,625 | 1,674 | 1,625 |
| Hydrocarbon Oil Receipts | 28,537 | 28,608 | 28,537 | 28,608 |
| Non-Revenue Receipts | 799 | 718 | 799 | 718 |
| Total | 443,050 | 390,223 | 443,050 | 390,223 |

12.3.2 Income Tax

| INCOME TAX | | | | |
|---------------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Resident Tax | 68,586 | 58,514 | 68,586 | 58,514 |
| Company Tax | 9,378 | 9,361 | 9,378 | 9,361 |
| Non Resident Tax | 19,097 | 14,147 | 19,097 | 14,147 |
| Income Tax Instalment Payments (ITIP) | 174,859 | 157,681 | 174,859 | 157,681 |
| Sub-Contractors | 3,845 | 3,575 | 3,845 | 3,575 |
| EU Savings Directive | 568 | 150 | 568 | 150 |
| Other | 12 | (17) | 12 | (17) |
| Total | 276,345 | 243,411 | 276,345 | 243,411 |

Notes:

Income reported in the Other Information at Section 15 is £275 million (2022: £241 million). The difference between those figures and these above arises from movements on debtor balances not included within the Other Information, which are prepared on a cash basis for Income Tax income.



12.3 Analysis of Treasury Income (continued)

12.3.3 Social Security

| SOCIAL SECURITY INCOME | | | | |
|-------------------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| National Insurance Fund | | | | |
| Contributions - Class 1 | 240,608 | 222,929 | 240,608 | 222,929 |
| Contributions - Class 2 | 1,603 | 1,676 | 1,603 | 1,676 |
| Contributions - Class 3 | 1,427 | 1,204 | 1,427 | 1,204 |
| Contributions - Class 4 | 4,469 | 4,298 | 4,469 | 4,298 |
| Less: allocated to Manx NHS | (51,583) | (41,444) | (51,583) | (41,444) |
| Contributions Equivalent Premium | 21 | 37 | 21 | 37 |
| Agency Settlement With UK DHSS | 42,565 | 47,703 | 42,565 | 47,703 |
| Class 1 National Insurance Refunds | (1,816) | (1,085) | (1,816) | (1,085) |
| Class 2 National Insurance Refunds | (105) | (66) | (105) | (66) |
| Class 3 National Insurance Refunds | (37) | (36) | (37) | (36) |
| Class 4 National Insurance Refunds | (252) | (250) | (252) | (250) |
| Property Rents | 75 | 72 | 75 | 72 |
| Interest On Investments | 17,941 | 30,000 | 17,941 | 30,000 |
| Reimbursement – Legal Aid Contribution | 104 | 109 | 104 | 109 |
| Reimbursement – Legal Aid Recovered Costs | 80 | 78 | 80 | 78 |
| Total | 255,100 | 265,225 | 255,100 | 265,225 |

12.3.4 Other Treasury Income

| OTHER TREASURY INCOME | | | | |
|------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Fines and Fixed Penalties | 1,285 | 1,008 | 1,285 | 1,008 |
| Interest on Investments: | | | | |
| - Manx Currency Account | 823 | 78 | 823 | 78 |
| - Reserve Fund | 8,339 | 5,073 | 8,339 | 5,073 |
| Miscellaneous income | 1,129 | 2,415 | 1,129 | 2,415 |
| Total | 11,576 | 8,574 | 11,576 | 8,574 |



12.3 Analysis of Treasury Income (continued)

12.3.5 Treasury Reserves Income

| TREASURY RESERVES INCOME | | | | |
|-----------------------------------------------------------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| External Funds | | | | |
| - Investment Income | 38,012 | 31,556 | 38,012 | 31,556 |
| sub-total Investment Income | 38,012 | 31,556 | 38,012 | 31,556 |
| - Net Profit on Sale of Investments | 35,656 | 48,589 | 35,656 | 48,589 |
| <i>Less income within the above already transferred to Other Treasury Income:</i> | | | | |
| - Manx Currency Account | (823) | (78) | (823) | (78) |
| - Reserve Fund | (8,339) | (5,073) | (8,339) | (5,073) |
| Internal Funds | | | | |
| - Investment Income | 1,309 | 100 | 1,309 | 100 |
| - Sales of Properties (Housing Res. Fund) | 2,737 | 3,586 | 2,737 | 3,586 |
| - Other Receipts (Seized Asset Fund) | 3,115 | 510 | 3,115 | 510 |
| Total | 71,667 | 79,190 | 71,667 | 79,190 |

Notes:

Treasury Reserves Income relates to receipts, income and realised investment income in respect of Treasury's external and internal reserve funds. This income does not form part of the Government Net General Revenue Account and is transferred to the reserve funds to which it relates in the Statement of Total Movement on the General Revenue Account Balance.

12.4 Surplus/(Deficit) for the Year

12.4.1 The Surplus/(Deficit) for the Year

The surplus/(deficit) on the Income and Expenditure Account is arrived at after charging:

| SURPLUS/(DEFICIT) FOR THE YEAR IS ARRIVED AT AFTER CHARGING: | | | | | |
|--------------------------------------------------------------|---------|-----------------|-----------------|--------------------|-----------------|
| | Note | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Auditors' remuneration | 12.9 | 344 | 279 | 185 | 122 |
| Depreciation | 12.10.3 | 142,547 | 133,688 | 111,225 | 104,087 |
| Amortisation | 12.10.5 | 3,105 | 3,107 | 324 | 325 |
| Pension costs | 12.24.6 | 313,054 | 290,187 | 308,000 | 284,000 |
| Irrecoverable VAT | | 305 | 288 | - | - |
| (Loss) / gain on disposal of fixed assets | | 345 | 25 | (137) | - |
| Rentals payable under leases | | 7,705 | 6,088 | 3,616 | 1,997 |



12.4 Surplus/(Deficit) for the Year (continued)

12.4.2 Department Expenditure

An analysis of Department Expenditure is included within Section 13 to these Accounts. The following adjustments have been applied to reflect different basis of preparation to the figures within Section 13.

| RECONCILIATION OF DEPARTMENTAL EXPENDITURE | | | | |
|--------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Total Revenue Expenditure, per Section 13 | (934,993) | (906,769) | (934,993) | (906,769) |
| <u>Accounting Standards Adjustments</u> | | | | |
| Fixed Assets Adjustments | (17,655) | (53,204) | (17,655) | (53,204) |
| Pension Adjustments | (97,000) | (107,000) | (97,000) | (107,000) |
| Other | (20,413) | (558) | (20,413) | (558) |
| <u>Consolidation Adjustments</u> | | | | |
| Treasury - Grant to MUA | - | - | - | - |
| Treasury - Manx Radio Subvention | 1,090 | 1,079 | - | - |
| Treasury - Amortisation of Intangibles | (311) | (2,782) | - | - |
| DEFA - Grant to IOM Meat Company | 2,596 | 2,109 | - | - |
| MDC – Transfer of property in-specie | 950 | - | - | - |
| Net Voted Expenditure | (1,065,736) | (1,067,125) | (1,070,061) | (1,067,531) |
| Treasury Income | 1,057,738 | 986,623 | 1,057,738 | 986,623 |
| Net Voted Income | (7,998) | (80,502) | (12,323) | (80,908) |

Notes:

Other adjustments include the reversal of lease costs paid by the Department of Infrastructure in respect of the Energy from Waste plant (the financing cost is included within Interest Payable and Similar Charges), the movement on House Purchase Assistance Schemes' balances for the Department of Infrastructure, accruals for staff leave and Social Security benefits, adjustments to recognise reserves income and the movement on the value of the strategic oil reserve.



12.5 Staff Remuneration

Numbers of employees and Members whose remuneration of £50,000 or greater is included in these Accounts as at 31 March for each year:

| STAFF REMUNERATION | | | | |
|----------------------|---------|---------|--------------------|---------|
| Remuneration Band | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| £500,000 to £524,999 | 1 | - | 1 | - |
| £475,000 to £499,999 | - | - | - | - |
| £450,000 to £474,999 | 1 | - | 1 | - |
| £425,000 to £449,999 | - | - | - | - |
| £400,000 to £424,999 | 1 | - | 1 | - |
| £375,000 to £399,999 | - | 2 | - | 2 |
| £350,000 to £374,999 | 1 | 2 | 1 | 2 |
| £325,000 to £349,999 | 4 | - | 4 | - |
| £300,000 to £324,999 | 8 | 6 | 8 | 6 |
| £275,000 to £299,999 | 2 | 5 | 2 | 5 |
| £250,000 to £274,999 | 11 | 12 | 11 | 12 |
| £225,000 to £249,999 | 13 | 13 | 13 | 13 |
| £200,000 to £224,999 | 10 | 12 | 10 | 12 |
| £175,000 to £199,999 | 18 | 16 | 18 | 16 |
| £150,000 to £174,999 | 20 | 20 | 19 | 19 |
| £125,000 to £149,999 | 47 | 44 | 46 | 43 |
| £100,000 to £124,999 | 97 | 64 | 90 | 60 |
| £75,000 to £99,999 | 306 | 234 | 285 | 214 |
| £50,000 to £74,999 | 1,662 | 1,243 | 1,558 | 1,144 |

Notes:

- i. The above figures include gross pay amounts as remuneration (including compensation payments made in connection with their employment) but exclude employers' contributions (for example, employers' pension contributions), settlement payments, compromise agreements etc.
- ii. The figures are based on the total remuneration for an individual employee regardless of how many posts that individual may have held. For example, where an individual was employed by two different Departments for two different tasks, the employee is classified above based on their amalgamated remuneration for both posts.
- iii. In accordance with the Accounts and Audit Regulations 2018, remuneration includes all amounts paid or received by a member, officer or employee in his or her capacity as such, which includes payments such as overtime, additional payments for bank hours worked in excess of core contractual hours and any back pay as a result of pay awards relating to prior years among others.
- iv. During 2022/23 certain employees who had left their positions were entitled to back pay due to a backdated pay award and so have been included in the figures which has increased the numbers of staff within certain salary bandings.
- v. The Group figures do not include amounts for the Isle of Man Steam Packet Group, Radio Manx Limited, Isle of Man Meat Company Limited, Laxey Glen Mills Limited and Manx Development Corporation Limited as the companies are not required to comply with the requirements of Regulation 7(6) of the Accounts and Audit Regulations 2018.



12.6 Key Management Compensation

The compensation paid or payable to key management for employee services is shown below:

| KEY MANAGEMENT COMPENSATION | | | | |
|---------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Total Compensation Paid/Payable | 5,773 | 6,737 | 3,304 | 3,073 |

Notes:

- For Central Government, "Key Management" has been interpreted to be the Minister and Chief Officer of each Department, Board or Office.
- In respect of the Group Accounts, "Key Management" includes the Board Members, Directors and Senior Management team.

12.7 Interest Payable and Similar Charges

| INTEREST PAYABLE AND SIMILAR CHARGES | | | | |
|--------------------------------------------------|------------------|------------------|--------------------|------------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Isle of Man Treasury Bond 2034 | (10,210) | (10,195) | - | - |
| Isle of Man Treasury Bond 2030 | (4,219) | (4,219) | - | - |
| Isle of Man Treasury Bond 2051 | (6,707) | (3,494) | (6,707) | (3,494) |
| Local Authority loan interest | (105) | (124) | - | - |
| Lease finance | (2,185) | (2,925) | (1,094) | (1,228) |
| Other finance charges | (1,463) | (160) | - | - |
| Unrealised gain/(loss) on currency balances | (187) | (450) | - | - |
| Net interest expense on post-employment benefits | (124,872) | (96,005) | (125,000) | (96,000) |
| Total | (149,948) | (117,572) | (132,801) | (100,722) |

12.8 Financial Commitments

12.8.1 Operating Leases

The Government's future minimum operating leases payments are as follows:

| OPERATING LEASES - PAYABLE | | | | |
|----------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Within one year | 7,810 | 9,988 | 2,076 | 1,297 |
| Between one and five years | 11,220 | 10,257 | 7,576 | 1,153 |
| After five years | 21,337 | 14,275 | 9,277 | 2,269 |
| Total | 40,367 | 34,520 | 18,929 | 4,719 |



12.8 Financial Commitments (continued)

12.8.1 Operating Leases (continued)

The Government's future minimum operating leases receipts are as follows:

| OPERATING LEASES - RECEIVABLE | | | | |
|-------------------------------|---------------|---------------|--------------------|---------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| Within one year | 4,088 | 3,993 | 3,497 | 3,423 |
| Between one and five years | 14,468 | 13,839 | 11,980 | 11,349 |
| After five years | 65,895 | 59,157 | 56,004 | 48,610 |
| Total | 84,451 | 76,989 | 71,481 | 63,382 |

Note:

Where lease is linked to inflation, a rate of 6% (2022: 2%) has been used. Where leases are pooled and not all are linked to inflation, no inflationary increase has been taken into account. This is consistent with prior year.

12.9 External Audit Fees

| EXTERNAL AUDIT FEES | | | | |
|-------------------------------------------------------------------------------------------|------------|------------|--------------------|------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| Fees payable with regard to external audit services carried out by the appointed auditors | 344 | 279 | 185 | 122 |
| Fees payable with regard to other services carried out by the appointed auditors | 427 | 551 | 427 | 551 |
| | 771 | 830 | 612 | 673 |

Fees payable with regard to other services included:

- Dennis McGurgan and Mike Saville of Grant Thornton were appointed as Joint Liquidator of Montpelier (Trust and Corporate) Services Limited in April 2020 and the liquidation of this entity is ongoing.
- A review project was completed for the Financial Services Authority during the year by the Grant Thornton Limited Advisory team following a procurement process in line with Financial Regulations.
- Review of Human Resources (HR) services within the Office of Human Resources (OHR). The aim of the review was to consider the delivery and quality of the HR services and associated HR policies and strategies for the IOM Government. This review was carried out by Grant Thornton Ireland.

There is no impact on the independence of the audit team from the ad hoc service carried out, as detailed above.



12.10 Fixed Assets

12.10.1 Summary of Fixed Assets

| SUMMARY OF FIXED ASSETS - NET BOOK VALUE | | | | | |
|------------------------------------------|-------------|------------------|------------------|--------------------|------------------|
| | Note | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Tangible Fixed Assets | 12.10.3 & 4 | 2,956,350 | 2,763,346 | 2,421,428 | 2,272,333 |
| Intangible Fixed Assets | 12.10.5 | 69,365 | 72,485 | 498 | 836 |
| Total | | 3,025,715 | 2,835,831 | 2,421,926 | 2,273,169 |

12.10.2 Valuations

The Government has a current policy of looking to revalue certain key assets over a period of 3 to 5 years.

Therefore many of the Group's land and buildings, including both freehold and leasehold assets, have been revalued during the last three years on the basis of existing use or depreciated replacement cost by qualified valuers. The valuations were undertaken by the Treasury's Valuation Office having regard to the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

Depreciation is being charged based upon the revalued amounts and revised estimated useful economic life of the buildings.

The freehold land and buildings have been categorised into Departments and will be revalued on a 3 year cycle, as follows:

- 2022/23 Department of Health and Social Care
Department of Education, Sport and Culture
Treasury
- 2023/24 Department of the Environment, Food and Agriculture
Department of Home Affairs
Cabinet Office
Department for Enterprise
- 2024/25 Department of Infrastructure

Under the cost model the carrying amounts of each class of fixed asset would be as follows:

| Asset class | Group | |
|-----------------------------|------------------|------------------|
| | 2022-23 £000 | 2021-22 £000 |
| Freehold Land & Buildings | 627,843 | 682,841 |
| Vehicles, Plant & Equipment | 227,006 | 179,521 |
| Infrastructure assets | 1,118,692 | 1,164,712 |
| Investment Property | 340 | 340 |
| Total | 1,973,881 | 2,027,414 |



12.10 Fixed Assets (continued)

12.10.3 Tangible Fixed Assets - Group

| TANGIBLE FIXED ASSETS | | | | | | | |
|-------------------------------|-----------------------------------|-------------------------------------|------------------------------------------|-------------------------------------------------------|---------------------------------------------|-----------------------------|--------------------|
| | Group | | | | | | |
| | Freehold Land & Buildings £000 | Vehicles, Plant & Equipment £000 | Infrastructure assets - revalued £000 | Infrastructure Assets - held at historic cost £000 | Assets Under Course of Construction £000 | Investment Property £000 | Total £000 |
| As at 31 March 2022 | | | | | | | |
| Cost or Valuation | 1,560,301 | 534,952 | 267,201 | 1,606,381 | 86,820 | 340 | 4,055,995 |
| Accumulated Depreciation | (305,167) | (322,349) | (165) | (664,968) | - | - | (1,292,649) |
| Net Book Value | 1,255,134 | 212,603 | 267,036 | 941,413 | 86,820 | 340 | 2,763,346 |
| Year end 31 March 2023 | | | | | | | |
| Opening Net Book Value | 1,255,134 | 212,603 | 267,036 | 941,413 | 86,821 | 340 | 2,763,346 |
| Additions | 610 | 79,862 | - | 10,471 | 50,814 | - | 141,757 |
| Disposals | (1,705) | (424) | - | 201 | - | - | (1,928) |
| Transfers | 25,176 | 995 | (969) | 8,821 | (35,856) | - | (1,833) |
| Depreciation | (53,903) | (31,953) | (8,089) | (48,602) | - | - | (142,547) |
| Revaluations/Impairment | 204,629 | (7,073) | - | - | - | (1) | 197,555 |
| Closing Net Book Value | 1,429,941 | 254,010 | 257,978 | 912,304 | 101,778 | 339 | 2,956,350 |
| As at 31 March 2023 | | | | | | | |
| Cost or Valuation | 1,555,481 | 596,017 | 266,232 | 1,617,053 | 101,778 | 339 | 4,136,900 |
| Accumulated Depreciation | (125,540) | (342,007) | (8,254) | (704,749) | - | - | (1,180,550) |
| Closing Net Book Value | 1,429,941 | 254,010 | 257,978 | 912,304 | 101,778 | 339 | 2,956,350 |

Included within tangible fixed assets at 31 March 2023 is freehold land amounting to £74.2 million (2022: £69.2 million) which has not been depreciated.

The net book value of fixed assets held under finance leases and hire purchase contracts was £23.3 million (2022: £45.1 million). Depreciation of £3.2 million (2022: £1.6 million) was charged in the year on these assets.

During the year a revaluation was undertaken on the Department of Health and Social Care and the Department of Education, Sport and Culture asset portfolios. This review resulted in net positive adjustments totalling £197.6 million across the asset groups. The valuations have an effective date of 31 March 2023.

The investment property shown above is owned by Laxey Glen Mills Limited. Its fair value was established by Ben Dutnall BSc MRICS, the Isle of Man Government valuer as at 31 March 2022. The Directors of that Company believe this is representative of the property's fair value as at 31 March 2023.

The investment property owned by Manx Utilities Authority is included on the Balance Sheet as a separate line item.



12.10 Fixed Assets (continued)

12.10.3 Tangible Fixed Assets – Group (continued)

The land and buildings owned by Radio Manx Limited were valued at £1,150,000 for the year ended 31 March 2020 on an existing use valuation basis. The valuation was undertaken by Black Grace Cowley, Chartered Surveyors, in accordance with the RICS Appraisal & Valuation Standards. In March 2023 the Board of Directors consider this figure to still reflect the current valuation of the property. The company's freehold land and buildings are subject to a first legal charge in favour of Isle of Man Bank Limited.

Under the terms of the Credit Agreements with Treasury, Isle of Man Steam Packet Group Limited (IOMSPG) has registered first fixed charges, securing amounts outstanding under that facility on the Group's passenger ships and land and buildings. Fixed charges are also held over all other property and equipment. The amounts outstanding under the facility were included at note 12.6.1.

On 31 July 2020 IOMSPG's subsidiary, The Isle of Man Steam Packet Company Limited (SPC) entered into a contract with South Korean ship builder, Hyundai Mipo Dockyard ("HMD") for the construction of a new Ro-Pax ship to be named "Manxman". Under the contract, SPC is committed to paying US\$90.7m in instalments on completion of certain performance milestones. Industrial Bank of Korea has provided a Refund Guarantee which secures HMD's obligation to refund payment advances plus interest should HMD fail to deliver on the contract. In order to hedge the currency risk on the contract payments SPC entered into forward exchange contracts. See note 12.22.2 for further details.

Following a €9m bid for the Arrow by Caledonian Maritime Assets Limited, a wholly owned subsidiary of the Scottish Government, IOMSPG exercised its option under a long term Charter Party to match the offer. On 3 November 2022 the Company completed the acquisition of MV Arrow.



12.10 Fixed Assets (continued)

12.10.4 Tangible Fixed Assets – Central Government

| TANGIBLE FIXED ASSETS | | | | | | | |
|-------------------------------|-----------------------------------|-------------------------------------|------------------------------------------|-------------------------------------------------------|---------------------------------------------|-----------------------------|------------------|
| | Central Government | | | | | | |
| | Freehold Land & Buildings £000 | Vehicles, Plant & Equipment £000 | Infrastructure Assets - revalued £000 | Infrastructure Assets - held at historic cost £000 | Assets Under Course of Construction £000 | Investment Property £000 | Total £000 |
| As at 31 March 2022 | | | | | | | |
| Cost or Valuation | 1,495,041 | 149,014 | 267,201 | 1,124,625 | 86,820 | - | 3,122,701 |
| Accumulated Depreciation | (273,432) | (108,563) | (165) | (468,208) | - | - | (850,368) |
| Net Book Value | 1,221,609 | 40,451 | 267,036 | 656,417 | 86,820 | - | 2,272,333 |
| Year end 31 March 2023 | | | | | | | |
| Opening Net Book Value | 1,221,609 | 40,451 | 267,036 | 656,417 | 86,820 | - | 2,272,333 |
| Additions | 5 | 10,392 | - | - | 50,814 | - | 61,211 |
| Disposals | (1,730) | (251) | - | - | - | - | (1,981) |
| Transfers | 25,175 | (328) | (969) | 8,821 | (35,855) | - | (3,156) |
| Depreciation | (52,390) | (14,728) | (8,089) | (36,018) | - | - | (111,225) |
| Revaluations/Impairment | 204,246 | - | - | - | - | - | 204,246 |
| Closing Net Book Value | 1,396,915 | 35,536 | 257,978 | 629,220 | 101,779 | - | 2,421,428 |
| As at 31 March 2023 | | | | | | | |
| Cost or Valuation | 1,489,662 | 153,686 | 266,232 | 1,124,624 | 101,779 | - | 3,135,983 |
| Accumulated Depreciation | (92,747) | (118,150) | (8,254) | (495,404) | - | - | (714,555) |
| Net Book Value | 1,396,915 | 35,536 | 257,978 | 629,220 | 101,779 | - | 2,421,428 |

Included within tangible fixed assets at 31 March 2023 is freehold land amounting to £70.5 million (2022: £64.2 million) which has not been depreciated.

During the year a revaluation was undertaken on the Department of Health and Social Care and the Department of Education, Sport and Culture asset portfolios. This review resulted in positive adjustments totalling £204.2 million across the asset groups. The valuations have an effective date of 31 March 2023.

The net book value of fixed assets held under finance leases and hire purchase contracts was £1.9 million (2022: £4.1 million). Depreciation of £2.2 million (2022: £0.6 million) was charged in the year on these assets.



12.10 Fixed Assets (continued)

12.10.5 Intangible Fixed Assets

| INTANGIBLE FIXED ASSETS | | |
|-------------------------------|---------------------------|---------------------------|
| | Group | Central Government |
| | Intangible Assets £000 | Intangible Assets £000 |
| As at 31 March 2022 | | |
| Cost or Valuation | 103,253 | 2,443 |
| Accumulated Amortisation | (30,768) | (1,608) |
| Net Book Value | 72,485 | 835 |
| Year end 31 March 2023 | | |
| Opening Net Book Value | 72,485 | 835 |
| Additions | - | - |
| Transfers | (15) | (13) |
| Amortisation | (3,105) | (324) |
| Closing Net Book Value | 69,365 | 498 |
| As at 31 March 2023 | | |
| Cost | 103,240 | 2,432 |
| Accumulated Amortisation | (33,875) | (1,934) |
| Closing Net Book Value | 69,365 | 498 |

The annual amortisation charge in relation to the Isle of Man Steam Packet Group Limited is shown within Treasury expenditure in the Income and Expenditure Account.

Other Intangible fixed assets mainly consist of purchased software packages.



12.11 Heritage Assets

12.11.1 Nature and scale of assets

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical value. Heritage assets include historic buildings, archaeological sites, monuments, statues, military and scientific equipment of historic importance, museum collections and works of art.

The majority of Heritage Assets are held by Manx Museum and National Trust and cover both a wide cross-section of the Island's natural visitor attractions and Museum artefacts considered to be of national importance.

Heritage Assets currently include:

- Land and Buildings – such as Snaefell, The Sound, Cregneash, Skye Hill, Castle Rushen, Peel Castle, Rushen Abbey, Laxey Wheel, The Grove Museum, the Old House of Keys and the Old Grammar School.
- Transport – including the Horse Trams, Electric Railway, Mountain Railway, Steam Railway.
- Other Artefacts – such as paintings, ornaments, Viking hoards of silver and gold plus items such as the 18th century yacht 'The Peggy', a skeleton of a giant deer and the Sword of State.

Policy for acquisition, preservation, management and disposal of Heritage Assets

The Manx Museum and National Trust is a charitable Trust operating under the name Manx National Heritage, governed by a board of Trustees. Overall governance is provided in legislation by the Manx Museum and National Trust Act 1959. The Act determines that the Trust shall operate a Museum and shall keep the Museum and any additions thereto in good order and repair. The Museum shall be used for storing, classifying, and exhibiting objects of art, or of antiquarian, scientific, literary, historical, or educational interest, whether the property of such Trust or of any other person or body.

The Museum is currently open to the public 7 days a week. In addition, the Trust has a Large Objects Store which is open from time-to-time for guided tours mainly for "Friends of Manx National Heritage" (a registered charity committed to supporting the work of Manx National Heritage).

The Trust is supported by the Isle of Man Government which provides funding for core activities and some capital projects.

The Department of Infrastructure has responsibility for the preservation and maintenance of the transport assets listed above. These are operational assets in daily (seasonal) use and are therefore maintained to a standard suitable for public use.

Accounting treatment of Heritage Assets

The transport assets identified above are included within the Accounts under "Vehicles, Plant and Equipment" as these are operational assets. The accounting treatment of these assets is consistent with the policy for vehicles – in general the vehicles have a life of 6 years. In addition, the value of the railway tracks is included within the Accounts under "Infrastructure assets" with a life of 20-40 years as per the accounting policy.



12.11 Heritage Assets (continued)

12.11.1 Nature and scale of assets (continued)

However the value of Heritage Assets owned by the Manx Museum and National Trust are not included within the Accounts. These assets have generally not been acquired by way of purchase and therefore have no associated purchase cost. Additionally, many of the assets would be difficult to value as there would be no commercial market for them. In terms of Heritage Assets the two principal 'values' that can be reasonably attached are historical importance and visitor importance and attaching values to these would be highly subjective.

12.11.2 Heritage Assets - Group

The Isle of Man Post Office owns a number of heritage assets that are not included in the balance sheet position at 31 March 2023. The assets comprise:

1. A collection of paintings, representing the original artwork for stamps produced during the 1970's and 1980's.
2. A memorial World War 1 plaque designed by Archibald Knox.
3. A memorial World War 2 plaque.

These assets were purchased historically. It is the view of the Post Office Board that the costs incurred to reliably value these assets on an ongoing basis, even if such values could be obtained, would be disproportionate to any additional benefits derived by the Post Office or users of the Accounts.

12.12 Capital Commitments

The estimated commitments for capital expenditure that had started, or legal contracts entered into, as at 31 March 2023 are set out below. This amount predominantly relates to capital schemes approved by Tynwald which were in the course of construction at the year end.

Further details of approved Capital Schemes are set out in the Isle of Man Budget 2022-23 (GD 2022/006).

| CAPITAL COMMITMENTS | | | | |
|--------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Central Government | 38,748 | 64,528 | 38,748 | 64,528 |
| Manx Utilities Authority | 11,631 | 6,854 | - | - |
| Isle of Man Post Office | 137 | - | - | - |
| Total | 50,516 | 71,382 | 38,748 | 64,528 |



12.13 Financial Instruments

The Group has the following financial instruments:

| FINANCIAL INSTRUMENTS | | | | | |
|-------------------------------------------------------------------------------|---------|------------------|------------------|--------------------|------------------|
| | Note | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Financial assets at fair value through profit or loss: | | | | | |
| - Long term investments | 12.14.1 | 1,715,547 | 1,898,176 | 1,754,968 | 1,953,096 |
| - Derivative financial instruments | 12.22.2 | 1,671 | 39,718 | - | - |
| Financial assets that are debt instruments measured at amortised cost: | | | | | |
| - Loans receivable | 12.16.1 | 24,936 | 16,616 | 614,027 | 547,828 |
| - Trade debtors | 12.16.2 | 80,298 | 66,999 | 26,292 | 21,177 |
| - Other debtors | 12.16.2 | 35,662 | 42,253 | 33,901 | 41,302 |
| - Short term deposits | | 193,479 | 225,882 | 183,469 | 216,340 |
| - Cash at bank | 12.18 | 104,716 | 38,018 | 14,924 | 12,898 |
| | | 439,091 | 389,768 | 872,613 | 839,545 |
| Total Assets | | 2,156,309 | 2,327,662 | 2,627,581 | 2,792,641 |
| Financial liabilities at fair value through profit or loss: | | | | | |
| - Derivative financial instruments | 12.22.2 | - | 458 | - | - |
| Financial liabilities measured at amortised cost: | | | | | |
| - Loans payable | 12.21.2 | 660,748 | 658,855 | 657,066 | 657,037 |
| - Trade creditors | 12.19.1 | 69,037 | 17,859 | 10,541 | 9,255 |
| - Accruals | 12.19.1 | 69,509 | 66,430 | 52,264 | 46,509 |
| - Other creditors | 12.19.1 | 72,983 | 72,545 | 72,189 | 71,820 |
| - Financial leases | 12.22.1 | 19,651 | 28,891 | 17,172 | 19,481 |
| - Retirement benefit obligation | 12.24.3 | 2,891,713 | 4,587,035 | 2,902,000 | 4,584,000 |
| | | 3,783,641 | 5,431,615 | 3,711,232 | 5,388,102 |
| Total Liabilities | | 3,783,641 | 5,432,073 | 3,711,232 | 5,388,102 |



12.14 Long Term Investments

12.14.1 Investments

The market value and classification of the Long Term Investments held is as follows:

| GROUP INVESTMENTS VALUE BY ASSET CLASS | | | | |
|----------------------------------------|------------------|------------------|------------------|------------------|
| | Market Value | Book Value | Market Value | Book Value |
| | 31 Mar 23 | 31 Mar 23 | 31 Mar 22 | 31 Mar 22 |
| | £000 | £000 | £000 | £000 |
| Property | 500 | 408 | 600 | 408 |
| Investment in Films | - | - | 380 | 380 |
| United Kingdom Fixed Interest | 439,968 | 482,894 | 411,462 | 426,462 |
| United Kingdom Equities | 165,822 | 163,614 | 220,272 | 209,889 |
| Overseas Fixed Interest | 12,311 | 12,210 | 10,904 | 10,078 |
| Overseas Equities | 457,111 | 354,629 | 531,262 | 390,437 |
| Other Investments | 495,306 | 463,346 | 578,034 | 495,244 |
| Cash & Cash Instruments | 128,129 | 127,689 | 145,262 | 145,256 |
| IOMSPC – Cash Instruments | 16,400 | 16,400 | - | - |
| TOTAL | 1,715,547 | 1,621,190 | 1,898,176 | 1,678,154 |

The Central Government investments differ by £55.7 million (2022: £54.9 million) which represents the investments in the Isle of Man Steam Packet Group Limited and Manx Development Corporation Limited which are eliminated on consolidation.

12.14.2 Balances on Externally Managed Funds

The investments relate to eight externally managed funds. In addition to the investments above, the external Investment Managers and Treasury also hold cash balances in respect of these funds, details of which are set out below:

| GROUP BALANCES ON EXTERNALLY MANAGED FUNDS | | | | |
|--------------------------------------------|------------------|------------------|------------------|------------------|
| | Market Value | Book Value | Market Value | Book Value |
| | 31 Mar 23 | 31 Mar 23 | 31 Mar 22 | 31 Mar 22 |
| | £000 | £000 | £000 | £000 |
| Long Term Investments | 1,715,547 | 1,621,190 | 1,898,176 | 1,678,154 |
| Cash funds held by Treasury | 96,270 | 96,270 | 96,984 | 96,984 |
| Total | 1,811,817 | 1,717,460 | 1,995,160 | 1,775,138 |

The majority of funds are valued through listed holdings on the open market.

The Media Development Fund is not traded on an open market and is valued by an industry expert, being £0.7 million (2022: £0.8 million). The valuation is based on the original investment less write-downs & provisions. When determining the level of write down to recommend to Treasury, the advisors consider to what extent sums invested into productions are unlikely to materialise into recoupment returns as a result of changing market sales conditions.



12.14 Long Term Investments (continued)

12.14.3 Financial Risk

This note provides information about financial risk which is material in the context of the accounts as a whole.

1. Investments

Investment Manager Risk

The appointment of investment managers follows a rigorous process in which prospective managers are required to provide evidence of the company's ability to achieve a strong track record of performance against benchmarks, including how investment performance is achieved and risk controlled in volatile markets. All prospective investment managers must hold the relevant licence from the Isle of Man Financial Services Authority.

In order to mitigate risk and achieve satisfactory diversification, five investment managers are currently appointed (2022: 5) and the portfolio is spread amongst them, as this limits the risk exposure with any single investment manager.

The performance of each manager is reviewed on a quarterly basis by Treasury's investment advisor who in turn provides a report for scrutiny by the Investment Committee.

The investment managers are invited to meet the Investment Committee twice a year to discuss current performance and discuss upcoming risks and issues.

In addition Treasury has appointed a master custodian who provides the following functions which serve toward risk management associated with the investment managers:

- safekeeping of assets/securities such as stocks, bonds, and currency (cash);
- arranging settlement of any purchases and sales and deliveries in/out of such securities and currency;
- collect information on and income from such assets and administer related tax withholding documents and foreign tax reclamation;
- administer voluntary and involuntary corporate actions;
- provide information on the securities and their issuers such as annual general meetings and related proxies;
- maintain currency/cash bank accounts, effect deposits and withdrawals and manage other cash transactions;
- perform additional services including portfolio accounting, reconciliation and administration and performance measurement;
- provide online information and reports; and
- dedicated client relationship manager.

Market Risk

Market risk arises from investments held for which prices in the future are uncertain. The risk is managed through diversification and selection of securities. Selection of securities is delegated to investment managers who in turn must comply with the conditions that apply to the investment mandates that Treasury has in place. The mandates provide certain constraints around the investment profile in order to achieve the investment objective. Treasury currently has two investment mandates:



12.14 Long Term Investments (continued)

12.14.3 Financial Risk (continued)

Market Risk (continued)

| Conditions | Investment Mandate | |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | (1) Absolute Return Funds | (2) Absolute Return Funds (Fixed Income Funds) |
| Benchmark | To outperform the Bank of England Base Rate +3% over rolling three year periods. | To outperform the Bank of England Base Rate +1% over rolling three year periods. |
| Investment Objective | To achieve moderate capital appreciation over the medium term without excessive volatility. | Capital preservation over the medium term with reduced volatility. |
| Time Horizon | 3 – 5 years. | 3 – 5 years. |
| Risk Tolerance | A moderate tolerance for risk commensurate with the investment objective. | A low tolerance for risk commensurate with the investment objective. |
| Equities | Up to 80% of the market value of the total assets of the portfolio. No more than 15% of the market value of the total assets of the portfolio to be invested in any one equity sector. No more than 6% of the market value of the total assets of the portfolio to be invested in any one share. | No more than 20% of total assets of the market value of the total assets of the portfolio. |
| Bonds & Cash | Up to 100% of the market value of the total assets of the portfolio. No more than 10% of the total portfolio may be exposed to bonds rated below Investment Grade. | Up to 100% of the market value of the total assets of the portfolio. No more that 10% of the total portfolio may be exposed to bonds rated below Investment Grade. |
| Currency Exposure | No more than 40% of the market value of the total assets of the portfolio to be held in non-sterling assets. | No more than 10% of the assets of the portfolio to be held in non-sterling assets. |
| Isle of Man Companies | No dealing in shares of companies registered in the Isle of Man without prior Treasury consent. | No dealing in shares of companies registered in the Isle of Man without prior Treasury consent. |
| Unquoted Securities | No dealing in unquoted securities without prior Treasury consent. | No dealing in unquoted securities without prior Treasury consent. |
| Banking Arrangements | No more than 5% of the market value of the total assets of the portfolio to be held in cash with any bank forming part of the investment manager's group. Cash assets above 5% of the total market value of the portfolio should be deposited with other institutions. No more than £15 million or 15% of the market value of the portfolio, whichever is the greater, may be held with institutions within any one banking group. | No more than 10% of the market value of the total assets of the portfolio to be held in cash with any bank forming part of the investment manager's group. Cash assets above 10% of the total market value of the portfolio should be deposited with other institutions. No more than £8 million or 15% of the market value of the portfolio, whichever is the greater, may be held with institutions within any one banking group. |



12.14 Long Term Investments (continued)

12.14.3 Financial Risk (continued)

Market Risk (continued)

| Conditions | Investment Mandate | |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | (1) Absolute Return Funds | (2) Absolute Return Funds (Fixed Income Funds) |
| Derivatives | Derivatives can only be used to provide downside protection to assets held by the portfolio. Prior written permission is required for the use of any derivatives other than Index Futures, Stock Futures, Call Options and Put Options. Use of derivatives is subject to the certain limits. | No dealing in derivatives without prior Treasury consent. |
| Use of Collective Investment Schemes | No investment in any collective investment schemes or other in-house products operated by the investment manager or the investment manager's group without prior Treasury consent. | No investment in any collective investment schemes or other in-house products operated by the investment manager or the investment manager's group without prior Treasury consent. |
| Liquidity | No investment should be made which is not realisable within a reasonable period, maximum 3 months, without prior Treasury consent. | No investment should be made which is not realisable within a reasonable period, maximum 3 months, without prior Treasury consent. |
| Other | Treasury accepts that funds do routinely use a variety of instruments, including derivatives however at least 98% of the value of the underlying investments of the portfolio must consist of investments which if held directly would be compliant with the above conditions. | N/A |

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts owed to Government in full when due. Risk areas for Government are primarily investments and cash and cash equivalents. The risk with investments is managed within the terms of the mandates outlined above.

2. Cash

Treasury considers cash management guidelines at least once per year. The guidelines were last amended and approved by Treasury in September 2017 and have been reviewed internally since then with no changes required. The limits applying to institutions under the current guidelines are based on the short term credit rating awarded to the local institution's parent by the Fitch credit rating agency. The short term Fitch rating has been used as the primary basis for determining the amount to be placed with an institution under the cash guidelines for over 13 years.



12.14 Long Term Investments (continued)

12.14.3 Financial Risk (continued)

Market Risk (continued)

2. Cash (continued)

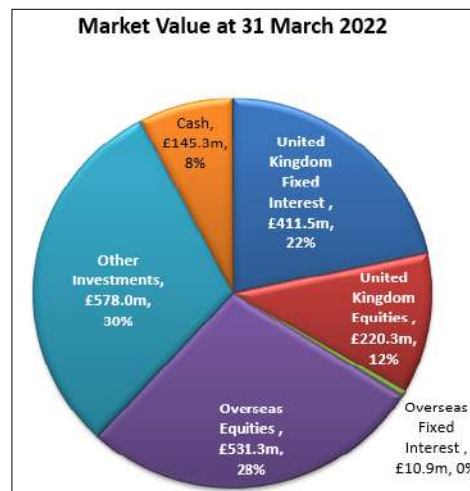
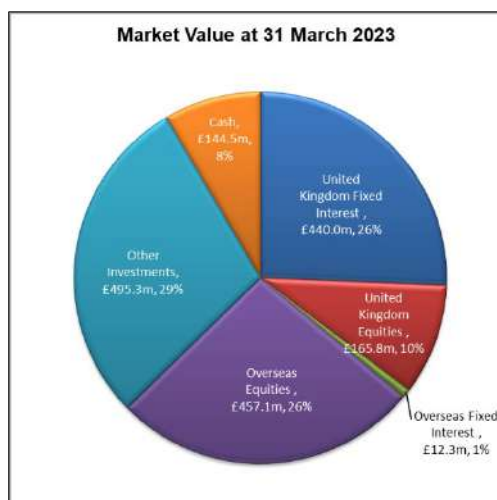
The guidelines are as follows:

- a. The overall total of deposits placed with an F1+ and F1 rated bank (with G-SIFI⁸ status) not to exceed 40% of the Treasury's total sterling on deposit;
- b. The overall total of deposits placed with an F1 rated bank (without G-SIFI status) not to exceed 30% of the Treasury's total sterling on deposit;
- c. F1 rated bank (without G-SIFI status) maximum duration is 12 months with a restriction of a maximum deposit limit of £20m for deposits held for greater than three months;
- d. The following limits to apply to the placing of all new sterling funds with any one institution

| Fitch Short Rating | Limit as % of Deposits | Maximum Maturity |
|-----------------------------------|------------------------|------------------------------------------------------------------|
| F1+ | 40% | 24 months |
| F1 with G-SIFI status | 40% | 12 months |
| F1 and F2 (without G-SIFI status) | 30% | 12 months (up to a maximum of £20 million in excess of 3 months) |
| F2 | 5% | 1 month |
| F3 and no Fitch Rating | £1,000,000 | 1 month |

- e. The maximum to be deposited with subsidiaries of any one banking group is based on the lowest rated relevant subsidiary.
- f. A maximum limit of £1,000,000 in cash deposits may be held with any individual institution or group that has an F3 rating or does not have a credit rating.

12.14.4 Market Value of Externally Managed Funds



⁸ Global Systematically Important Financial Institutions



12.14 Long Term Investments (continued)

12.14.5 Movements on Externally Managed Funds

| MOVEMENT ON EXTERNALLY MANAGED FUNDS | | | | | | | |
|----------------------------------------------|-----------------------------------------------|----------------------------------------|---------------------------|-------------------------------------------|-----------------------------------------------|---------------------------------------------------|------------------------------------------------|
| Invested Fund | Balances Brought Forward 1 April 2022 £000 | Income | | | Expenditure | | Balances Carried Forward 31 March 2023 £000 |
| | | Contributions Seizures & Other £000 | Investment Income £000 | Net Profit on Sale of Investments £000 | Unrealised gain/(loss) on Investments £000 | Expenses & Transfers to Internal Accounts £000 | |
| Manx Currency Account | 105,323 | - | (64) | (92) | (1,253) | (1,393) | 102,521 |
| National Insurance Fund - Investment Account | 995,162 | - | 21,113 | 21,929 | (65,621) | (18,330) | 954,253 |
| Public Service Employees Pension Reserve | 9,796 | - | 10 | - | (6) | (9,697) | 103 |
| Reserve Fund | 639,491 | (41,947) | 12,562 | 8,483 | (40,925) | (12,168) | 565,496 |
| Reserve Fund - Bond MUA Bond Repayment Fund | 147,128 | (53,796) | 2,358 | 1,140 | (10,144) | (2,390) | 84,296 |
| Sinking Fund | 83,392 | - | 1,581 | 4,510 | (7,718) | (20,158) | 61,607 |
| Media Development Fund | 5,913 | 29,995 | 142 | - | (17,840) | - | 18,210 |
| Enterprise Development Fund | 816 | - | - | (114) | - | 15 | 717 |
| Direct Investment Account | 8,138 | - | 310 | (199) | - | (34) | 8,215 |
| | 1,169 | 750 | - | - | - | - | 1,919 |
| Total | 1,996,328 | (64,998) | 38,012 | 35,657 | (143,507) | (64,155) | 1,797,337 |

The market value and book cost of each of the externally managed funds is shown below:

| FUND VALUES | | | | |
|-----------------------------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------------|
| | Market Value 31 March 2023 £000 | Book Value 31 March 2023 £000 | Market Value 31 March 2022 £000 | Book Value 31 March 2022 £000 |
| Manx Currency Account | 102,521 | 104,175 | 105,323 | 105,728 |
| Media Development Fund | 717 | 717 | 816 | 816 |
| National Insurance Fund - Investment Account | 954,253 | 871,525 | 995,162 | 846,813 |
| Public Service Employees Pension Reserve | 103 | 103 | 9,796 | 9,790 |
| Reserve Fund | 565,496 | 558,722 | 639,491 | 591,792 |
| Reserve Fund - Bond | 84,296 | 83,260 | 147,128 | 135,948 |
| Sinking Fund | 18,210 | 18,210 | 5,913 | 5,913 |
| MUA Bond Repayment Fund | 61,607 | 56,133 | 83,392 | 70,200 |
| Enterprise Development Fund | 8,215 | 8,215 | 8,138 | 8,138 |
| Equity Investment in Manx Development Corporation Limited | 1,919 | 1,919 | 1,169 | 1,169 |
| Sub-Total | 1,797,337 | 1,702,979 | 1,996,328 | 1,776,307 |
| IOMSPC - Cash Instruments | 16,400 | 16,400 | - | - |
| Total | 1,813,737 | 1,719,379 | 1,996,328 | 1,776,307 |



12.14 Long Term Investments (continued)

12.14.5 Movements on Externally Managed Funds (continued)

The National Insurance Fund comprises an externally invested National Insurance Investment Account and an internally managed National Insurance Operating Account. The balance on these two funds are as follows:

| NI FUND | | |
|--------------------|------------------|------------------|
| | 31 March 2023 | 31 March 2022 |
| | £000 | £000 |
| Operating Account | 52,990 | 36,449 |
| Investment Account | 954,253 | 995,162 |
| Total | 1,007,243 | 1,031,611 |

The face value of the Manx Currency in circulation at 31 March 2023 was £100.4 million (2022: £101.1 million). At that date the Currency Account Surplus, being the amount by which the Manx Currency Account exceeds the face value of Manx Currency in circulation, was £2.1 million (2022: £4.2 million).

Included in the Enterprise Development Fund are unquoted investments amounting to £1,153,678 (2022: £1,436,587).

12.15 Government Owned Companies

12.15.1 Central Government

The Isle of Man Government hold all the shares in the following nine companies, the accounts of which have been consolidated with the Government's Group Accounts in accordance with the Accounts and Audit (Amendment) Regulations 2019:

| GOVERNMENT OWNED COMPANIES | | | |
|------------------------------------|-----------------------------------------------------|--------------------------|---------------------------------------------|
| Company | Principal activity | Country of Incorporation | Proportion of voting rights and shares held |
| Isle of Man Film Ltd | Film investment | Isle of Man | 100% |
| Isle of Man Film (DOI) Ltd | Dormant | Isle of Man | 100% |
| Isle of Man Ltd | Dormant | United Kingdom | 100% |
| Isle of Man National Transport Ltd | Dormant | Isle of Man | 100% |
| Laxey Glen Mills Ltd | Flour milling | Isle of Man | 100% |
| Radio Manx Ltd | Commercial radio | Isle of Man | 100% |
| Isle of Man Steam Packet Group Ltd | Passenger and freight ferry services | Isle of Man | 100% |
| Isle of Man Meat Company Ltd | Procurement and processing of cattle sheep and pigs | Isle of Man | 100% voting rights and 50% issued shares |
| Manx Development Corporation Ltd | Land regeneration | Isle of Man | 100% |
| Treaco Ltd | Dormant | Isle of Man | 100% |
| Cinemanx Limited | Film investment | Isle of Man | 100% |
| Nimbus Medical Holdings Limited | Discounting | Isle of Man | 91% |



12.15 Government Owned Companies (continued)

12.15.1 Central Government (continued)

The Accounts of the eight trading Companies are required to be laid before Tynwald annually. Further details of the non-dormant companies' activities during the year are set out below:

Isle of Man Film Ltd (IOMFL)

IOMFL previously made investments in film productions on behalf of Government and remits receipts from film sales to the Media Development Fund.

Isle of Man Film (DOI) Ltd is a wholly-owned subsidiary of IOMFL but is now dormant.

Laxey Glen Mills Ltd (LGML)

Government provides subsidies to LGML in respect of flour sales, advances funds for LGML to purchase grain and provides grants to pay bonuses to growers.

Radio Manx Ltd (RML)

Government provides an annual subvention to RML. In addition, Government organisations purchase services from and sell services to RML on an arm's length basis.

Isle of Man Steam Packet Group Ltd (IOMSPGL)

On 24 May 2018 Treasury, a department of the Isle of Man Government, acquired the full shareholding of the IOMSPGL for £48.8 million. A further equity investment of £5m was made during the year ended 31 March 2022.

The group is run on an arm's length basis from Government.

Isle of Man Meat Company Ltd (IOMMCL)

The Department of Environment, Forestry and Agriculture (DEFA) provide an annual grant to the IOMMCL to meet operational costs. DEFA holds one 'G' share which holds voting and distribution rights. The remaining 50% is owned by Isle of Man Fat Stock Marketing Association Ltd who hold one 'A' share with no voting or distribution rights.

Manx Development Corporation Ltd (MDC)

MDC was incorporated on 31 March 2021 as a wholly owned subsidiary of the Treasury.

The company was established to operate on an arm's length basis from Treasury to make a long term contribution to urban and brownfield regeneration in the Isle of Man.

To date Treasury has provided funding by way of equity investment to MDC to assist with financing the company's running costs and initial feasibility and planning activities in respect of several potential development sites.

Cinemanx Limited

The entire issued share capital of Cinemanx Limited was acquired by Treasury on 2 December 2020.

Cinemanx Limited was appointed by Treasury to manage and invest the funds within the Media Development Fund. The funds were invested in various film production projects.

Cinemanx Limited continues to receive funds relating to film production and distribution rights that are held, which are then passed through to Treasury.



12.15 Government Owned Companies (continued)

12.15.1 Central Government (continued)

Nimbus Medical Holdings Limited

Nimbus Medical Holdings Limited received funding as part of the Enterprise Development Scheme (EDS) to support the development of a telehealth system for elderly and vulnerable people. The Department of Enterprise (DfE) took a majority shareholding in the company following a restructure during 2019 to provide protection for the debt due to the EDS.

12.15.2 Group Accounts

Manx Utilities Authority

In addition to 12.15.1, the Manx Utilities Authority hold all the shares in the following two companies, the accounts of which have been consolidated with the Government's Group Accounts, on the basis that they are consolidated within the Manx Utilities Authority's own Group Accounts:

| COMPANIES OWNED BY THE MANX UTILITIES AUTHORITY | | | |
|-------------------------------------------------|----------------------------|--------------------------|---------------------------------------------|
| Company | Principal activity | Country of Incorporation | Proportion of voting rights and shares held |
| Manx Cable Company Limited | Electricity cable link | Isle of Man | 100% |
| e-Ilan Communications Limited | Wholesale telecom services | Isle of Man | 100% |

Isle of Man Post Office

As part of the acquisition of property at Barleyfields, Isle of Man Business Park, the Post Office acquired 40 shares of Isle of Man Business Park (No.4) Management Company Limited. The principal activity of the company is the management of the shared element of the property acquired.

The Post Office share of the profits or losses of associates or its interest in their net assets have not been consolidated with the Government's Group Accounts, on the basis that its transactions and balances are not material.

| COMPANIES IN WHICH THE ISLE OF MAN POST OFFICE HAS SHARES | | | |
|------------------------------------------------------------|---------------------|--------------------------|---------------------------------------------|
| Company | Principal activity | Country of Incorporation | Proportion of voting rights and shares held |
| Isle of Man Business Park (No4) Management Company Limited | Property management | Isle of Man | 40% |



12.15 Government Owned Companies (continued)

12.15.2 Group Accounts (continued)

Isle of Man Steam Packet Group Limited

Isle of Man Steam Packet Group Limited holds the entire issued share capital of the following companies.

| COMPANIES OWNED BY ISLE OF MAN STEAM PACKET GROUP LIMITED | | | |
|-----------------------------------------------------------|--------------------|--------------------------|---------------------------------------------|
| Company | Principal activity | Country of Incorporation | Proportion of voting rights and shares held |
| Isle of Man Steam Packet Company Limited | Ferry operator | Isle of Man | 100% |
| Steam Packet Holidays Limited | Package holidays | Isle of Man | 100% |
| Manx Sea Transport Limited | Crew Management | Isle of Man | 100% |
| Manx Sea Transport Guernsey Limited | Crew provision | Guernsey | 100% |

Cinemanx Limited

Cinemanx Limited, directly or indirectly, holds the entire issued share capital of the following companies.

| COMPANIES OWNED BY CINEMANX LIMITED | | | |
|-------------------------------------|------------------------------------------------|--------------------------|---------------------------------------------|
| Company | Principal activity | Country of Incorporation | Proportion of voting rights and shares held |
| Cinemanx Films One Limited | Film investment | United Kingdom | 100% |
| Cinemanx Productions One Limited | Film production | United Kingdom | 100% |
| Cinemanx Films Two Limited | Film investment | United Kingdom | 100% |
| Cinemanx Productions Two Limited | Film production | United Kingdom | 100% |
| Cinemanx Films Three Limited | Film investment | United Kingdom | 100% |
| Cinemanx Productions Three Limited | Film production | United Kingdom | 100% |
| Cinemanx Productions Four Limited | Dormant | United Kingdom | 100% |
| Cinemanx Productions Five Limited | Film production | United Kingdom | 100% |
| Cinemanx Distribution Limited | Sale and financing of film distribution rights | United Kingdom | 100% |
| Cinemanx Music Limited | Film investment | United Kingdom | 100% |



12.15 Government Owned Companies (continued)

12.15.2 Group Accounts (continued)

Manx Development Corporation Limited

Manx Development Corporation Limited directly holds the entire issued share capital of the following companies.

| COMPANIES OWNED BY MANX DEVELOPMENT COMPANY LIMITED | | | |
|-----------------------------------------------------|----------------------|--------------------------|---------------------------------------------|
| Company | Principal activity | Country of Incorporation | Proportion of voting rights and shares held |
| Manx Development Corporation – FNH Limited | Property development | Isle of Man | 100% |
| Manx Development Corporation – WMV Limited | Property development | Isle of Man | 100% |

12.16 Debtors and Prepayments

12.16.1 Long Term Debtors

Long Term Debtor balances comprise loan schemes funded by the Consolidated Loans Fund. An analysis of the closing balances on these schemes is shown below:

| LONG TERM DEBTORS | | | | |
|--------------------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Loan Schemes | | | | |
| Agricultural Holdings Scheme 1978 | 20 | 20 | 20 | 20 |
| Agricultural Holdings Scheme 2000 | 294 | 328 | 294 | 328 |
| Agricultural Credits Acts 1924-66 | 2 | 4 | 2 | 4 |
| Fishing Industry | - | 2 | - | 2 |
| House Purchase Assistance Schemes | 15,430 | 14,924 | 15,430 | 14,924 |
| House Purchase Schemes | 2 | 6 | 2 | 6 |
| House Purchase & Refurbishment Scheme 1991 | 133 | 158 | 133 | 158 |
| Local Authorities | 1,076 | 1,174 | 1,076 | 1,174 |
| | 16,957 | 16,616 | 16,957 | 16,616 |
| Loans to Statutory Boards | | | | |
| Manx Utilities Authority | - | - | 437,696 | 447,079 |
| Isle of Man Steam Packet Group | - | - | 151,395 | 84,133 |
| Manx National Heritage | 7,979 | - | 7,979 | - |
| Total Loans Outstanding | 24,936 | 16,616 | 614,027 | 547,828 |
| Due within 12 months | (772) | (746) | (13,992) | (17,650) |
| Total Due After 12 Months | 24,164 | 15,870 | 600,035 | 530,178 |



12.16 Debtors and Prepayments (continued)

12.16.1 Long Term Debtors (continued)

- The criteria for the House Purchase Assistance schemes have varied across the years but in general have been offered at 1% below the Bank of England base rate. In 2014 a Shared Equity Scheme was introduced which offered a 2 year interest-free period then charged at 1%, increasing incrementally by 1% each subsequent year or Bank of England Base Rate plus 5% whichever is the lesser.
- The MUA loan includes Isle of Man Treasury Bonds that comprise a Bond with a £75 million nominal value at 5.625% per annum with a maturity date of 29 March 2030, and a Bond with a £185 million nominal value at 5.375% per annum with a maturity date of 14 August 2034. The balance of the loan amount relates to loans from the Consolidated Loans Fund, which following the refinancing as a result of the sustainable bond issue in September 2021, £176 million is now being charged interest at a rate of 1.7% and the remaining balance, being new loans, is subject to the current Consolidated Loans Fund rate below.
- The Local Authority Loans are in respect of obligations taken on for sewer mains and sewerage assets transferred to the Authority prior to 2007.
- Interest payable on the Consolidated Loans Fund is at a variable interest rate as determined annually by Isle of Man Government Treasury. For the year under review the interest rate was set at 2% (2022: 2%).
- On 13 January 2022 Treasury, a department of Isle of Man Government, entered into two loan facility agreements with the Isle of Man Steam Packet Group Limited for £76 million and £84 million. The facility for £76 million was for the purpose of refinancing an existing loan between the parties. The facility for £84 million was to provide finance for the purchase of a new vessel, the Manxman. Both facilities are subject to interest at a rate of 1.7% per annum with interest and capital repayments due on a six monthly basis with full repayment due prior to 31 December 2051.

12.16.2 Current Debtors

| CURRENT DEBTORS | | | | |
|------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Trade Debtors | 80,298 | 66,999 | 26,292 | 21,177 |
| Prepayments | 212 | 199 | - | - |
| Loan Schemes | 772 | 746 | 13,992 | 17,650 |
| Sub-total | 81,282 | 67,944 | 40,284 | 38,827 |
| Taxation Debtors | 17,835 | 16,458 | 17,835 | 16,458 |
| Other Debtors | 17,827 | 25,795 | 16,066 | 24,844 |
| Sub-total | 35,662 | 42,253 | 33,901 | 41,302 |
| Total | 116,944 | 110,197 | 74,185 | 80,129 |

- Included within Trade Debtors and Prepayments for both the Group and Central Government is an amount of £1.5 million (2022: £1.5 million) in respect of the Kaupthing Singer & Friedlander (Isle of Man) Limited Early Payment Schemes and Depositors' Compensation Schemes. A provision of £1.1 million (2022: £1.1 million) has been applied against this balance to give a net balance of £0.4 million (2022: £0.4 million).



12.16 Debtors and Prepayments (continued)

12.16.2 Current Debtors (continued)

- Taxation Debtors include amounts in respect of direct taxation where assessments have been raised and are expected to be paid. Income Tax assessments which are under review and for which the assessed value may change are excluded from the Taxation Debtors amount as the amount and timing of payment is uncertain.
- Trade and other debtors are disclosed net of a provision for £23.4 million (2022: £19.5 million).

12.17 Stocks and Work in Progress

| STOCKS AND WORK-IN-PROGRESS | | | | |
|-------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Raw Materials and Consumables | 15,301 | 13,752 | 6,114 | 5,150 |
| Work in Progress | 2,033 | 48 | 48 | 48 |
| Goods for Resale | 3,358 | 3,747 | 3,153 | 3,557 |
| Total | 20,692 | 17,547 | 9,315 | 8,755 |

12.18 Cash Balances

12.18.1 Cash Balances

| CASH BALANCES | | | | |
|---------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Cash re: external funds | 96,785 | 80,397 | 96,785 | 80,397 |
| Cash re: loans fund | (15,116) | 17,685 | (15,116) | 17,685 |
| Other cash balances | 23,047 | (60,064) | (66,745) | (85,184) |
| Cash at Bank and in Hand | 104,716 | 38,018 | 14,924 | 12,898 |
| Bank Overdrafts | (1,030) | (1,452) | (964) | (1,400) |
| Total | 103,686 | 36,566 | 13,960 | 11,498 |

The above represents cash held in Government bank accounts and cash held by the Government's External Investment Managers (see Note 12.14). In addition, Treasury also places short term cash deposits on wholesale money markets.

Cash balances in respect of the Consolidated Loans Fund (capital cash balance) are funded from General Revenue and are therefore shown as both a positive (in respect of the Consolidated Loans Fund) and a negative (overdrawn, in respect of General Revenue) cash balance with 'Other cash balances' above.

Cash and Cash Instruments are now classified as Investments and included in the table within note 12.14.1. This is to provide greater transparency in showing how the reserves position is made up of the investment portfolio.



12.18 Cash Balances (continued)

12.18.2 Bank Overdrafts and Loans Payable

| BANK OVERDRAFTS AND LOANS PAYABLE | | | | | |
|-----------------------------------|---------|------------------|------------------|--------------------|------------------|
| | Note | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Current Liabilities | | | | | |
| Finance Debt | | (4,922) | (10,703) | (2,452) | (2,310) |
| Bank Overdrafts and Loans Payable | | (1,030) | (1,452) | (964) | (1,400) |
| | | (5,952) | (12,155) | (3,416) | (3,710) |
| Long Term Liabilities | | | | | |
| Loans Payable - Bonds | 12.21.2 | (656,102) | (655,535) | (656,102) | (655,535) |
| Loans Payable - LA | 12.21.2 | (1,490) | (1,587) | - | - |
| Other | 12.21.2 | (2,126) | (281) | - | (102) |
| Finance Debt | 12.19.2 | (14,729) | (19,276) | (14,720) | (17,171) |
| | | (674,447) | (676,679) | (670,822) | (672,808) |
| Total | | (680,399) | (688,834) | (674,238) | (676,518) |

The Treasury reviews its banking arrangements annually and currently has lending facilities in place with the Isle of Man Bank Limited and Lloyds Bank Plc which are as follows:

| LENDING FACILITIES IN PLACE | |
|-----------------------------|-------------|
| Account | Limit £ |
| Forward Foreign Exchange | £1,545,000 |
| RBSI One Card | £3,000,000 |
| RBSI Overdraft | £75,000,000 |



12.19 Creditors and Third Party Funds

12.19.1 Creditors: Amounts falling due within one year

| CURRENT LIABILITIES | | | | | |
|---------------------|---------|----------------|----------------|--------------------|----------------|
| | Note | Group | | Central Government | |
| | | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | | £000 | £000 | £000 | £000 |
| Trade creditors | | 69,035 | 17,859 | 10,541 | 9,255 |
| Accruals | | 69,509 | 66,430 | 52,264 | 46,509 |
| Other creditors | | 72,983 | 72,545 | 72,189 | 71,820 |
| Deferred income | | 11,903 | 11,277 | - | - |
| Sub-total | | 223,430 | 168,111 | 134,994 | 127,584 |
| Finance debt | 12.22.1 | 4,922 | 9,615 | 2,452 | 2,310 |
| Derivatives | | - | 1,088 | - | - |
| Sub-total | | 4,922 | 10,703 | 2,452 | 2,310 |
| Total | | 228,352 | 178,814 | 137,446 | 129,894 |

12.19.2 Creditors: Amounts falling due after more than one year

| LONG-TERM LIABILITIES | | | | | |
|-----------------------|---------|---------------|---------------|--------------------|---------------|
| | Note | Group | | Central Government | |
| | | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | | £000 | £000 | £000 | £000 |
| Finance debt | 12.22.1 | 14,729 | 19,191 | 14,720 | 17,171 |
| Derivatives | | - | 85 | - | - |
| Sub-total | | 14,729 | 19,276 | 14,720 | 17,171 |
| Deferred income | 12.20 | 14,808 | 13,898 | - | - |
| Other creditors | | 14,557 | 13,526 | 14,400 | 13,303 |
| Sub-total | | 29,365 | 27,424 | 14,400 | 13,303 |
| Total | | 44,094 | 46,700 | 29,120 | 30,474 |

12.20 Deferred Income

| DEFERRED INCOME | | | | |
|---------------------------------------------|---------------|---------------|--------------------|----------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| Falling due after more than one year | | | | |
| Customers' Contributions | | | | |
| Opening Balance | 13,898 | 18,044 | - | - |
| Received in the year | 1,559 | 787 | - | - |
| Released to I&E Account in the year | (649) | (4,933) | - | - |
| Closing Balance | 14,808 | 13,898 | - | - |

Deferred income represents amounts paid in advance by customers of the Manx Utilities Authority.



12.21 Loans Payable

12.21.1 Central Government

The external debt of Government (other than temporary borrowing by way of Bank overdraft) comprises Bonds issued under the Isle of Man Loans Act 1958-74.

Loans payable comprise £660 million (2022: £660 million) in respect of loans issued from the Consolidated Loans Fund.

£260 million (2022: £260 million) of the balance is in respect of loans issued to the Manx Utilities Authority. This relates to amounts raised by Treasury through a Bond Issue on behalf of the Statutory Board, the proceeds of which were then loaned to the Statutory Board.

The Bonds have the following details:

| MANX UTILITIES AUTHORITY BONDS | | | |
|-------------------------------------------------------------------------------|--------------|-------------------|----------------|
| Statutory Board | Amount | Interest rate | Maturity Date |
| Manx Utilities Authority (former Isle of Man Water and Sewerage Authority) | £75 million | 5.625% (fixed) | 29 March 2030 |
| Manx Utilities Authority (former Manx Electricity Authority) | £185 million | 5.375% (fixed) | 14 August 2034 |

In September 2021 the sustainable bond was issued at £392.5 million, being £400m less discount and issuing costs:

| CENTRAL GOVERNMENT BONDS | | | |
|--------------------------|--------------|-------------------|-------------------|
| Department | Amount | Interest rate | Maturity Date |
| Treasury | £400 million | 1.625% (fixed) | 14 September 2051 |



12.21 Loans Payable (continued)

12.21.2 Group Accounts

Loans payable includes £1.5 million (2022: £1.6 million) due to local authorities by the Manx Utilities Authority. The loans are in respect of obligations taken on for sewer mains and sewerage assets transferred to the Authority prior to 2007.

The bonds are accounted for on an effective interest basis and include accrued interest applicable to the financial year 2022/23.

| LOANS PAYABLE | | | | | |
|----------------------------------------|---------|-----------------|-----------------|--------------------|-----------------|
| | Note | Group | | Central Government | |
| | | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| 5.625% Bonds repayable March 2030 | | 73,379 | 73,111 | 73,379 | 73,111 |
| 5.375% Bonds repayable August 2034 | | 189,890 | 189,890 | 189,890 | 189,890 |
| 1.625% Bonds repayable | | 392,833 | 392,534 | 392,833 | 392,534 |
| Total Bonds | | 656,102 | 655,535 | 656,102 | 655,535 |
| Local Authority loans taken over (MUA) | | 1,490 | 1,587 | - | - |
| Other | | 2,126 | 281 | - | 102 |
| Total Long Term Loans | | 659,718 | 657,403 | 656,102 | 655,637 |
| Bank Overdrafts | 12.18.1 | 1,030 | 1,452 | 964 | 1,400 |
| Total Loans Payable | | 660,748 | 658,855 | 657,066 | 657,037 |



12.22 Other Financial Assets and Liabilities

12.22.1 Finance Leases

The future minimum finance lease payments are as follows:

| FINANCE LEASE OBLIGATIONS | | | | |
|-------------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Payments Due: | | | | |
| Falling due within one year: | | | | |
| Within one year | 4,922 | 9,615 | 2,452 | 2,310 |
| Falling due after one year: | | | | |
| Between one and five years | 11,422 | 15,166 | 11,413 | 13,061 |
| Later than five years | 3,307 | 4,110 | 3,307 | 4,110 |
| Sub-Total | 14,729 | 19,276 | 14,720 | 17,171 |
| Total | 19,651 | 28,891 | 17,172 | 19,481 |

Central Government

At 31 March 2023 there was one material finance lease in existence in respect of the Energy from Waste Plant in Braddan, which was the subject of a sale and lease back agreement in 2004. During the year to 31 March 2023 the annual rental of £3.4 million (2022: £3.4 million) was charged to the Income and Expenditure Account of the Department of Infrastructure. That amount is payable until the final payment which is due on 28 September 2028.

The finance liability represents the present value of expected future capacity payments discounted at an interest rate of 6.2% per annum. This amount has been included in fixed assets and is depreciated over 20 years.

Group Accounts

In 2002, the Manx Electricity Authority entered into contractual arrangements to obtain capacity on the natural gas inter-connector between the UK and the Republic of Ireland and to construct a spur pipeline to connect the Isle of Man to the inter-connector. These contractual arrangements were entered into by the Authority in order to bring natural gas to the Isle of Man to supply the Authority and other third party users.

The Isle of Man Pipeline Connection Agreement relates to the use of the spur pipeline linking the Moffat Distribution System and the west coast of the Isle of Man. Under the terms of the agreement, the Manx Utilities Authority pays the operator for the construction costs of the spur pipeline until 30 September 2023.

The finance liability represents the present value of expected future capacity payments discounted at an interest rate of 10.8% per annum (2022: 10.8%). The effective interest rate has been reassessed based on the value of payments made each year. This amount has been included in tangible assets and is depreciated over 60 years. Operating and maintenance charges also arise under the spur inter-connector Agreement and are charged to the Income and Expenditure account.



12.22 Other Financial Assets and Liabilities (continued)

12.22.1 Finance Leases (continued)

The amounts due under this agreement are payable in Euros (€). As at 31 March 2023, Manx Utilities Authority had contracts in place for monthly commitments to purchase Euros at predefined exchange rates until March 2023. The total nominal amount of these contracts at 31 March 2023 was €9.6 million which equates to a Sterling commitment of £8.4 million (2022: €20.9 million, £18.3 million).

12.22.2 Derivatives

| FINANCIAL ASSETS | | | | |
|---------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Forward purchase of natural gas | 1,600 | 39,718 | - | - |
| Forward purchase of currency | 71 | - | - | - |
| Total | 1,671 | 39,718 | - | - |

| FINANCIAL LIABILITIES | | | | |
|---------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Falling due within 1 year | | | | |
| Forward purchase of natural gas | - | - | - | - |
| Forward purchases of currency | - | 373 | - | - |
| Sub-total | - | 373 | - | - |
| Falling due after 1 year | | | | |
| Forward purchase of natural gas | - | - | - | - |
| Forward purchases of currency | - | 85 | - | - |
| Sub-total | - | 85 | - | - |
| Total | - | 458 | - | - |

Derivative financial instruments – Forward Purchase Contracts

- Manx Utilities Authority has entered into a number of contracts to purchase gas at a pre-determined price for delivery up to March 2023, in order to reduce gas price volatility that may be suffered by customers by seeking to achieve gas purchase cost consistent with the three-year average forward price for the relevant gas season. As at 31 March 2023 the amount of these commitments was £13.3 million (2022: £17.0 million).
- The contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward market price at the balance sheet date and the quantity of gas purchased. The fair value of the forward natural gas purchase contracts at 31 March 2023 is a financial asset of £1.6 million (2022: financial asset £39.7 million), being the market value of the contracts of £14.9 million (2022: £56.7 million) less the contractual commitments of £13.3 million (2022: £17.0 million).



12.22 Other Financial Assets and Liabilities (continued)

12.22.2 Derivatives (continued)

- Additionally, Manx Utilities Authority enters into forward contracts to purchase Euros in order to protect against foreign currency exchange volatility on charges paid in respect of the Gas Interconnector and the Spur Pipeline, which are invoiced in Euros. As at 31 March 2023, Manx Utilities Authority had contracts in place for monthly commitments to purchase Euros at a pre-defined rate until March 2024. The nominal amount of these contracts at 31 March 2023 was €9.6 million which equates to a Sterling commitment of £8.4 million (2022: €20.9 million, £18.3 million).
- The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for Sterling to Euros and the contracted price for the purchases. The fair value of the forward foreign currency contracts as at 31 March 2023 is a financial liability of £0.1 million (2022 : £0.4 million), being the market value of the contracts of £8.5 million (2022 : £17.9 million) less the contractual commitments of £8.4 million (2022 : £18.3 million).
- On 11 November 2021, the Isle of Man Steam Packet Group Limited entered into four US Dollar forward exchange contracts with execution dates co-terminus with Manxman instalment payments in order to hedge the Group's currency risk. The fair value movement of the forward exchange contracts during the year to 31 December 2022 was £8.3 million (2021: £1.1 million). All contracts have now been executed.

12.23 Movements on Reserves

12.23.1 Net General Revenue Account

The movement on the General Revenue Account is shown in the Statement of Total Movement on the General Revenue Account Balance (Section 11.3).

12.23.2 General Revenue Adjustments Account

| GENERAL REVENUE ADJUSTMENTS ACCOUNT | | | | |
|---------------------------------------|------------------|--------------------|--------------------|--------------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Balance brought forward | (2,277,910) | (2,449,480) | (2,268,107) | (2,438,290) |
| Fixed assets adjustments | 147,991 | (22,384) | 147,991 | (22,384) |
| Unrealised gain/(loss) on investments | (9,036) | 14,635 | (9,036) | 14,635 |
| Pensions adjustments | 1,682,000 | 205,000 | 1,682,000 | 205,000 |
| Other | (11,686) | (25,681) | (6,575) | (27,068) |
| Total | (468,641) | (2,277,910) | (453,727) | (2,268,107) |

Adjustments which are required to comply with current applicable Accounting Standards and are applied to the Income and Expenditure Account but which are not included in the Government's budget are applied to the General Revenue Adjustments Account and not the Net General Revenue Account.



12.23 Movements on Reserves (continued)

12.23.2 External Funds and Reserves

The Government has eight externally managed funds and reserves. These are reserves where the invested assets relating to each reserve are managed by external investment managers.

Details of balances and movements on externally managed funds and reserves are provided in Note 12.14.5.

12.23.4 Internal Funds – Central Government

| INTERNAL FUNDS - CENTRAL GOVERNMENT | | | | | | | |
|-----------------------------------------|------------------------------------------------|---------------------------------------------------|----------------------------------------------|------------------------------|----------------------------------------------|---------------------------------|-----------------------------------------------|
| Internal Revenue Fund or Reserve | Balances Brought Forward 1 Apr 2022 £000 | Income | | | Expenditure | | Balances Carried Forward 31 Mar 23 £000 |
| | | Transfers to/from Operating Account £000 | Contributions Seizures & Other £000 | Investment Income £000 | Transfers to Internal Accounts £000 | Inter-fund Transfers £000 | |
| Academic Business Planning Fund | 1,043 | - | - | 6 | (464) | - | 585 |
| Agriculture and Forestry Fund | 2,578 | 3,000 | - | 20 | (2,600) | - | 2,998 |
| Brexit Fund | 2,495 | (2,475) | - | 18 | (38) | - | - |
| Contingency Fund | 9,230 | 37,500 | - | 100 | (35,173) | - | 11,657 |
| Capital Financing Reserve | 57,480 | 59,594 | - | 292 | (85,173) | - | 32,193 |
| Climate Change Fund | - | 25,000 | - | 88 | (410) | - | 24,678 |
| Digital Strategy Fund | 5,398 | 500 | - | 40 | (78) | - | 5,860 |
| Economic Development Fund | 4,728 | 2,000 | - | 41 | (50) | - | 6,719 |
| Economic Fund | 30,596 | 10,000 | - | 245 | (6,090) | - | 34,751 |
| Environmental Protection Fund | 9,461 | 3,000 | - | 75 | (1,191) | - | 11,345 |
| Healthcare Transformation Fund | 9,388 | 7,000 | 299 | 74 | (5,581) | - | 11,180 |
| Housing & Communities Fund | - | 2,000 | - | 7 | (59) | - | 1,948 |
| Housing Reserve Fund | 7,153 | (1,382) | 2,737 | 63 | (496) | - | 8,075 |
| Invest to Save Fund | 1,885 | 500 | - | 8 | (2,132) | - | 261 |
| Land & Property Acquisition Reserve | 6,928 | - | - | 50 | - | - | 6,978 |
| Legal Costs Reserve | 2,720 | 750 | - | 16 | (1,698) | - | 1,788 |
| Marketing Initiatives Fund | 3,534 | - | - | 23 | (545) | - | 3,012 |
| Medical Indemnity Fund | 4,898 | 3,000 | - | 42 | (1,166) | - | 6,774 |
| Project Development Fund | - | 2,000 | - | 7 | - | - | 2,007 |
| Seized Assets Fund | 10,558 | - | 3,116 | 83 | (1,208) | - | 12,549 |
| Town & Village Centre Regeneration Fund | 1,460 | - | - | 11 | - | - | 1,471 |
| Total | 171,533 | 151,987 | 6,152 | 1,309 | (144,152) | - | 186,829 |



12.23 Movements on Reserves (continued)

The internally managed funds are funds allocated from General Revenue to provide funding for a specific purpose. The assets invested for each fund comprise cash deposits based with local banks and are not separately identifiable from other General Revenue cash deposits.

Details of each fund, including a brief description of the purpose of each fund, can be found in Section 11 of the Budget (Pink Book) 2022-23.

12.23.5 Internal Funds - Group

| INTERNAL FUNDS - GROUP | | | | | |
|---------------------------------|-------------------------------------------|----------------------------------------|-------------------------|-----------------------------------------------|--------------------------------------------|
| | Balances Brought Forward 1 Apr 22 £000 | Income | | Expenditure | Balances Carried Forward 31 Mar 23 £000 |
| | | Contributions Seizures & Other £000 | Realised Income £000 | Internal Transfers and Other Expenses £000 | |
| Treasury funds | | | | | |
| Internally managed funds | 171,533 | 158,139 | 1,309 | (144,152) | 186,829 |
| Other funds | | | | | |
| <u>Isle of Man Post Office</u> | | | | | |
| Reserves | 27,104 | - | - | 430 | 27,534 |
| <u>Manx Utilities Authority</u> | | | | | |
| Reserves | 26,194 | - | - | (20,552) | 5,642 |
| <u>Owned Companies</u> | | | | | |
| Reserves | (4,071) | 33,390 | - | | 29,319 |
| Total | 220,760 | 191,529 | 1,309 | (164,274) | 249,324 |

12.24 Pensions

12.24.1 Overview

The Isle of Man Government operates a number of pensions for staff employed under a variety of pay agreements. These schemes apply to personnel in the various Departments, Boards and Offices within the scope of the Central Government Accounts. The schemes are managed and administered by the Public Sector Pensions Authority, a statutory board of Government. The transactions and balances in respect of these schemes are included within the Central Government figures below.

Whilst the Treasury has established a reserve fund to address the emerging pension liability, these schemes are accounted for as unfunded schemes as the Public Service Employees' Pension Reserve is not exclusively used to meet pension scheme liabilities and its assets are not allocated to specific schemes.

The schemes operated by Central Government comprise the following:

- Government Unified Scheme
- *Judicial Pension Scheme 1992 (closed scheme)*
- Judicial Pension Scheme 2004
- *Police Pension Regulations 1991 (closed scheme)*



12.24 Pensions (continued)

12.24.1 Overview (continued)

- Police Pension Regulations 2010
- *Superannuation Manual Workers (No 1) Pension Scheme 1973 (closed scheme)*
- Teachers Superannuation Order 2007

The Isle of Man Post Office operates a separate defined benefit scheme, the transactions and balances of which are included in the Group figures below. The scheme is a funded scheme, contributions to which are determined by a firm of independent actuaries employed by the Trustees.

The scheme operated by the Isle of Man Post Office is as follows:

- The Isle of Man Post Office Superannuation Scheme

The Isle of Man Steam Packet Group Limited operates a defined contribution scheme, the Carey Workplace Pension Trust, and three defined benefit schemes as follows:

- Isle of Man Steam Packet Company Ltd Staff Pension Fund (SPPF) (closed scheme)
- Merchant Navy Officers Pension Fund (MNOFP)
- Merchant Navy Ratings Pension Fund (MNRPF)

The SPPF scheme is a contributory, defined benefit scheme which provides retirement benefits and death benefits for all permanent employees in the form of a guaranteed level of pension payable for life. The level of benefits are dependent on length of service and salary.

The MNOFP and MNRPF schemes are closed to future accrual. Insufficient information is available to enable defined benefit accounting on these two schemes therefore a defined contribution approach has been adopted and the full annual cost is included.

12.24.2 Assumptions used

| PENSION ASSUMPTIONS USED | | | | |
|---------------------------------------------------|---------|---------|--------------------|---------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-21 | 2021-22 |
| Discount rate | 4.96% | 2.78% | 4.75% | 2.70% |
| Salary increase rate | 4.99% | 5.25% | 4.95% | 5.20% |
| Rate of revaluation in deferment | 2.75% | 3.25% | n/a | n/a |
| Pension increase rate | 3.04% | 3.30% | 2.95% | 3.20% |
| Expected return on scheme assets | 2.50% | 3.50% | n/a | n/a |
| Price inflation rate - Consumer Price Index (CPI) | 3.03% | 3.30% | 2.95% | 3.20% |

Assumptions regarding life expectancy of members are based on published statistics and mortality tables.

The expected return on scheme assets is determined as the best estimate of returns expected over the period from dividends, interest and capital gains, taking into account the expected returns for individual asset categories.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions determined by the Accounting Standard which, due to the timescale covered, may not necessarily be borne out in practice.



12.24 Pensions (continued)

12.24.3 Amounts recognised in the Balance Sheet

| PENSION AMOUNTS RECOGNISED IN THE BALANCE SHEET | | | | |
|--------------------------------------------------------|--------------------|--------------------|---------------------------|--------------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| Equities | 41,026 | 49,638 | - | - |
| Property | 10,456 | 12,197 | - | - |
| Other | 72,513 | 108,507 | - | - |
| Fair value of scheme assets | 123,995 | 170,342 | - | - |
| Present value of liabilities - DB schemes | (3,015,423) | (4,757,092) | (2,902,000) | (4,584,000) |
| Present value of liabilities - DC schemes | (285) | (285) | - | - |
| Net pension liability | (2,891,713) | (4,587,035) | (2,902,000) | (4,584,000) |

12.24.4 Reconciliation of scheme liabilities

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes' liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were as follows:

| RECONCILIATION OF SCHEME LIABILITIES | | | | |
|---------------------------------------------|------------------|------------------|---------------------------|------------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| At beginning of period | 4,757,092 | 4,968,260 | 4,584,000 | 4,789,000 |
| Benefits paid | (122,631) | (114,027) | (116,000) | (109,000) |
| Employee contributions | 31,160 | 29,247 | 30,000 | 28,000 |
| Current service cost | 187,837 | 193,715 | 183,000 | 188,000 |
| Interest Cost | 129,142 | 99,334 | 125,000 | 96,000 |
| Re-measurement (gains)/losses: | | | | |
| - Actuarial (gains)/losses | (1,967,177) | (419,437) | (1,904,000) | (408,000) |
| At end of period | 3,015,423 | 4,757,092 | 2,902,000 | 4,584,000 |



12.24 Pensions (continued)

12.24.5 Changes in the fair value of scheme assets

| CHANGES IN THE FAIR VALUE OF SCHEME ASSETS | | | | |
|---------------------------------------------------|----------------|----------------|---------------------------|----------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| At beginning of period | 170,342 | 168,658 | - | - |
| Benefits paid | (7,000) | (5,192) | - | - |
| Employee contributions | 1,162 | 1,247 | - | - |
| Expected return on assets | 3,925 | 2,861 | - | - |
| Sponsor contributions | 4,104 | 4,373 | - | - |
| Actuarial (losses)/gains | (48,538) | (1,605) | - | - |
| At end of period | 123,995 | 170,342 | - | - |

12.24.6 Amounts recognised in the Income and Expenditure Account

| AMOUNTS RECOGNISED IN THE INCOME AND EXPENDITURE ACCOUNT | | | | |
|-----------------------------------------------------------------|----------------|----------------|---------------------------|----------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| Current service cost | 187,884 | 193,773 | 183,000 | 188,000 |
| Interest on scheme liabilities | 129,351 | 99,602 | 125,000 | 96,000 |
| Expected return on scheme assets | (4,181) | (3,188) | - | - |
| Total expense | 313,054 | 290,187 | 308,000 | 284,000 |

12.24.7 Return on plan assets

| RETURN ON PLAN ASSETS | | | | |
|------------------------------|-----------------|----------------|---------------------------|----------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| Actual return on plan assets | (44,357) | 1,162 | - | - |
| Total | (44,357) | 1,162 | - | - |



12.24 Pensions (continued)

12.24.8 Amounts recognised in the Statement of Comprehensive Income

| AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME | | | | |
|----------------------------------------------------------------------|------------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Actual return less expected return on scheme assets | (48,538) | (1,605) | - | - |
| Experience gains and losses arising on scheme liabilities | (73,607) | (5,057) | (76,000) | (4,000) |
| Change in assumptions underlying present value of scheme liabilities | 2,040,784 | 424,494 | 1,980,000 | 412,000 |
| Net actuarial gains/(losses) recognised in the year | 1,918,639 | 417,832 | 1,904,000 | 408,000 |

12.24.9 Reconciliation of Movement on the General Revenue Account Balance

| RECONCILIATION FOR MOVEMENT ON GENERAL REVENUE ACCOUNT BALANCE | | | | |
|----------------------------------------------------------------|-----------------|-----------------|--------------------|-----------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Amount recognised in the I&E Account | 308,000 | 284,000 | 308,000 | 284,000 |
| Add Back: | | | | |
| Employee Contributions | 30,000 | 28,000 | 30,000 | 28,000 |
| Benefits Paid | (116,000) | (109,000) | (116,000) | (109,000) |
| Total | 222,000 | 203,000 | 222,000 | 203,000 |

IOM Post Office and the Isle of Man Steam Packet Group movements do not impact the General Revenue Account.

12.24.10 Cumulative net actuarial gains and losses recognised in the Statement of Comprehensive Income

| CUMULATIVE NET ACTUARIAL (GAINS)/LOSSES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME | | | | |
|---------------------------------------------------------------------------------------------|------------------|------------------|--------------------|------------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| At beginning of period | 1,730,557 | 2,148,389 | 1,741,000 | 2,149,000 |
| Actuarial (gain)/ loss on pension scheme | (1,918,639) | (417,832) | (1,904,000) | (408,000) |
| At end of year | (188,082) | 1,730,557 | (163,000) | 1,741,000 |



12.24 Pensions (continued)

12.24.10 Cumulative net actuarial gains and losses recognised in the Statement of Comprehensive Income (continued)

Cumulative net actuarial (gains)/losses for Central Government have been determined as the amounts recognised in the Statement of Comprehensive Income since the period ended 31 March 2010. Cumulative net actuarial (gains)/losses for other Group entities have been determined as the amounts recognised in the Statement of Comprehensive Income since the period ended 31 March 2004.

The £1,904 million net actuarial gain for Central Government for the year ended 31 March 2023 (2022: £408 million loss) reflects changes in financial assumptions underlying the present value of scheme liabilities. The change of financial assumptions is primarily due to an increase in the real discount rate.

12.24.11 Historical information

| HISTORICAL INFORMATION | | | | |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Group | | | |
| | 2023 £000 | 2022 £000 | 2021 £000 | 2020 £000 |
| Present value of scheme Liabilities - DB Scheme | (3,015,423) | (4,757,092) | (4,968,260) | (3,897,780) |
| Present value of scheme Liabilities - DC Scheme | (285) | (285) | (1,785) | (286) |
| Fair value of scheme assets | 123,995 | 170,339 | 168,657 | 129,461 |
| Net scheme deficit | (2,891,713) | (4,587,038) | (4,801,388) | (3,768,605) |
| Experience adjustments on scheme liabilities | 73,607 | 5,057 | (278,114) | (12,994) |
| Experience adjustments on scheme assets | (48,538) | (1,605) | 26,917 | (6,550) |
| Central Government | | | | |
| | 2023 £000 | 2022 £000 | 2021 £000 | 2020 £000 |
| Present value of scheme Liabilities | (2,902,000) | (4,584,000) | (4,789,000) | (3,750,000) |
| Fair value of scheme assets | - | - | - | - |
| Net scheme deficit | (2,902,000) | (4,584,000) | (4,789,000) | (3,750,000) |
| Experience adjustments on scheme liabilities | 76,000 | 4,000 | (278,000) | (10,000) |
| Experience adjustments on scheme assets | - | - | - | - |

12.25 Contingent Assets

As at 31 March 2023, grants totalling £17.5 million had been issued under House Purchase Assistance Schemes currently operated by the Department of Infrastructure (2022: £17.5 million). These grants depreciate by 20% of the original value at 5 year intervals, and outstanding grants are repayable on disposal of the property. Total currently outstanding (i.e. less depreciation and repayment) is £3.2 million (2022: £3.8 million).

At the same date, loans totalling £27.4 million (including accrued interest) (2022: £27.4 million) had also been issued under House Purchase Assistance Schemes (since 1999) to date. The current loan balance outstanding is £12.1 million (2022: £12.3 million).



12.26 Contingent Liabilities

| CONTINGENT LIABILITIES | | | | |
|-------------------------------|----------------|----------------|---------------------------|----------------|
| | Group | | Central Government | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| | £000 | £000 | £000 | £000 |
| Local Authority Borrowing | 225,508 | 227,293 | 225,508 | 227,293 |
| Medical Indemnity Fund | 5,651 | 13,171 | 5,651 | 13,171 |
| Insurance | 12,736 | 17,190 | 12,736 | 17,190 |
| Student Loans | 17 | 30 | 17 | 30 |
| Bord Gais Energy Limited | - | 25,000 | - | - |
| Other Contingent Liabilities | 3,273 | - | 3,273 | - |
| Total | 247,185 | 282,684 | 247,185 | 257,684 |

This statement records Government's identified potential liabilities and specific guarantees. No provision for threatened or pending legal actions outstanding has been made in these Accounts as the likelihood of these actions giving rise to material liabilities is considered remote.

Specific guarantees or potential liabilities at 31 March 2023 totalled £247.1 million (2022: £282.7 million), as set out below:

- i. Local Authority Borrowing relates to Letters of Comfort issued by Treasury to Bankers in relation to authorised Local Authority borrowing to a value of £266.0 million at 31 March 2023 (2022: £266.0 million).
- ii. The Medical Indemnity Fund and Insurance amounts relate to notified insurance claims. The amounts represent the risk adjusted anticipated liability for these incidents, although it is still to be determined if Government has a liability in each case. The amount payable will depend on the final agreement of the liability for each claim with the claimant and the claims will be paid, if required, following this agreement.
- iii. The Department of Education, Sport and Culture and the Treasury have signed an agreement with the Isle of Man Bank Limited to indemnify the bank for losses in respect of student loans issued by the bank. The maximum amount guaranteed under this facility is £10.0 million (2022: £10.0 million).
- iv. During 2016/2017 Treasury provided a guarantee in support of the Manx Utilities Authority's "Route to Market" trading framework agreement with Bord Gais Energy Limited, to the maximum value of £25 million. The guarantee provides security of supply to the Island's natural gas pipeline, and reduces gas price risk for the Authority. This guarantee is no longer in force.
- v. The Isle of Man Government has given an undertaking to financially support Radio Manx Ltd, Isle of Man Meat Company Ltd and Laxey Glen Mills Ltd.
- vi. During 2020/21 the Isle of Man Government agreed to underwrite 80% of up to £60 million of new lending provided by Isle of Man banks through the Loan Disruption Agreement. During the year no claims had been received. This arrangement remained in place at 31 March 2023.



12.26 Contingent Liabilities (continued)

- vii. During 2022/23 Treasury provided a guarantee in support of a loan facility between Manx Development Corporation Limited and Lloyds Bank Corporate Markets plc. The initial loan facility amount is £50 million with an ability to increase the facility to £100 million with the consent of Treasury. The loan facility has an initial term of 30 months with an option to extend the term to a maximum of 54 months. The loan facility is in place to finance the activities of Manx Development Corporation Limited in relation to the redevelopment of brownfield sites on the Isle of Man.

12.27 Post Balance Sheet Events

On the 13 April 2023, the entire company share capital of Radio Manx Limited was transferred into the ownership of the Manx Radio Trust. The former non-executive directors resigned on the same date and were appointed trustees, along with an additional trustee, Juliet Jones.

In July 2023, following the end of the current reporting period, the Directors of e-Ilan Communications Limited (eCL), a subsidiary company of Manx Utilities Authority, considered that it was appropriate to commence a managed cessation of the activities of eCL.

Subsequent to the year end, the Manx Development Corporation Limited group acquired property in the sum of £2,003,903 in relation to the Westmoreland Village development.

12.28 Related Party Transactions

Section 33 of FRS102 requires an entity to disclose within its financial statements material transactions with related parties, that is bodies or individuals, that have the potential to control or influence Government Departments, Boards and Offices, or to be controlled or influenced by the same.

Disclosure of these transactions allows the readers to assess the extent to which the Government 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 Government. Due to the nature of Isle of Man Government's business, the main related parties considered are Members of Tynwald Court and senior management of Government.

12.28.1 Related Party Transactions - Group

In accordance with FRS102 Section 33 transactions and balances between the Isle of Man Government, the Manx Utilities Authority, the Isle of Man Post Office and the Government-owned companies are not disclosed in this note. Details of balances held are disclosed in the Accounts of those bodies.

Manx Utilities Authority

Apart from transactions with Isle of Man Government, the other related party transactions were with wholly owned subsidiaries and so have also not been disclosed.

There were no transactions with key management personnel during the year other than in respect of the supply of utility services and contracts of employment on Manx Utilities' standard term and conditions. The total value of compensation to key management is included at note 12.6.

Isle of Man Steam Packet Group Limited

Related party transactions were with wholly owned subsidiaries and so have not been disclosed.



12.28 Related Party Transactions (continued)

12.28.1 Related Party Transactions – Group (continued)

Isle of Man Post Office

The Board of the Isle of Man Post Office considers the main related parties to be the Isle of Man Post Office Superannuation Scheme (“the Scheme”), members of the Board and Senior Management of the Isle of Man Post Office. In respect of the Scheme the Post Office pays pensions and certain other costs on behalf of the Scheme as well as making contributions to the Scheme. These balances are settled by recharges between the scheme and the Post Office during the year.

| ISLE OF MAN POST OFFICE SUPERANNUATION SCHEME | | |
|-----------------------------------------------|-------------|-------------|
| | 31 Mar 2023 | 31 Mar 2022 |
| | £000 | £000 |
| Pensions paid on behalf of the Scheme | 2,798 | 2,241 |
| Net recharges made to the Scheme | 471 | 423 |
| Balance owed by the Scheme | (43) | (50) |

The Isle of Man Post Office has an interest in a company and the relevant disclosure can be found in Note 12.15.2. The total value of compensation to key management is included at Note 12.6.

12.28.2 Related Party Transactions – Central Government

(i) Related Parties 2022/23

- i. Members of Tynwald are required to register certain interests in the Register of Members’ Interests, a copy of which can be inspected at the Tynwald Library.
- ii. Details of the remuneration paid to Members of Tynwald Court are published by the Clerk of Tynwald’s Office and can be accessed via the Tynwald website at <https://tynwald.org.im>
- iii. Ministers of Departments are considered to be ‘key management’ and so the compensation paid to Ministers during the year has been included within note 12.6.



12.28 Related Party Transactions (continued)

12.28.2 Related Party Transactions – Central Government (continued)

(i) Related Parties 2022/23 (continued)

The Government has interests in companies and the relevant disclosures can be found at note 12.15.

| RELATED PARTY TRANSACTIONS - 2022/23 | | | | | |
|--------------------------------------|--------------------------------------------|-------------------------------------------------------------|------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Related Party | Company in receipt of payment | Related Party relationship to Company | Amount Paid To/(Received) From Company by Govt | Type of payment made to company | Year End Balance Payable/ (Receivable) 31/03/23 |
| Dr A Allinson MHK | Motiv8 * | Trustee | £304,056 | Provision of services | Nil |
| Mrs C Barber, MHK | Isle of Pride * | Voluntary Director/ Trustee | (£3,108) | Receipts against relevant sales invoices | Nil |
| Mrs A Corlett, MHK | Brunswick Gardens | Shareholder | £5,166 | Payments made against relevant supplier invoices | Nil |
| | Niarbyl Catering | Husband - Owner | £248 | Payments made against relevant supplier invoices | Nil |
| | Live at Home * | Trustee | £22,548 | Grant payment | Nil |
| | | | £300 | Payments made against relevant supplier invoices | Nil |
| | Special Olympics Isle of Man | Trustee | £10,961 | Grant payment | Nil |
| | | | £360 | Platinum Jubilee event payment | Nil |
| Mrs J Edge, MHK | Camada Limited | Partner - Director | £39,725 | Payments made against relevant supplier invoices | Nil |
| Mr T Johnston, MHK | Staward Limited | Director and Shareholder Wife - Director and Shareholder | £3,845 | Agricultural Development Scheme payments | Nil |
| Mrs S Maltby, MHK | Radio Manx Ltd | Father - Non-Executive Director | £1,089,509 | Annual subvention payment | Nil |
| | | | £229,695 | Payments made against relevant supplier invoices | £3,963 |
| | | | (£21,566) | Receipts against relevant sales invoices | Nil |
| Mr S Peters, MHK | Kensington Aviation Isle of Man Limited ** | Director | £6,000 | Manx Business Grant payment | Nil |
| | | | (£947) | Receipts against relevant sales invoices | Nil |
| Mrs J Poole-Wilson, MHK | Isle of Pride * | Voluntary Director/ Trustee | (£3,108) | Receipts against relevant sales invoices | Nil |
| Mr C Thomas, MHK | Manx Heritage Foundation (Culture Vannin) | Chair | £412,129 | Lottery Duty distribution | Nil |
| | | | £3,808 | Payments made against relevant supplier invoices | Nil |
| | | | (£304) | Receipts against relevant sales invoices | Nil |
| Mr J Wannenburg MHK | Two Feathers Productions Limited | Brother - Director and Shareholder | (£100) | Receipts against relevant sales invoices | Nil |



12.28 Related Party Transactions (continued)

12.28.2 Related Party Transactions – Central Government (continued)

(i) Related Parties 2022/23 (continued)

| RELATED PARTY TRANSACTIONS - 2022/23 | | | | | |
|--------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Related Party | Company in receipt of payment | Related Party relationship to Company | Amount Paid To/(Received) From Company by Govt | Type of payment made to company | Year End Balance Payable/ (Receivable) 31/03/23 |
| Mr J Watterson, SHK | Southern Befrienders Limited * | Treasurer | £10,000 | Grant payment | Nil |
| | Royal British Legion * | County Treasurer | £1,277 | Payments made against relevant supplier invoices | Nil |
| | | | £2,000 | Platinum Jubilee event payment | Nil |
| | | | (£269) | Receipts against relevant sales invoices | Nil |
| Rushen Heritage Trust * | Director | £4,469 | Payments made against relevant supplier invoices | Nil | |
| Mr P Greenhill, MLC *** | Manx Museum and National Trust (Manx National Heritage) | Trustee | £4,836,000 | Grant payments | Nil |
| | | | £80 | Payments made against relevant supplier invoices | Nil |
| | | | (£7,646) | Receipts against relevant sales invoices | Nil |
| Mrs D Kelsey, MLC | Armed Forces Day Committee | Committee Member Husband - Chair | £13,000 | Grant payment | Nil |
| | Manx Aviation and Military Museum | Trustee | (£862) | Receipts against relevant sales invoices | Nil |
| Mrs D Kinnish, MLC *** | Equality Advisory Limited | Director | £800 | Payments made against relevant supplier invoices | Nil |
| Mr L D Skelly, MLC | Manx Inspirations Ltd | Shareholder Wife - Director and Shareholder Son - Director | £6,336 | Payments made against relevant supplier invoices | Nil |
| Mr P Adcock, DFE Member, Chair of Digital Agency | PDMS Ltd | Director | £595,028 | Payments made against relevant supplier invoices | Nil |
| | | | £3,500 | Receipts against relevant sales invoices | Nil |
| | Domicilium Ltd | Director | £24,831 | Payments made against relevant supplier invoices | £24,475 |
| | | | £18,000 | Receipts against relevant sales invoices | £6,000 |



12.28 Related Party Transactions (continued)

12.28.2 Related Party Transactions – Central Government (continued)

(i) Related Parties 2022/23 (continued)

| RELATED PARTY TRANSACTIONS - 2022/23 | | | | | |
|--------------------------------------------|----------------------------------|---------------------------------------|------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Related Party | Company in receipt of payment | Related Party relationship to Company | Amount Paid To/(Received) From Company by Govt | Type of payment made to company | Year End Balance Payable/ (Receivable) 31/03/23 |
| Mr G Kinrade, DESC Chief Executive Officer | Isle Listen * | Sister - CEO | £8,202 | Payments made against relevant supplier invoices | £225 |
| Mr W Wannenburg KC, HM Attorney General | FTR Transcripts | Wife - Principal | £5,594 | Payments made against relevant supplier invoices | £373 |
| Dr O Ellis, Board Member, Manx Care | Peel Group Practice | Partner | £127,847 | Payments made against relevant supplier invoices | Nil |
| | | | (£14,134) | Receipts against relevant sales invoices | Nil |
| | Isle of Man Primary Care Network | Chair | £16,411 | Payments made against relevant supplier invoices | Nil |

* Charity

** Resigned 30 September 2022. Transactions only included for period that position was held

*** Transactions only included for period that position was held



12.28 Related Party Transactions (continued)

12.28.2 Related Party Transactions – Central Government (continued)

(ii) Related Parties 2021/22

On 23 September 2021 there was a general election in which a number of Members of Tynwald changed. The amounts below therefore only relate to the period which the Member served.

| RELATED PARTY TRANSACTIONS - 2021/22 | | | | | |
|--------------------------------------|-------------------------------|---------------------------------------|------------------------------------------------|--------------------------------------------------|------------------------------------------------|
| Related Party | Company in receipt of payment | Related Party relationship to Company | Amount Paid To/(Received) From Company by Govt | Type of payment made to company | Year End Balance Payable/(Receivable) 31/03/22 |
| Dr A J Allinson, MHK | Motiv8 * | Trustee | £301,936 | Provision of services | Nil |
| | Ardwhallan Jubilee Trust * | Trustee | £450 | Payments made for books, materials and services | Nil |
| Mr T S Baker, former MHK *** | Isle of Man Meat Company Ltd | Director and Chairman | £501,370 | Subvention and payments made for animal feed | Nil |
| | | | £(112,147) | Receipts against relevant sales invoices | Nil |
| | Buffalo Bowling Leisure Ltd | Director | £14,227 | COVID 19 Salary Support Payment | Nil |
| | | | £1,000 | COVID 19 Financial Support Scheme - CBL2 | Nil |
| | | | £26,982 | COVID 19 Financial Support Scheme - HTSS | Nil |
| | | | £9,008 | COVID 19 Financial Support Scheme - BPSS | Nil |
| Mrs C L Barber, MHK | Isle of Pride* | Director | £19,454 | Payment for Isle of Pride - Domestic Event Fund | Nil |
| | One World Centre* | Director | £25,450 | Payments for Global Village 2021 and Ideas Grant | Nil |
| Mr A Cannan MHK, CM | McKenzie Fox Ltd** | Director | £5,116 | Payments made against relevant supplier invoices | Nil |
| | | | £3,500 | COVID 19 Financial Support Scheme - CBL2** | Nil |
| | | | £4,960 | COVID 19 Salary Support Payment** | Nil |
| Mrs C A Corlett, MHK | Niarbyl Catering | Director | £734 | Payments made against relevant supplier invoices | Nil |
| Mrs C S B Christian, MHK | Riverside Ltd | Brother in law - Director | £17,801 | Payments made against relevant supplier invoices | Nil |
| | | | £1,500 | COVID 19 Financial Support Scheme - CBL2 | Nil |
| | | | £97,617 | COVID 19 Financial Support Scheme - CRSO | Nil |
| | | | £5,319 | COVID 19 Financial Support Scheme - BPSS | Nil |
| | | | £14,189 | COVID 19 Financial Support Scheme - HTSS | Nil |
| | | | £102,481 | COVID 19 Salary Support Payment | Nil |
| | Claire Christian Couture Ltd | Director Husband - Director | £1,000 | COVID 19 Financial Support Scheme - CBL 1 | Nil |
| | | | £6,000 | COVID 19 Financial Support Scheme - DDS | Nil |
| | | | £4,414 | COVID 19 Financial Support Scheme - WDS | Nil |
| | | | £1,060 | COVID 19 Financial Support Scheme - BPSS | Nil |
| | | | £1,103 | COVID 19 Financial Support Scheme - CBBP2 | Nil |
| | | | £5,243 | COVID 19 Salary Support Payment | Nil |



12.28 Related Party Transactions (continued)

12.28.2 Related Party Transactions – Central Government (continued)

(ii) Related Parties 2021/22 (continued)

| RELATED PARTY TRANSACTIONS - 2021/22 | | | | | |
|--------------------------------------------|---------------------------------|------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Related Party | Company in receipt of payment | Related Party relationship to Company | Amount Paid To/(Received) From Company by Govt | Type of payment made to company | Year End Balance Payable/(Receivable) 31/03/22 |
| Mrs J M Edge, MHK | Camada Ltd | Partner - Director | £34,615 | Payments made against relevant supplier invoices | £906 |
| Dr M E K Haywood, MHK**** | Discover Diving | Director | £3,437 | COVID 19 Financial Support Scheme - DDS | Nil |
| | | | £4,000 | COVID 19 Financial Support Scheme - WDS | Nil |
| Mr T D Johnston, MHK**** | Staward Limited | Director | £3,422 | Payments made against relevant supplier invoices | Nil |
| Mrs S L Maltby, MHK**** | Radio Manx Ltd | Father - Non-Executive Director | £12,254 | Payments made against relevant supplier invoices | £5,983 |
| Mrs M M Maska, MLC | Culture Vannin | Vice Chair | £393,186 | Lottery Duty for distribution | Nil |
| | | | £142 | Payments made against relevant supplier invoices | Nil |
| Mr G R Peake, former MHK*** | Moonjer Veggey * | Director | £24,158 | Pre-School credits and supplier invoices | Nil |
| | | | £1,000 | COVID 19 Financial Support Scheme - CBL2 | Nil |
| | | | £9,121 | COVID 19 Salary Support Payment | Nil |
| Mrs J P Poole-Wilson, MHK | St Christopher's (Isle of Man)* | Voluntary Trustee | £4,633,498 | Payments made against relevant supplier invoices | Nil |
| | Isle of Pride* | Voluntary Director/Trustee | £19,454 | Payment for Isle of Pride - Domestic Event Fund | Nil |
| Mr R H Quayle, former Chief Minister*** | Personal capacity | - | £7,495 | Principal and interest repayments of loan balance under the Agricultural Loans Scheme 1980 - now fully repaid ** | Nil |
| | Ballahowin Courtyard | Wife - Director | £22,750 | COVID 19 Financial Support Scheme - SCS5 | Nil |
| £1,500 | | | Payments in relation to COVID 19 Returning Resident Scheme on behalf of third parties | Nil | |
| Mr J L M Quinn, former Attorney General*** | Quinn Legal Advocates Ltd | Close Family Member - Director/Principal | £114,087 | Legal aid and professional services | Nil |
| Mr C R Robertshaw, former MHK*** | Venture Ltd | Director | £27,494 | COVID 19 Salary Support Payment | Nil |
| | | | £3,500 | COVID 19 Financial Support Scheme - CBL2 | Nil |
| | | | £1,247 | COVID 19 Financial Support Scheme - HTSS | Nil |



12.28 Related Party Transactions (continued)

12.28.2 Related Party Transactions – Central Government (continued)

(ii) Related Parties 2021/22 (continued)

| RELATED PARTY TRANSACTIONS - 2021/22 | | | | | |
|-----------------------------------------|-------------------------------|----------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Related Party | Company in receipt of payment | Related Party relationship to Company | Amount Paid To/(Received) From Company by Govt | Type of payment made to company | Year End Balance Payable/ (Receivable) 31/03/22 |
| Mr S C Rodan, former MLC*** | Laxey Chemist Ltd | Director | £43,263 | Payments made against relevant supplier invoices and reimbursement of pharmaceutical costs. This is the gross amount and covers the reimbursement of items dispensed under NHS prescriptions and related services. The pharmacy also has to cover expenses out of the amount received. | Nil |
| Mr L D Skelly, MLC | Manx Inspirations Ltd | Wife - Director | £17,211 | Payments made against relevant supplier invoices | Nil |
| | | | £1,000 | COVID 19 Financial Support Scheme - CBL2 | Nil |
| | | | £1,000 | COVID 19 Financial Support Scheme - CBBP | Nil |
| | | | £1,000 | COVID 19 Financial Support Scheme - CBBP2 | Nil |
| | Salon D'Elegance Ltd | Wife - Director Daughter - Director | £4,000 | COVID 19 Financial Support Scheme - WDS | Nil |
| | | | £1,240 | COVID 19 Salary Support Payment | Nil |
| | | | £1,000 | COVID 19 Financial Support Scheme - CBL2 | Nil |
| | | | £793 | COVID 19 Financial Support Scheme - BPSS | Nil |
| Mr J P Watterson, SHK | Southern Befrienders Ltd* | Treasurer | £10,000 | Payments made against relevant supplier invoices | Nil |
| | Royal British Legion* | County Treasurer | £465 | Payments made against relevant supplier invoices | Nil |
| | Rushen Heritage Trust* | Director | £18,326 | Payments made against relevant supplier invoices | Nil |
| | Rushen Silver Band* | Trustee | £300 | Payments made against relevant supplier invoices | Nil |
| Mr P Adcock, DFE Member | PDMS Ltd | Director | £379,576 | Payments made against relevant supplier invoices | £74,991 |
| | Domicilium Ltd | Director | £1,720 | Payments made against relevant supplier invoices | Nil |
| Mr S Bradley, DFE Member | Mannin Media Ltd | Director | £28,227 | Payments made against relevant supplier invoices | Nil |
| | Douglas Rugby Club | Director | £15,000 | Domestic Event Fund payment | Nil |
| Mr R Caldwell, DFE Member | Erin Arts Centre | Director | £1,000 | COVID 19 Financial Support Scheme - CBBP2 | Nil |
| | | | £1,000 | COVID 19 Business Support Payment - CBL2 | Nil |
| Mr A Lees, DEFA Member | Isle of Man Meat Company Ltd | Director | £1,500,955 | Subvention and payments made for animal feed | Nil |
| | | | £(48,893) | Receipts against relevant sales invoices | £(862) |
| Mr M Lewin, DFE Chief Executive Officer | X7 Esports Ltd | Close family member - Director | £10,000 | Payments made against relevant supplier invoices | Nil |



12.28 Related Party Transactions (continued)

12.28.2 Related Party Transactions – Central Government (continued)

(ii) Related Parties 2021/22 (continued)

| RELATED PARTY TRANSACTIONS - 2021/22 | | | | | |
|---------------------------------------|---------------------------------------|---------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Related Party | Company in receipt of payment | Related Party relationship to Company | Amount Paid To/(Received) From Company by Govt | Type of payment made to company | Year End Balance Payable/ (Receivable) 31/03/22 |
| Mrs J McAndry, FSA Member | Independent Medical Services | Husband - Partner | £980 | Payments made against relevant supplier invoices | Nil |
| Mr C Randall, Chief Financial Officer | Small Countries Financial Management* | Board Member as part of CFO role (resigned 30 September 2021) | £173,000 | Funding provided to Charity | Nil |
| | Laxey Glen Mills | Shareholder as part of CFO role | £224,235 | Payments made against relevant supplier invoices | Nil |
| Manx Museum & National Trust (MNH) | Manx Museum * | Trust | £38,586 | Reimbursement of expenses settled by Treasury on behalf of MNH, net of Contingency Fund and Economic Recovery Fund awards | Nil |

* Charity

** Now repaid

*** Transactions only included for period that position was held

**** Elected during the financial year - transactions included for period from date of election only



12.29 Reconciliation of Net Cash Flow from Operating Activities

| RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES | | | | |
|--------------------------------------------------------------------------|------------------|------------------|--------------------|------------------|
| | Group | | Central Government | |
| | 2022-23 £000 | 2021-22 £000 | 2022-23 £000 | 2021-22 £000 |
| Deficit Before Interest | 10,419 | (111,725) | (12,323) | (80,908) |
| - Net transfer to reserves | (171,948) | (258,933) | (147,957) | (206,154) |
| Operating Deficit | (161,529) | (370,658) | (160,280) | (287,062) |
| Depreciation and amortisation charges | 145,652 | 139,468 | 111,549 | 104,412 |
| Loss/(Gain) on Revaluation | 117 | (1,800) | - | - |
| Deferred income release | (71) | 2,185 | - | - |
| Amortised debt interest adjustment | 244 | (280) | - | - |
| Movement on bond issue costs | (268) | (251) | (268) | (251) |
| Net transfer (to)/from external reserves | 27,625 | (359,602) | 21,708 | (405,735) |
| Net interest expense | - | - | - | - |
| (Gain)/loss on disposal of fixed assets | (345) | (25) | 137 | - |
| Unrealised gain/(loss) on forward purchase contracts | 26,269 | 24,345 | - | - |
| Unrealised (loss)/gain on currency revaluation | 2,120 | 989 | - | - |
| Defined benefit scheme - current service cost in excess of contributions | 98,446 | 107,476 | 97,000 | 107,000 |
| Movements in working capital: | | | | |
| - (Increase)/decrease in stocks | (2,789) | 623 | (203) | 129 |
| - (Increase)/decrease in debtors | (665) | 52,780 | 10,808 | 66,830 |
| - Increase/(decrease) in creditors | 60,042 | (1,737) | 13,089 | (8,970) |
| Net cash outflow from operating activities | 194,848 | (406,487) | 93,540 | (423,647) |

12.30 General Information

The Treasury is a Department of the Isle of Man Government and it comprises six key service areas:

- Income Tax;
- Customs and Excise;
- Social Security;
- Financial Governance;
- Financial Advisory; and
- Audit Advisory.

Treasury's head office is 3rd Floor, Government Offices, Bucks Road, Douglas, Isle of Man, IM1 3PZ.



The following sections do not form part of the audited Annual Report and are provided for information only.



13 RECONCILIATION OF EXPENDITURE OF DEPARTMENTS AND OTHER BODIES

13.1 Overview

Detailed information in respect of Central Government income and expenditure is reported in Section 14 – Other Information. This information is prepared on the same basis as the Government Budget for the year, which is intended to present income and expenditure figures which are consistent year on year and represent an accurate presentation of the costs of the major services provided by Government through funds voted by Tynwald.

As annual Audited Accounts are required to be prepared in accordance with the Audit Act 2006, which requires United Kingdom Financial Reporting Standards to be applied, differences between income and expenditure figures reported under each basis arise.

The approved budget comprises amounts authorised by Tynwald at the time the original budget was presented for approval together with any subsequent approvals authorised by Tynwald or Treasury up to the date of preparation. Any subsequent approvals or transfers (virements) are not included.

13.2 Reconciliation of Department expenditure

The following tables show net expenditure by Department for 2022/23 and 2021/22 and the adjustments applied to restate the net expenditure figures to comply with United Kingdom Generally Accepted Accounting Principles.

Fixed asset adjustments relate to the capitalisation of expenditure, application of depreciation and elimination of loan charges, where applicable.

Pension adjustments apply the current service cost for the year apportioned to Departments based on actual salary costs and eliminate the cost of pensions paid.

Other adjustments include the reversal of lease costs paid by the Department of Infrastructure in respect of the Energy From Waste Plant (the financing cost is included within Interest Payable and Similar Charges), the movement on House Purchase Assistance Schemes balances for the Department of Infrastructure and the movement on the value of the strategic oil reserve.


13.2 Reconciliation of Department expenditure (continued)

| RECONCILIATION OF NET DEPARTMENT EXPENDITURE | | | | | |
|----------------------------------------------|------------------------------|----------------------------------------|--------------------------------|---------------|------------------------|
| | Central Government 2022-23 | | | | |
| | As per Section 15 £000 | Fixed Assets Adjustments £000 | Pension Adjustments £000 | Other £000 | As Adjusted £000 |
| Government Departments | | | | | |
| Cabinet Office | 34,661 | 25 | 10,798 | (97) | 45,387 |
| Enterprise | 1,618 | (3,855) | 4,735 | 33 | 2,531 |
| Education, Sport & Culture | 112,143 | 18,128 | 40,223 | (400) | 170,094 |
| Environment, Food & Agriculture | 16,730 | 168 | 4,531 | 142 | 21,571 |
| Health & Social Care | 247,898 | 682 | 980 | 1,139 | 250,699 |
| Home Affairs | 36,438 | 2,359 | 17,952 | 80 | 56,829 |
| Infrastructure | 43,228 | (83) | 17,671 | (3,414) | 57,402 |
| Treasury (Gross Expenditure) | 397,095 | 158 | 9,369 | 22,773 | 429,395 |
| | 889,811 | 17,582 | 106,259 | 20,256 | 1,033,908 |
| Other bodies | | | | | |
| Executive Government | 41,229 | - | (79,761) | (32) | (38,564) |
| Statutory Boards (Revenue Funded) | (799) | 73 | 68,617 | 196 | 68,087 |
| | 40,430 | 73 | (11,144) | 164 | 29,523 |
| Expenses of the Legislature | 4,752 | - | 1,885 | (7) | 6,630 |
| Total Voted Expenditure | 934,993 | 17,655 | 97,000 | 20,413 | 1,070,061 |

| RECONCILIATION OF NET DEPARTMENT EXPENDITURE | | | | | |
|----------------------------------------------|------------------------------|----------------------------------------|--------------------------------|----------------|------------------------|
| | Central Government 2021-22 | | | | |
| | As per Section 15 £000 | Fixed Assets Adjustments £000 | Pension Adjustments £000 | Other £000 | As Adjusted £000 |
| Government Departments | | | | | |
| Cabinet Office | 34,849 | 1,809 | 11,321 | (349) | 47,630 |
| Enterprise | (776) | (1,894) | 4,875 | (75) | 2,130 |
| Education, Sport & Culture | 108,537 | 12,998 | 40,501 | 198 | 162,234 |
| Environment, Food & Agriculture | 16,963 | (253) | 4,592 | (164) | 21,138 |
| Health & Social Care | 242,175 | 4,938 | 1,176 | (1,634) | 246,655 |
| Home Affairs | 35,080 | 1,991 | 17,921 | (8) | 54,984 |
| Infrastructure | 48,654 | 33,449 | 19,094 | (3,451) | 97,746 |
| Treasury | 406,254 | 89 | 10,003 | 3,113 | 419,459 |
| | 891,736 | 53,127 | 109,483 | (2,370) | 1,051,976 |
| Other bodies | | | | | |
| Executive Government | 11,468 | - | (75,470) | (84) | (64,086) |
| Statutory Boards (Revenue Funded) | (962) | 77 | 71,293 | 2,995 | 73,403 |
| | 10,506 | 77 | (4,177) | 2,911 | 9,317 |
| Expenses of the Legislature | 4,527 | - | 1,694 | 17 | 6,238 |
| Total Voted Expenditure | 906,769 | 53,204 | 107,000 | 558 | 1,067,531 |


13.2 Reconciliation of Department expenditure (continued)

| DEPARTMENT NET EXPENDITURE - VARIANCE TO PRIOR YEAR | | | | | |
|------------------------------------------------------------|---------------------------------------|--------------------------------------------------|-----------------------------------------|-----------------------|---------------------------------|
| | Variance to Prior Year | | | | |
| | As per Section 15 £000 | Fixed Assets Adjustments £000 | Pension Adjustments £000 | Other £000 | As Adjusted £000 |
| Government Departments | | | | | |
| Cabinet Office | 188 | 1,784 | 523 | (252) | 2,243 |
| Enterprise | (2,394) | 1,961 | 140 | (108) | (401) |
| Education, Sport & Culture | (3,606) | (5,130) | 278 | 598 | (7,860) |
| Environment, Food & Agriculture | 233 | (421) | 61 | (306) | (433) |
| Health & Social Care | (5,723) | 4,256 | 196 | (2,773) | (4,044) |
| Home Affairs | (1,358) | (368) | (31) | (88) | (1,845) |
| Infrastructure | 5,426 | 33,532 | 1,423 | (37) | 40,344 |
| Treasury | 9,159 | (69) | 634 | (19,660) | (9,936) |
| | 1,925 | 35,545 | 3,224 | (22,626) | 18,068 |
| Other bodies | | | | | |
| Executive Government | (29,761) | - | 4,291 | (52) | (25,522) |
| Statutory Boards (Revenue Funded) | (163) | 4 | 2,676 | 2,799 | 5,316 |
| | (29,924) | 4 | 6,967 | 2,747 | (20,206) |
| Expenses of the Legislature | (225) | - | (191) | 24 | (392) |
| Total Voted Expenditure | (28,224) | 35,549 | 10,000 | (19,855) | (2,530) |

The table above is the variance in expenditure between 2022/23 and the prior year.



14 CONSOLIDATED LOANS FUND

14.1 Overview

Detailed information in respect of Central Government capital income and expenditure is reported within Section 15 – Other Information.

The Consolidated Loans Fund previously provided funding to Departments and other bodies where expenditure was to be incurred over a number of years.

Tynwald approved a change to the method of financing capital projects for the 2021/22 financial year. Capital projects will be financed from General Revenue from the 2021/22 financial year going forward rather than through loans being advanced and repayments being recouped via loan charges within the Consolidated Loans Fund.

Treasury has established a Capital Financing Reserve, which is shown within the internal funds, and this reserve will provide funding to Departments and other bodies going forward in respect of their capital projects.

This change is considered to provide more transparency around the cost of capital projects.

Where capital project funding is provided to bodies that are outside of General Revenue (primarily Manx Utilities Authority) then this will still be provided by way of loans from the Consolidated Loans Fund.

The operation of the Consolidated Loans Fund is still governed by the Isle of Man Loans Act 1974.

The funding for the Consolidated Loans Fund is provided by the Capital Fund (an internal fund) and Fixed Rate Bonds issued by Treasury on behalf of Manx Utilities Authority. Most of the transactions of the Consolidated Loans Fund continue to be with bodies that are consolidated into the Central Government accounts and are therefore eliminated at a group level.

The following section summarises the financial position and transactions of the Consolidated Loans Fund for the year ended 31 March 2023.



14.2 Consolidated Loans Fund Balance Sheet

| CONSOLIDATED LOANS FUND BALANCE SHEET | | |
|----------------------------------------------|---------------------------|----------------|
| | Central Government | |
| | 2022-23 | 2021-22 |
| | £000 | £000 |
| Assets | | |
| Advances to Borrowing Accounts:- | | |
| Loans to Statutory Boards | 597,070 | 530,339 |
| Long Term Loans | 1,527 | 1,693 |
| Unutilised Bond Proceeds | 96,538 | 132,492 |
| Cash at Bank | (15,116) | 17,685 |
| Total | 680,019 | 682,209 |
| Liabilities | | |
| Loans Outstanding:- | | |
| Bond Issues | 652,534 | 652,534 |
| Capital Fund | 24,216 | 26,674 |
| Capital Discharged | 3,269 | 3,001 |
| Total | 680,019 | 682,209 |

Notes:

- i. Fixed Assets represented gross expenditure on assets purchased from the Consolidated Loans Fund prior to the establishment of the Capital Financing Reserve as noted in 14.1. Long Term Loans are shown net of repayments.
- ii. Further details of the Bond Issues can be found at section 12.21.1.
- iii. Apart from the earmarked Bond issues, all other financing requirements are met from internal resources and all other external debt has been repaid. The sources of funding for any ongoing capital programme requirements were the Capital Fund, capital receipts and contributions from the Housing Reserve Fund and the Land and Property Acquisition Reserve.
- iv. Capital Discharged represents the accumulated payments that have been made out of revenue to pay for capital expenditure.



14.3 Consolidated Loans Fund Interest Transactions

| CONSOLIDATED LOANS FUND INTEREST TRANSACTIONS | | |
|-------------------------------------------------------|--------------------|-----------------|
| | Central Government | |
| | 2022-23 £000 | 2021-22 £000 |
| Investment income | 205 | - |
| Bond Interest recharged to MUA (ex WASA) | 4,219 | 4,219 |
| Bond Interest recharged to MUA (ex MEA) | 9,944 | 9,944 |
| Bond Sept 21 interest charged re MUA | 5,907 | - |
| Bond Sept 21 interest charged re IOMSPC | 1,349 | - |
| Bond Sept 21 interest charged re Unallocated Proceeds | 2,494 | - |
| Balance received from Departments | 365 | 3,263 |
| Total income | 24,483 | 17,426 |
| Expenditure | | |
| Interest on Bond Issues | 23,913 | 14,163 |
| Interest on Capital Fund | 570 | 3,263 |
| Total expenditure | 24,483 | 17,426 |
| Net income/expenditure | - | - |

14.4 Consolidated Loans Fund Approved Expenditure

| CAPITAL EXPENDITURE APPROVED FOR THE YEAR ENDED 31 MARCH 2023 | | | | | | | |
|---------------------------------------------------------------|---------------|---------------|----------|---------------------|-----------------------|---------------|-----------------|
| £000 | Column 1 | Column 2 | Column 3 | Column 3 unapproved | Contingency Transfers | Supp. Votes | Approved Budget |
| <u>Borrowing Authorities:</u> | | | | | | | |
| Manx National Heritage | 821 | 530 | - | - | - | - | 1,351 |
| MUA - Capital Programme | 11,352 | 11,353 | - | 9,400 | - | 16,950 | 39,655 |
| Total | 12,173 | 11,883 | - | 9,400 | - | 16,950 | 41,006 |

Column 1 – Tynwald Approved

Column 2 – To be Approved

Column 3 – Future Approvals

14.5 Consolidated Loans Fund Supplementary Votes

| SUPPLEMENTARY VOTES | | | |
|------------------------------------|-------|-------------------------|-----------------------------|
| £000 Project / Scheme | Dept. | Overall Amount Approved | Amount Approved for 2022-23 |
| Regional Sewage Treatment Strategy | MUA | 16,950 | 16,950 |


14.6 Consolidated Loans Fund Transactions Account

| CAPITAL TRANSACTIONS ACCOUNT | | | | | | |
|-------------------------------------------------------------------|-----------------------|--------------------|------------------|-----------------------|-----------------|-----------------|
| £000 | Actual 2021-22 | | | Actual 2022-23 | | |
| | Advances | Repaid | Net | Advances | Repaid | Net |
| Balance brought forward at 1 April | (53,458) | - | (53,458) | (17,685) | - | (17,685) |
| Loan Transactions | | | | | | |
| Interest on Capital Fund | - | (3,263) | (3,263) | - | (570) | (570) |
| | (53,458) | (3,263) | (56,721) | (17,685) | (570) | (18,255) |
| Borrowing Account Transactions | | | | | | |
| Cabinet Office | - | (2,593) | (2,593) | - | - | - |
| Enterprise | - | (8,852) | (8,852) | - | - | - |
| Education, Sport and Culture | - | (88,962) | (88,962) | - | - | - |
| Environment, Food and Agriculture | - | (13,718) | (13,718) | - | - | - |
| Health and Social Care | - | (119,575) | (119,575) | - | - | - |
| Home Affairs | - | (46,742) | (46,742) | - | - | - |
| Infrastructure | - | (315,758) | (315,758) | - | - | - |
| Treasury | - | (4,576) | (4,576) | - | - | - |
| Statutory Boards | - | (519) | (519) | - | - | - |
| Expenses of the Legislature | - | (4,124) | (4,124) | - | - | - |
| Borrowing Authorities | | | | | | |
| Manx National Heritage | 616 | (810) | (195) | 758 | (858) | (100) |
| Manx Development Corporation | - | - | - | 1,004 | (1,004) | - |
| Manx Utilities Authority | 6,324 | (177,060) | (170,736) | 7,298 | (521) | 6,777 |
| Manx Utilities Authority (Refinanced through Treasury Bond) | 176,755 | (7,431) | 169,324 | - | (14,908) | (14,908) |
| Isle of Man Steam Packet Group (Refinanced through Treasury Bond) | 8,779 | - | 8,779 | 70,196 | (2,934) | 67,262 |
| Sub-Total | 192,474 | (790,720) | (598,246) | 79,256 | (20,225) | 59,031 |
| | 139,016 | (793,983) | (654,967) | 61,571 | (20,795) | 40,776 |
| Other Capital Transactions: | | | | | | |
| Capital Receipts applied in reducing outstanding advances | - | (203) | (203) | - | (165) | (165) |
| Repayments from Capital Reserve | 605,419 | - | 605,419 | - | - | - |
| Bond Proceeds | - | (400,000) | (400,000) | - | - | - |
| Bond discount and issue costs | 7,466 | - | 7,466 | - | - | - |
| Unutilised Bond Proceeds invested externally | 132,492 | - | 132,492 | - | (53,796) | (53,796) |
| Released reserves – refinanced loans | 292,109 | - | 292,109 | 10,460 | - | 10,460 |
| Transfer to Sinking Fund | | | | 17,842 | | 17,842 |
| Balance carried forward at 31 March | 1,176,502 | (1,194,186) | (17,684) | 89,873 | (74,756) | 15,117 |


14.7 Consolidated Loans Fund Statement of Loans Made

| SUMMARY OF CAPITAL ADVANCES | | | | | | | | | |
|---------------------------------------|---------------------------------------------|------------------------------------------------|-------------------------------------------|-----------------|-----------------------|-------------------------------|--------------------------------|-----------------------------------|----------------------------------------------|
| £000 Department | Advances Outstanding at 1 April 22 | Transfers Between Departments 2022-23 | Revised Advances O/S at 1 Apr 22 | Advances | | Repayments | | | Advances Outstanding at 31 March 23 |
| | | | | Year 2022-23 | Total to 31 Mar 23 | Advances Repaid 2022-23 | Capital Receipts 2022-23 | Total Repaid to 31 March 23 | |
| Cabinet Office | - | - | - | - | 3,683 | - | - | 3,683 | - |
| Enterprise | - | - | - | - | 36,629 | - | - | 36,629 | - |
| Education, Sport and Culture | - | - | - | - | 200,238 | - | - | 200,238 | - |
| Environment, Food and Agriculture | 354 | - | 354 | - | 33,981 | 38 | - | 33,665 | 316 |
| Health and Social Care | - | - | - | - | 233,790 | - | - | 233,790 | - |
| Home Affairs | - | - | - | - | 82,339 | - | - | 82,339 | - |
| Infrastructure | 158 | - | 158 | - | 701,695 | 25 | - | 701,562 | 133 |
| Treasury | 1,181 | - | 1,181 | - | 112,573 | 102 | - | 111,494 | 1,079 |
| Statutory Boards | - | - | - | - | 741 | - | - | 741 | - |
| Expenses of the Legislature | - | - | - | - | 10,257 | - | - | 10,257 | - |
| Manx National Heritage | 8,079 | - | 8,079 | 758 | 25,952 | 858 | - | 17,973 | 7,979 |
| Manx Utilities | 435,126 | - | 435,126 | 7,298 | 708,601 | 15,429 | - | 281,606 | 426,995 |
| Isle of Man Steam Packet Group | 84,133 | - | 84,133 | 70,196 | 154,329 | 2,934 | - | 2,934 | 151,395 |
| Manx Development Corporation | - | - | - | 1,004 | 1,004 | 1,004 | - | 1,004 | - |
| Advances to Borrowing Accounts | 529,031 | - | 529,031 | 79,256 | 2,305,812 | 20,390 | - | 1,717,915 | 587,897 |
| Less: Loan Schemes | (1,692) | - | (1,692) | - | (141,760) | (165) | - | (140,233) | (1,527) |
| Total Capital Advances | 527,339 | - | 527,339 | 79,256 | 2,164,052 | 20,225 | - | 1,577,682 | 586,370 |



14.8 Consolidated Loans Fund Statement of Loans Made

| LOANS MADE BY GOVERNMENT £000 | | | | | | | |
|------------------------------------------------|-----------------------------------|--------------|----------------------|--------------|----------------------|----------------------------------|--------------|
| Consolidated Loans Fund | Balance Outstanding at 1 April 22 | Advances | | Repayments | | Balance Outstanding at 31 Mar 23 | Movement |
| | | Year 2022-23 | Total to 31 March 23 | Year 2022-23 | Total to 31 March 23 | | |
| Agricultural Holdings Scheme 1978 | 20 | - | 5,452 | - | 5,432 | 20 | - |
| Agricultural Holdings Scheme 2000 | 329 | - | 936 | 34 | 641 | 295 | (34) |
| Agricultural Credits Acts 1924-66 | 3 | - | 2,796 | 2 | 2,795 | 1 | (2) |
| Fishing Industry | 2 | - | 5,038 | 2 | 5,038 | - | (2) |
| Agriculture and Fisheries Sub-Total | 354 | - | 14,222 | 38 | 13,906 | 316 | (38) |
| Building By Private Enterprise Schemes 1968/74 | - | - | 2,704 | - | 2,704 | - | - |
| Housing Advances Schemes | - | - | 21,447 | - | 21,447 | - | - |
| House Purchase Schemes | - | - | 56,664 | - | 56,664 | - | - |
| House Purchase & Refurbishment Scheme 1991 | 158 | - | 25,997 | 25 | 25,864 | 133 | (25) |
| Royal British Legion Housing Association | - | - | 676 | - | 676 | - | - |
| Housing Sub-total | 158 | - | 107,488 | 25 | 107,355 | 133 | (25) |
| Sports Club Improvement Scheme | - | - | 178 | - | 178 | - | - |
| Local Authorities | 1,181 | - | 19,871 | 102 | 18,792 | 1,079 | (102) |
| Miscellaneous Sub-Total | 1,181 | - | 20,049 | 102 | 18,970 | 1,079 | (102) |
| Total | 1,693 | - | 141,759 | 165 | 140,231 | 1,528 | (165) |

14.9 Consolidated Loans Fund Summary of Loan Sanctions and Capital Expenditure

| SUMMARY OF LOAN SANCTIONS AND CAPITAL EXPENDITURE | | | | | | |
|---------------------------------------------------|-----------------------------------------|------------------------|-------------------|-------------------------------|-----------------------------|------------------------------------------------|
| £000 Department | Unexercised Loan Sanctions 1 April 2022 | Loan Sanctions 2022-23 | Transfers 2022-23 | Aggregate Loan Sanctions 2023 | Capital Expenditure 2022-23 | Balance of Sanctions Unexercised 31 March 2023 |
| Manx Utilities Authority | 47,732 | 47,387 | - | 95,119 | 7,298 | 87,821 |
| Manx National Heritage | 507 | 2,146 | - | 2,653 | 758 | 1,895 |
| Total | 48,239 | 49,533 | - | 97,772 | 8,056 | 89,716 |



15 OTHER INFORMATION

15.1 Government Revenue

| GOVERNMENT REVENUE SUMMARY | | | | | |
|----------------------------------|-------------------|-------------------|-----------------------|-------------------|------------------------|
| £000 | Actual 2022-23 | Budget 2022-23 | Variance to Budget | Actual 2021-22 | Variance to 2021-22 |
| Income | (1,263,088) | (1,185,630) | 77,458 | (1,174,610) | 88,478 |
| Expenditure | 1,204,509 | 1,173,508 | (31,001) | 1,142,791 | (61,718) |
| (Surplus)/Deficit | (58,579) | (12,122) | 46,457 | (31,819) | 26,760 |
| Transfers (From)/to Reserve Fund | (44,497) | - | 44,497 | 197,508 | 242,005 |
| Transfers to Other Reserves | 146,397 | 55,250 | (91,147) | (60,351) | (206,748) |
| Balance brought forward | 112,422 | (85,086) | (197,508) | 7,084 | (105,338) |
| Balance carried forward | 155,743 | (41,957) | (197,700) | 112,422 | (43,321) |

| GOVERNMENT SPEND SUMMARY BY DEPARTMENT | | | | | |
|----------------------------------------|-------------------|-------------------|-----------------------|-------------------|------------------------|
| £000 | Actual 2022-23 | Budget 2022-23 | Variance to Budget | Actual 2021-22 | Variance to 2021-22 |
| Treasury Income | | | | | |
| Customs and Excise | (451,929) | (430,726) | 21,203 | (423,417) | 28,512 |
| Income and Other Taxes | (274,968) | (250,429) | 24,539 | (241,372) | 33,596 |
| Other Treasury Income | (11,575) | (7,937) | 3,638 | (8,574) | 3,001 |
| Social Security | (255,100) | (235,885) | 19,215 | (265,225) | (10,125) |
| Sub-total -Treasury Income | (993,572) | (924,977) | 68,595 | (938,588) | 54,984 |
| Government Departments | | | | | |
| Cabinet Office | 34,661 | 34,661 | - | 34,849 | 188 |
| Enterprise | 1,617 | 1,617 | - | (776) | (2,393) |
| Education, Sport & Culture | 112,143 | 112,143 | - | 108,537 | (3,606) |
| Environment, Food & Agriculture | 16,730 | 16,730 | - | 16,963 | 233 |
| Health & Social Care | 247,898 | 247,898 | - | 242,175 | (5,723) |
| Home Affairs | 36,438 | 36,439 | 1 | 35,080 | (1,358) |
| Infrastructure | 43,228 | 43,228 | - | 48,654 | 5,426 |
| Treasury (Gross Expenditure) | 397,096 | 374,243 | (22,853) | 406,254 | 9,158 |
| | 889,811 | 866,959 | (22,852) | 891,736 | 1,925 |
| Other Bodies | | | | | |
| Executive Government | 41,229 | 41,747 | 518 | 11,468 | (29,761) |
| Statutory Boards (Revenue Funded) | (799) | (603) | 196 | (962) | (163) |
| Legislature (Parliament) | 4,752 | 4,752 | - | 4,527 | (225) |
| Sub-total - Voted Services | 934,993 | 912,855 | (22,138) | 906,769 | (28,224) |
| (Surplus)/Deficit | (58,579) | (12,122) | 46,457 | (31,819) | 26,760 |


15.1 Government Revenue (continued)

| RECONCILIATION OF BUDGET ADJUSTMENTS 2022-23 | | | | | | |
|----------------------------------------------------------|------------------------------------|--------------------|------------------------------|------------------------------------------|--------------------|-----------------------|
| £000 | Original Budget (Pink Book) | Supp. Votes | Inter-Dept. Transfers | Transfer from Revenue Contingency | Other Adjs. | Revised Budget |
| Treasury Income | | | | | | |
| Customs and Excise | (430,726) | - | - | - | - | (430,726) |
| Income and Other Taxes | (250,429) | - | - | - | - | (250,429) |
| Other Treasury Receipts | (7,937) | - | - | - | - | (7,937) |
| Social Security | (285,030) | - | - | - | 49,145 | (235,885) |
| Total Income | (974,122) | - | - | - | 49,145 | (924,977) |
| Government Departments | | | | | | |
| Cabinet Office | 35,451 | - | (790) | - | - | 34,661 |
| Enterprise | 1,617 | - | - | - | - | 1,617 |
| Education, Sport & Culture | 111,818 | 326 | - | - | (1) | 112,143 |
| Environment, Food & Agriculture | 15,941 | - | 790 | - | (1) | 16,730 |
| Health & Social Care | 239,514 | 8,000 | - | 384 | - | 247,898 |
| Home Affairs | 36,439 | - | - | - | - | 36,439 |
| Infrastructure | 43,228 | - | - | - | - | 43,228 |
| Treasury (Gross Expenditure) | 423,769 | - | - | (384) | (49,142) | 374,243 |
| Other Bodies | | | | | | |
| Executive Government | 41,747 | - | - | - | - | 41,747 |
| Manx Care | - | - | - | - | - | - |
| Manx National Heritage Statutory Boards (Revenue Funded) | (603) | - | - | - | - | (603) |
| Expenses of the Legislature | 4,752 | - | - | - | - | 4,752 |
| Total Expenditure | 953,673 | 8,326 | - | - | (49,144) | 912,855 |
| (Surplus)/Deficit | (20,449) | 8,326 | - | - | 1 | (12,122) |
| Transfer from/(to) Reserves | - | - | - | - | - | - |
| Balance Brought Forward | - | - | - | - | - | - |
| (Surplus)/Deficit | (20,449) | 8,326 | - | - | 1 | (12,122) |



15.1 Government Revenue (continued)

GOVERNMENT SPEND DETAIL BY DEPARTMENT

| £000 | Actual 2022-23 | | | Revised Budget 2022-23 | | | Variance to Budget | | | Actual 2021-22 Net Spend | Variance to Net Spend |
|-----------------------------------|------------------|--------------------|------------------|------------------------|--------------------|------------------|--------------------|---------------|-----------------|--------------------------|-----------------------|
| | Gross Spend | Gross Income | Net Spend | Gross Spend | Gross Income | Net Spend | Gross Spend | Gross Income | Net Spend | | |
| Treasury Income | | | | | | | | | | | |
| Customs and Excise | - | (451,929) | (451,929) | - | (430,726) | (430,726) | - | 21,203 | 21,203 | (423,417) | 28,512 |
| Income and Other Taxes | - | (274,968) | (274,968) | - | (250,429) | (250,429) | - | 24,539 | 24,539 | (241,372) | 33,596 |
| Other Treasury Income | - | (11,575) | (11,575) | - | (7,937) | (7,937) | - | 3,638 | 3,638 | (8,574) | 3,001 |
| Social Security | - | (255,100) | (255,100) | - | (235,885) | (235,885) | - | 19,215 | 19,215 | (265,225) | (10,125) |
| Sub-total -Treasury Income | - | (993,572) | (993,572) | - | (924,977) | (924,977) | - | 68,595 | 68,595 | (938,588) | 54,984 |
| Government Departments | | | | | | | | | | | |
| Cabinet Office | 36,836 | (2,175) | 34,661 | 36,063 | (1,402) | 34,661 | (773) | 773 | - | 34,849 | 188 |
| Enterprise | 29,406 | (27,789) | 1,617 | 28,761 | (27,144) | 1,617 | (645) | 645 | - | (776) | (2,393) |
| Education, Sport & Culture | 121,771 | (9,628) | 112,143 | 122,612 | (10,469) | 112,143 | 841 | (841) | - | 108,537 | (3,606) |
| Environment, Food & Agriculture | 21,271 | (4,541) | 16,730 | 20,886 | (4,156) | 16,730 | (384) | 385 | 1 | 16,963 | 233 |
| Health & Social Care | 299,326 | (51,428) | 247,898 | 297,365 | (49,467) | 247,898 | (1,961) | 1,961 | - | 242,175 | (5,723) |
| Home Affairs | 37,840 | (1,402) | 36,438 | 37,809 | (1,370) | 36,439 | (31) | 32 | - | 35,080 | (1,358) |
| Infrastructure | 102,339 | (59,111) | 43,228 | 104,210 | (60,982) | 43,228 | 1,871 | (1,871) | - | 48,654 | 5,426 |
| Treasury (Gross Expenditure) | 397,096 | - | 397,096 | 374,243 | - | 374,243 | (22,853) | - | (22,853) | 406,254 | 9,158 |
| | 1,045,885 | (156,074) | 889,811 | 1,021,949 | (154,990) | 866,959 | (23,936) | 1,084 | (22,852) | 891,736 | 1,925 |
| Other Bodies | | | | | | | | | | | |
| Executive Government | 127,293 | (86,064) | 41,229 | 126,761 | (85,014) | 41,747 | (532) | 1,050 | 518 | 11,468 | (29,761) |
| Manx Care | 14,865 | (14,865) | - | 15,292 | (15,292) | - | 427 | (427) | - | - | - |
| Statutory Boards (Revenue Funded) | 11,665 | (12,464) | (799) | 12,612 | (13,215) | (603) | 947 | (751) | 196 | (962) | (163) |
| Legislature (Parliament) | 4,801 | (49) | 4,752 | 4,762 | (10) | 4,752 | (39) | 39 | - | 4,527 | (225) |
| Sub-total - Voted Services | 1,204,509 | (269,516) | 934,993 | 1,181,376 | (268,521) | 912,855 | (23,133) | 995 | (22,138) | 906,769 | (28,224) |
| (Surplus)/Deficit | 1,204,509 | (1,263,088) | (58,579) | 1,181,376 | (1,193,498) | (12,122) | (23,133) | 69,590 | 46,457 | (31,819) | 26,760 |



15.2 Government Capital

| CAPITAL SPENDING - CAPITAL FINANCING RESERVE DISCRETE SCHEMES | | | | | | | | | | | |
|---------------------------------------------------------------|----------------------------|---------------------------------------|---------------------------------|---------------------|---------------|-----------------------|--------------------|----------------------------------------|-------------------------------------|-------------------|---------------------------|
| £000 Department | Actual Spend 2022-23 | Movement in Commitments 2022-23 | Total Expenditure 2022-23 | Original Phasing | Supp Votes | Timing Differences | Revised Phasing | Capital Contingency or Inflation | Variance to Budget 2022-23 | Actual 2021-22 | Variance to 2021-22 |
| Cabinet Office | 611 | - | 611 | 1,788 | - | - | 1,788 | - | 1,177 | 689 | (78) |
| Education, Sport & Culture | 1,010 | - | 1,010 | 1,500 | 126 | - | 1,626 | (1) | 616 | 1,309 | (299) |
| Enterprise | 4,468 | - | 4,468 | 3,703 | - | - | 3,703 | - | (765) | 2,550 | 1,918 |
| Environment, Food & Agriculture | 257 | (613) | (356) | 643 | - | - | 643 | - | 999 | 636 | (992) |
| Health and Social Care | 10,070 | - | 10,070 | 10,777 | - | 196 | 10,973 | - | 903 | 5,280 | 4,790 |
| Home Affairs | 132 | (454) | (322) | 559 | - | (77) | 482 | - | 804 | 489 | (811) |
| Infrastructure | 34,123 | (807) | 33,316 | 49,332 | 197 | (339) | 49,190 | (2,087) | 15,874 | 35,605 | (2,289) |
| Treasury | 4,888 | - | 4,888 | 26,525 | - | - | 26,525 | - | 21,637 | 3,530 | 1,358 |
| Executive Government | 92 | - | 92 | - | - | 92 | 92 | - | - | - | 92 |
| Statutory Boards | 39 | (134) | (95) | 88 | - | - | 88 | (15) | 183 | 255 | (350) |
| Total Central Government | 55,689 | (2,008) | 53,682 | 94,915 | 323 | (128) | 95,110 | (2,103) | 41,428 | 50,343 | 3,339 |

Following the change to the capital approval process for discrete schemes as part of the 2022/23 budget, full project budgets are now approved from the outset of the project rather than approval being on a single year basis.

As a result, individual discrete schemes may spend more or less than forecast in a particular year compared to the phasing within the Pink Book. These phasing differences are timing differences on the basis that the project remains within the overall approved budget.


15.2 Government Capital (continued)

| CAPITAL SPENDING - CAPITAL FINANCING RESERVE ROLLING SCHEMES | | | | | | | | | | | |
|---------------------------------------------------------------------|---------------------|--------------------------------|--------------------------|------------------------|-------------------|---------------------------|-----------------------|-----------------------------------------|---------------------------|----------------|--------------------|
| £000 | Actual Spend | Movement in Commitments | Total Expenditure | Original Budget | Supp Votes | Timing Differences | Revised Budget | Capital Contingency or Inflation | Variance to Budget | Actual | Variance to |
| Department | 2022-23 | 2022-23 | 2022-23 | Budget | Votes | Differences | Budget | or Inflation | 2022-23 | 2021-22 | 2021-22 |
| Cabinet Office | 313 | (63) | 250 | 250 | - | - | 250 | - | - | 250 | - |
| Education, Sport & Culture | 330 | 637 | 967 | 967 | - | - | 967 | (57) | - | 338 | 629 |
| Environment, Food & Agriculture | 762 | (361) | 401 | 1,525 | - | (101) | 1,424 | - | 1,023 | 1,182 | (781) |
| Health and Social Care | 1,845 | (204) | 1,641 | 1,997 | 499 | - | 2,496 | - | 855 | 2,204 | (563) |
| Home Affairs | 688 | (222) | 466 | 1,585 | - | (40) | 1,545 | (45) | 1,079 | 1,313 | (847) |
| Infrastructure | 24,323 | 10,952 | 35,275 | 42,323 | 2,360 | (557) | 44,126 | (80) | 8,851 | 39,375 | (4,100) |
| Treasury | - | - | - | 5,000 | - | - | 5,000 | - | 5,000 | - | - |
| Total Central Government | 28,261 | 10,739 | 39,000 | 53,647 | 2,859 | (698) | 55,808 | (182) | 16,808 | 44,662 | (5,662) |



15.2 Government Capital (continued)

Cabinet Office

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|--------------------------------------|--------------------------------|-------------|-------------------------------|---------------------|------------------------|--------------------|---------------------|---------------------|-------------------------|---------------|---------------|-----------------|
| £000 | Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | DOI Network Migration | | 470 | - | 470 | 135 | - | 135 | 335 | 895 | 544 | 351 |
| | Passports & Immigration System | | 441 | - | 441 | 51 | - | 51 | 390 | 1,101 | 132 | 969 |
| | Technology - NUIX Solution | | 96 | - | 96 | 26 | - | 26 | 70 | 707 | 635 | 72 |
| | Smart Services | | 596 | - | 596 | 7 | - | 7 | 589 | 681 | 7 | 674 |
| | IOM Borders System | | 185 | - | 185 | - | - | - | 185 | 185 | - | 185 |
| | TT Race Timing Solution | | - | - | - | 392 | - | 392 | (392) | 1,275 | 1,275 | - |
| | Total | | 1,788 | - | 1,788 | 611 | - | 611 | 1,177 | 4,844 | 2,593 | 2,251 |

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|--------------------------------------|--------------------------------|-------------|-------------------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|-------------------------|---------------|---------------|-----------------|
| £000 | Rolling Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Budget | Adjust-ments | Revised Budget | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | Minor Capital Funding (annual) | | 250 | - | 250 | 250 | - | 250 | - | 1,278 | 1,189 | 89 |
| | Total | | 250 | - | 250 | 250 | - | 250 | - | 1,278 | 1,189 | 89 |



15.2 Government Capital (continued)

Education, Sport & Culture

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|--------------------------------------|---------------------------------------------------|-------------|-------------------------------|---------------------|------------------------|--------------------|---------------------|---------------------|-------------------------|---------------|---------------|-----------------|
| £000 | Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | Castle Rushen High School - Pre Contract | | 1,000 | - | 1,000 | 861 | - | 861 | 139 | 3,336 | 2,341 | 995 |
| | Covered Play and Teaching Areas - Construction | | 1 | - | 1 | - | - | - | 1 | 260 | 101 | 159 |
| | QEII Re-ordering to six form entry - Construction | | 223 | - | 223 | 16 | - | 16 | 207 | 450 | 221 | 229 |
| | School Security - Construction | | 276 | - | 276 | 8 | - | 8 | 268 | 848 | 30 | 818 |
| | St Mary's Extension Scheme - Construction | | - | 126 | 126 | 126 | (1) | 125 | 1 | 4,321 | 4,321 | - |
| | Total | | 1,500 | 126 | 1,626 | 1,011 | (1) | 1,010 | 616 | 9,215 | 7,014 | 2,201 |

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|--------------------------------------|----------------------------------------------|-------------|-------------------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|-------------------------|---------------|---------------|-----------------|
| £000 | Rolling Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Budget | Adjust-ments | Revised Budget | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | DDA Works to Department Sites - Construction | | 667 | - | 667 | 667 | - | 667 | - | 1,067 | 903 | 164 |
| | MCW - Regional Pools - Ongoing Scheme | | 300 | - | 300 | 357 | (57) | 300 | - | 2,897 | 2,467 | 430 |
| | Total | | 967 | - | 967 | 1,024 | (57) | 967 | - | 3,964 | 3,370 | 594 |


15.2 Government Capital (continued)
Enterprise

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|------------------------------------------|------|------------------------|--------------|-----------------|--------------|--------------|--------------|--------------|------------------|--------------|--------------|
| £000 Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| Company Registry System 5AML | | 300 | - | 300 | 461 | - | 461 | (161) | 500 | 461 | 39 |
| Fibre Optic Network | | 3,103 | - | 3,103 | 3,851 | - | 3,851 | (748) | 11,100 | 7,066 | 4,034 |
| Public Records Office Archive Capability | | - | - | - | - | - | - | - | 175 | 175 | - |
| Public Records Office Digital Archive | | 300 | - | 300 | 156 | - | 156 | 144 | 750 | 256 | 494 |
| TT Grandstand Development | | - | - | - | - | - | - | - | 250 | 140 | 110 |
| Total | | 3,703 | - | 3,703 | 4,468 | - | 4,468 | (765) | 12,775 | 8,098 | 4,677 |



15.2 Government Capital (continued)

Environment, Food & Agriculture

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|--------------------------------------|-----------------------------|-------------|-------------------------------|---------------------|------------------------|--------------------|---------------------|---------------------|-------------------------|---------------|---------------|-----------------|
| £000 | Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | Ballure Slope Maintenance | | 38 | - | 38 | (31) | - | (31) | 69 | 126 | 88 | 38 |
| | Kionslieu Discontinuance | | 400 | - | 400 | (361) | - | (361) | 761 | 500 | 139 | 361 |
| | Marine Monitoring Equipment | | 120 | - | 120 | 120 | - | 120 | - | 120 | 120 | - |
| | Mill Road Yard Development | | 85 | - | 85 | (84) | - | (84) | 169 | 2,952 | 2,886 | 66 |
| | Total | | 643 | - | 643 | (356) | - | (356) | 999 | 3,698 | 3,233 | 465 |

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|--------------------------------------|---------------------------------------------------------------------|-------------|-------------------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|-------------------------|---------------|---------------|-----------------|
| £000 | Rolling Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Budget | Adjust-ments | Revised Budget | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | MCW - Rural Infrastructure (essential building maintenance & glens) | | 1,328 | (101) | 1,227 | 343 | - | 343 | 884 | 1,227 | 343 | 884 |
| | Public Analyst Lab | | 197 | - | 197 | 58 | - | 58 | 139 | 488 | 481 | 7 |
| | Total | | 1,525 | (101) | 1,424 | 401 | - | 401 | 1,023 | 1,715 | 824 | 891 |



15.2 Government Capital (continued)

Health & Social Care

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|-------------------------------------------------------------|-------------|-------------------------------|---------------------|------------------------|--------------------|---------------------|---------------------|-----------------|-------------------------|---------------|-----------------|
| £000 | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| Discrete Scheme Name | | | | | | | | | | | |
| Accommodation for Day Care Services Eastcliffe | | 650 | - | 650 | 148 | - | 148 | 502 | 5,750 | 5,189 | 561 |
| Acute Adult Psychiatric In-Patient Facility | | 1,250 | - | 1,250 | 2,140 | - | 2,140 | (890) | 10,365 | 9,368 | 997 |
| GP Surgery Development Scheme - Peel | | 10 | (23) | (13) | 1 | - | 1 | (14) | 872 | 872 | - |
| Older Persons Residential & Resource Unit East | | 4,788 | - | 4,788 | 5,378 | - | 5,378 | (590) | 12,557 | 10,271 | 2,286 |
| Older Persons Residential & Resource Unit North | | 229 | - | 229 | 178 | - | 178 | 51 | 429 | 418 | 11 |
| Radiology Equipment Replacement Scheme | | 750 | 219 | 969 | 646 | - | 646 | 323 | 3,941 | 3,941 | - |
| Reconfiguration of Learning Disabilities (Radcliffe Villas) | | 1,000 | - | 1,000 | 257 | - | 257 | 743 | 1,800 | 365 | 1,435 |
| Redevelopment of Emergency Dept, Noble's Hospital | | 300 | - | 300 | 16 | - | 16 | 284 | 300 | 25 | 275 |
| Redevelopment of Grianagh Court | | 1,000 | - | 1,000 | 995 | - | 995 | 5 | 1,650 | 1,350 | 300 |
| Replacement LIM system, Pathology, Noble's Hospital | | 800 | - | 800 | 311 | - | 311 | 489 | 1,830 | 1,243 | 587 |
| Total | | 10,777 | 196 | 10,973 | 10,070 | - | 10,070 | 903 | 39,494 | 33,042 | 6,452 |

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|--------------------------------------|-------------|-------------------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|-----------------|-------------------------|---------------|-----------------|
| £000 | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Budget | Adjust-ments | Revised Budget | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| Rolling Scheme Name | | | | | | | | | | | |
| Asset Replacement Scheme | | 1,354 | - | 1,354 | 999 | - | 999 | 355 | 12,558 | 12,557 | 1 |
| Strategic Development Fund | | 643 | 499 | 1,142 | 642 | - | 642 | 500 | 1,392 | 1,392 | - |
| Total | | 1,997 | 499 | 2,496 | 1,641 | - | 1,641 | 855 | 13,950 | 13,949 | 1 |



15.2 Government Capital (continued)

Home Affairs

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|------------------------------------------|------|------------------------|--------------|-----------------|--------------|--------------|--------------|------------|------------------|--------------|--------------|
| £000 Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| Castletown & Malew Fire Station | | 19 | - | 19 | (3) | - | (3) | 22 | 1,648 | 1,576 | 72 |
| Joint Douglas Fire and Ambulance Station | | 440 | (77) | 363 | (419) | - | (419) | 782 | 975 | 70 | 905 |
| Rushen Fire Station | | - | - | - | - | - | - | - | 51 | 3 | 48 |
| Sexual Assault Referral Centre | | 100 | - | 100 | 100 | - | 100 | - | 1,080 | 103 | 977 |
| TETRA Replacement Programme | | - | - | - | - | - | - | - | 5,235 | 4,937 | 298 |
| Total | | 559 | (77) | 482 | (322) | - | (322) | 804 | 8,989 | 6,689 | 2,300 |

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|------------------------------------------|------|------------------------|--------------|----------------|-------------|--------------|--------------|--------------|------------------|--------------|------------|
| £000 Rolling Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Budget | Adjust-ments | Revised Budget | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| Communications Development Programme | | 748 | - | 748 | 118 | - | 118 | 630 | 5,957 | 5,760 | 197 |
| Equipment Replacement Programme - Fire | | 331 | (34) | 297 | 273 | (45) | 228 | 69 | 1,054 | 1,054 | - |
| Equipment Replacement Programme - Police | | 279 | (6) | 273 | 120 | - | 120 | 153 | 1,070 | 1,031 | 39 |
| Prison Minor Capital Works | | 227 | - | 227 | - | - | - | 227 | 732 | 731 | 1 |
| Total | | 1,585 | (40) | 1,545 | 511 | (45) | 466 | 1,079 | 8,813 | 8,576 | 237 |



15.2 Government Capital (continued)

Infrastructure

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|-------------------------------|-------------------------------------------------|------|------------------------|--------------|-----------------|-------------|--------------|--------------|------------------|--------|--------|----------|
| £000 | Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | A5 Road Reconstruction | | 921 | - | 921 | 12 | - | 12 | 909 | 986 | 126 | 860 |
| | Active Travel | | 15 | - | 15 | 97 | - | 97 | (82) | 2,563 | 2,510 | 53 |
| | Airfield Drainage | | 434 | - | 434 | 177 | - | 177 | 257 | 584 | 314 | 270 |
| | Airport Fire Station | | 90 | - | 90 | 2 | - | 2 | 88 | 200 | 119 | 81 |
| | Airport Ground Services Refurbishment | | - | - | - | (69) | - | (69) | 69 | 10,604 | 8,643 | 1,961 |
| | Airport Training Rig | | 880 | - | 880 | - | - | - | 880 | 2,200 | - | 2,200 |
| | Balthane Gateway | | 600 | - | 600 | 663 | - | 663 | (63) | 1,929 | 663 | 1,266 |
| | Clagh Vane Redevelopment 7/8 | | 50 | - | 50 | 56 | - | 56 | (6) | 10,418 | 6,781 | 3,637 |
| | DDA - Public Buildings | | 256 | - | 256 | (235) | - | (235) | 491 | 750 | 515 | 235 |
| | Douglas Harbour - King Edward VIII Pier Upgrade | | 1,000 | - | 1,000 | 329 | - | 329 | 671 | 3,250 | 329 | 2,921 |
| | Douglas Harbour Strategy | | 79 | - | 79 | - | - | - | 79 | 988 | 121 | 867 |
| | Douglas Promenade | | 295 | - | 295 | 1,950 | (2,087) | (137) | 432 | 25,730 | 25,730 | - |
| | Douglas Promenade Walkway | | - | - | - | 1 | - | 1 | (1) | 1,935 | 52 | 1,883 |
| | East Quay Peel | | 948 | - | 948 | 1,388 | - | 1,388 | (440) | 2,526 | 1,515 | 1,011 |
| | Harbours Ramsey Shipyard | | 455 | - | 455 | - | - | - | 455 | 455 | - | 455 |
| | Rockmount, Poortown Road | | 150 | - | 150 | - | - | - | 150 | 150 | - | 150 |
| | Heritage Trail Improvements | | 260 | - | 260 | 9 | - | 9 | 251 | 2,066 | 1,497 | 569 |
| | HSD Ash Dieback Mitigation | | 416 | - | 416 | 15 | - | 15 | 401 | 416 | 15 | 401 |
| | HSD Transport Model | | 385 | - | 385 | 5 | - | 5 | 380 | 385 | 5 | 380 |
| | Integrated Communication Control System | | - | (42) | (42) | 124 | - | 124 | (166) | 350 | 341 | 9 |
| | IOM Ferry Terminal - Liverpool | | 32,622 | - | 32,622 | 29,738 | - | 29,738 | 2,884 | 70,676 | 65,427 | 5,249 |
| | Jurby Development Initiative | | 1,004 | - | 1,004 | 11 | - | 11 | 993 | 1,837 | 841 | 996 |
| | Peel Marina Works | | 722 | - | 722 | 240 | - | 240 | 482 | 919 | 430 | 489 |



15.2 Government Capital (continued)

Infrastructure (continued)

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|-------------------------------|-------------------------------------------------------------|------|------------------------|--------------|-----------------|---------------|----------------|---------------|------------------|----------------|----------------|---------------|
| £000 | Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Phasing | Adjustments | Revised Phasing | Gross Spend | Adjustments | Actual Spend | Variance | Budget | Actual | Variance |
| | PEH Dalmeny Structural Refurbishment | | 118 | - | 118 | - | - | - | 118 | 118 | - | 118 |
| | PEH Ellerslie Workshop Recladding | | 123 | - | 123 | 2 | - | 2 | 121 | 123 | 2 | 121 |
| | PEH International Arrivals facilities | | 1,947 | - | 1,947 | 7 | - | 7 | 1,940 | 2,097 | 7 | 2,090 |
| | PEH Modernisation works to Visitor Facilities, Sea Terminal | | 500 | - | 500 | 46 | - | 46 | 454 | 1,000 | 46 | 954 |
| | PEH Rationalisation of Units in Jurby Ind Estate | | 198 | - | 198 | 2 | - | 2 | 196 | 198 | 2 | 196 |
| | Pulrose River Bridge | | 155 | - | 155 | 770 | - | 770 | (615) | 3,957 | 2,968 | 989 |
| | Quarry Plant Replacement | | 22 | - | 22 | (512) | - | (512) | 534 | 5,030 | 4,496 | 534 |
| | Raggatt Landfill | | 456 | - | 456 | - | - | - | 456 | 541 | - | 541 |
| | Ramsey District Cottage Hospital (RDCH) | | 330 | - | 330 | - | - | - | 330 | 330 | 16 | 314 |
| | Refurbishment of Michael Street Peel | | - | - | - | 1 | - | 1 | (1) | 685 | 121 | 564 |
| | Regeneration - Douglas (Castle/Duke St) | | - | (91) | (91) | (91) | - | (91) | - | 4,291 | 4,291 | - |
| | Runway Instrument Landing System | | - | (206) | (206) | 85 | - | 85 | (291) | 2,959 | 1,708 | 1,251 |
| | Runway Visual Range Measurement | | - | - | - | - | - | - | - | 100 | - | 100 |
| | Secondary Waste Incinerator | | 2,000 | - | 2,000 | - | - | - | 2,000 | 2,000 | - | 2,000 |
| | Special Waste Landfill Facility | | 1,440 | - | 1,440 | 1 | - | 1 | 1,439 | 1,711 | 66 | 1,645 |
| | Vehicle Test Centre Relocation | | 30 | 197 | 227 | 540 | - | 540 | (313) | 3,777 | 3,772 | 5 |
| | Water Storage for Fire Fighting Purposes - Jurby | | 124 | - | 124 | - | - | - | 124 | 124 | - | 124 |
| | West Quay Ramsey | | - | - | - | 39 | - | 39 | (39) | 1,540 | 197 | 1,343 |
| | Wrights Pit | | 307 | - | 307 | - | - | - | 307 | 307 | - | 307 |
| | Total | | 49,332 | (142) | 49,190 | 35,403 | (2,087) | 33,316 | 15,874 | 172,805 | 133,666 | 39,139 |


15.2 Government Capital (continued)
Infrastructure (continued)

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|-----------------------------------------------------------------------|-------------|-------------------------------|--------------------------|---------------------------|------------------------|--------------------------|-------------------------|-----------------|-------------------------|----------------|-----------------|
| £000 | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Budget | Adjust- ments | Revised Budget | Gross Spend | Adjust- ments | Actual Spend | Variance | Budget | Actual | Variance |
| Rolling Scheme Name | | | | | | | | | | | |
| Ambulance Fleet Replacement | | 640 | - | 640 | 640 | - | 640 | - | 2,019 | 1,623 | 396 |
| Climate Change Adaption | | 9,000 | - | 9,000 | 9,000 | - | 9,000 | - | 27,702 | 22,236 | 5,466 |
| DHA Vehicle Acquisition | | 1,777 | - | 1,777 | 1,777 | - | 1,777 | - | 5,710 | 5,710 | - |
| Heritage Rail Budget | | 5,388 | (8) | 5,380 | 3,742 | - | 3,742 | 1,638 | 16,623 | 16,623 | - |
| House Purchase Assistance Scheme | | 500 | 2,360 | 2,860 | 961 | - | 961 | 1,899 | 5,561 | 5,561 | - |
| MCW - DfE | | 203 | - | 203 | 125 | - | 125 | 78 | 600 | 598 | 2 |
| MCW - DHA | | 260 | - | 260 | 40 | - | 40 | 220 | 860 | 860 | - |
| MCW - DHSC | | 1,871 | (117) | 1,754 | 1,754 | - | 1,754 | - | 6,802 | 6,802 | - |
| MCW - Education and Children | | 3,570 | - | 3,570 | 2,942 | - | 2,942 | 628 | 31,269 | 31,193 | 76 |
| MCW - Government Estate | | 847 | (200) | 647 | 400 | - | 400 | 247 | 8,115 | 8,115 | - |
| MCW - Heritage Rail & Public Transport | | 542 | - | 542 | 542 | - | 542 | - | 18,572 | 18,564 | 8 |
| MCW - Improvements (Previously called Residential Road Refurbishment) | | 1,420 | (232) | 1,188 | 1,268 | (80) | 1,188 | - | 4,119 | 4,039 | 80 |
| MCW - Nobles Hospital (Compliance) | | 666 | - | 666 | (550) | - | (550) | 1,216 | 956 | 362 | 594 |
| MCW - Nobles Hospital (Plant & Machinery) | | 648 | - | 648 | 123 | - | 123 | 525 | 3,326 | 3,326 | - |
| MCW - Villa/Gaiety | | 215 | - | 215 | 215 | - | 215 | - | 1,000 | 999 | 1 |
| MCW - Wildlife Park | | 132 | - | 132 | 100 | - | 100 | 32 | 625 | 625 | - |
| MCW Housing Planned Works | | 2,467 | - | 2,467 | 1,920 | - | 1,920 | 547 | 29,583 | 29,325 | 258 |
| Plant & Vehicle Replacement | | 3,200 | - | 3,200 | 3,185 | - | 3,185 | 15 | 28,402 | 28,314 | 88 |
| Site Feasibility Studies | | 150 | - | 150 | 148 | - | 148 | 2 | 434 | 434 | - |
| Strategic Highway Refurbishment | | 7,287 | - | 7,287 | 5,483 | - | 5,483 | 1,804 | 42,093 | 42,076 | 17 |
| Strategic Structural Maintenance | | 1,540 | - | 1,540 | 1,540 | - | 1,540 | - | 13,859 | 13,859 | - |
| Total | | 42,323 | 1,803 | 44,126 | 35,355 | (80) | 35,275 | 8,851 | 248,230 | 241,242 | 6,986 |



15.2 Government Capital (continued)

Treasury

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|--------------------------------------------|-------------|-------------------------------|---------------------|------------------------|--------------------|---------------------|---------------------|-----------------|-------------------------|---------------|-----------------|
| £000 | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| Discrete Scheme Name | | | | | | | | | | | |
| VIPS - Customs & Excise System Replacement | | 2,056 | - | 2,056 | 2,106 | - | 2,106 | (50) | 6,113 | 5,568 | 545 |
| Benefit Payment System Upgrade (BPS) | | 259 | - | 259 | 76 | - | 76 | 183 | 1,559 | 893 | 666 |
| Scanning (replacement of Scanfile) | | - | - | - | - | - | - | - | 100 | 100 | - |
| Employment Theme | | 200 | - | 200 | 3 | - | 3 | 197 | 487 | 102 | 385 |
| The Enterprise Financial Systems Programme | | 1,310 | - | 1,310 | 57 | - | 57 | 1,253 | 2,620 | 184 | 2,436 |
| Treasury Operational Change Programme | | 500 | - | 500 | - | - | - | 500 | 1,666 | - | 1,666 |
| Social Security Transformation | | 200 | - | 200 | 132 | - | 132 | 68 | 1,259 | 170 | 1,089 |
| Capital Projects Contingency Fund | | 9,000 | - | 9,000 | 437 | - | 437 | 8,563 | 16,826 | 437 | 16,389 |
| Capital Inflation | | 13,000 | - | 13,000 | 2,132 | - | 2,132 | 10,868 | 13,000 | 2,132 | 10,868 |
| MCW – Broadcasting House Maintenance | | - | - | - | (55) | - | (55) | 55 | 650 | 487 | 163 |
| Total | | 26,525 | - | 26,525 | 4,888 | - | 4,888 | 21,637 | 44,280 | 10,073 | 34,207 |

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | |
|---------------------------------------|-------------|-------------------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|-----------------|-------------------------|---------------|-----------------|
| £000 | Note | CURRENT YEAR - 2022-23 | | | | | | | TOTAL TO 2022-23 | | |
| | | Original Budget | Adjust-ments | Revised Budget | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| Rolling Scheme Name | | | | | | | | | | | |
| Climate Change Mitigation Initiatives | | 5,000 | - | 5,000 | - | - | - | 5,000 | 15,000 | - | 15,000 |
| Total | | 5,000 | - | 5,000 | - | - | - | 5,000 | 15,000 | - | 15,000 |



15.2 Government Capital (continued)

Executive Government

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|-------------------------------|-------------------------------|------|------------------------|--------------|-----------------|-------------|--------------|--------------|------------------|-----------|-----------|----------|
| £000 | Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | Courts Case Management System | | - | 92 | 92 | 92 | - | 92 | - | 92 | 92 | - |
| Total | | | - | 92 | 92 | 92 | - | 92 | - | 92 | 92 | - |

Statutory Boards

| CAPITAL EXPENDITURE BY SCHEME | | | | | | | | | | | | |
|-------------------------------|-----------------------------|------|------------------------|--------------|-----------------|-------------|--------------|--------------|------------------|--------------|------------|------------|
| £000 | Discrete Scheme Name | Note | CURRENT YEAR - 2022-23 | | | | | | TOTAL TO 2022-23 | | | |
| | | | Original Phasing | Adjust-ments | Revised Phasing | Gross Spend | Adjust-ments | Actual Spend | Variance | Budget | Actual | Variance |
| | FIU Computer System | | - | - | - | 28 | (15) | 13 | (13) | 228 | 228 | - |
| | FSA Infrastructure Costs | | - | - | - | - | - | - | - | 50 | 28 | 22 |
| | Technology - FSA New System | | 88 | - | 88 | 13 | - | 13 | 75 | 500 | 336 | 164 |
| | Technology - GSC New System | | - | - | - | (121) | - | (121) | 121 | 500 | 309 | 191 |
| Total | | | 88 | - | 88 | (80) | (15) | (95) | 183 | 1,278 | 901 | 377 |



15.2 Government Capital (continued)

| SUPPLEMENTARY VOTES | | | | |
|-------------------------------------------|-------------------|------------------------------------|----------------------------------------|---------------------------------------|
| £000 | | | | |
| Discrete Schemes | Department | Overall Amount Approved | Previously Approved for 2022-23 | Supplementary Vote for 2022-23 |
| St Mary's Extension Scheme - Construction | DESC | 3,902 | 126 | - |
| Vehicle Test Centre | DOI | 3,542 | 197 | - |
| £000 | | | | |
| Rolling Schemes | Department | Amount Approved for 2022-23 | Previously Approved for 2022-23 | Supplementary Vote for 2022-23 |
| Strategic Development Fund | DHSC | 643 | - | 499 |
| House Purchase Assistance Scheme | DOI | 500 | - | 2,360 |
| Total | | 8,587 | 323 | 2,859 |



15.2 Government Capital (continued)

| TIMING DIFFERENCES | | | | |
|---------------------------------------------------------------------|-------------------|------------------------------------|----------------------------------------|--------------------------------------------|
| £000 | Department | Budget Approved for 2022-23 | Amount accelerated from 2023-24 | Amount carried forward from 2021-22 |
| Discrete Schemes | | | | |
| Radiology Equipment Replacement Scheme | DHSC | 750 | 219 | - |
| Courts Case Management System | Exec | - | 92 | - |
| Integrated Communication Control System | DOI | - | - | 42 |
| Regeneration - Douglas | DOI | - | - | 91 |
| Runway Instrument Landing System | DOI | - | - | 206 |
| GP Surgery Development - Peel | DHSC | 10 | - | 23 |
| New Emergency Services HQ | DHA | 440 | - | 77 |
| Rolling Schemes | | | | |
| MCW - DHSC | DOI | 1,871 | - | 117 |
| MCW - Government Estate | DOI | 847 | - | 200 |
| Residential Road Refurbishment | DOI | 1,420 | - | 232 |
| Heritage Rail Budget | DOI | 5,388 | - | 8 |
| Equipment Replacement - Police | DHA | 279 | - | 6 |
| Equipment Replacement – Fire & Rescue | DHA | 331 | - | 34 |
| MCW - Rural Infrastructure (essential building maintenance & glens) | DEFA | 1,328 | - | 101 |
| Total | | 12,664 | 311 | 1,137 |

| CAPITAL CONTINGENCY | | | |
|-----------------------------------------------------------------------|-------------------|-----------------------|-----------------------|
| £000 | Department | Actual 2021-22 | Actual 2022-23 |
| Laxey Wheel Repairs | MNH | - | 284 |
| St Mary's Extension Scheme - Construction | DESC | - | 1 |
| MCW - Regional Pools - Ongoing Scheme | DESC | - | 57 |
| MCW - Improvements (Previously called Residential Road Refurbishment) | DOI | - | 80 |
| FIU Computer System | FIU | - | 15 |
| Total Expenditure | | - | 437 |
| Balance brought forward at 1 April | | 4,000 | 11,000 |
| New Tynwald Approval | | 7,000 | 5,826 |
| Expenditure for year | | - | (437) |
| Balance carried forward at 31 March | | 11,000 | 16,389 |

| CAPITAL INFLATION | | | |
|--------------------------------------------|-------------------|-----------------------|-----------------------|
| £000 | Department | Actual 2021-22 | Actual 2022-23 |
| Equipment Replacement Programme - Fire | DHA | - | 45 |
| Douglas Promenade | DOI | - | 2,087 |
| Total Expenditure | | - | 2,132 |
| Balance brought forward at 1 April | | - | - |
| New Tynwald Approval | | - | 13,000 |
| Expenditure for year | | - | (2,132) |
| Balance carried forward at 31 March | | - | 10,868 |


15.2 Government Capital (continued)

| SUMMARY OF LOAN SANCTIONS AND CAPITAL EXPENDITURE | | | | | | |
|----------------------------------------------------------|------------------------------------------------------------|---------------------------------------|------------------------------|--------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------|
| £000 Department | Unexercised Loan Sanctions 1 April 2022 | Loan Sanctions 2022-23 | Transfers 2022-23 | Aggregate Loan Sanctions 2023 | Capital Expenditure 2022-23 | Balance of Sanctions Unexercised 31 March 2023 |
| Cabinet Office | 3,144 | - | - | 3,144 | - | 3,144 |
| Enterprise | 3,440 | - | - | 3,440 | - | 3,440 |
| Education, Sport & Culture | 6,704 | - | - | 6,704 | - | 6,704 |
| Environment, Food & Agriculture | 767 | - | - | 767 | - | 767 |
| Health & Social Care | 7,849 | - | - | 7,849 | - | 7,849 |
| Home Affairs | 1,476 | - | - | 1,476 | - | 1,476 |
| Infrastructure | 42,107 | - | - | 42,107 | - | 42,107 |
| Treasury | 24,052 | - | - | 24,052 | - | 24,052 |
| Executive Government | 2,756 | - | - | 2,756 | - | 2,756 |
| Statutory Boards | 5,591 | - | - | 5,591 | - | 5,591 |
| Expenses of the Legislature | 1,588 | - | - | 1,588 | - | 1,588 |
| Total | 99,474 | - | - | 99,474 | - | 99,474 |



15.3 Reserves

| SUMMARY OF RESERVES | | | | | | | | |
|----------------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------|----------------------------|----------------------------------------|----------------|---------------------------------------|----------------------------------------|
| £000 | Book Value Balances B/Fwd At 1 Apr 22 | INCOME | | | EXPENDITURE | | TRANSFERS | Book Value Balances C/Fwd At 31 Mar 23 |
| | | Transfers From/(To) Operating Account | Contributions Seizures & Other | Realised Investment Income | Transfers To Revenue /Capital Accounts | Other Expenses | Inter-fund Transfers Expense/(Income) | |
| Invested Fund | | | | | | | | |
| Managed External Invested Funds | | | | | | | | |
| Manx Currency Account - Notes | 33,655 | - | - | 538 | (528) | 60 | - | 33,605 |
| NI Fund - Investment A/c | 846,813 | - | - | 43,042 | (16,271) | 2,059 | - | 871,525 |
| Public Service Employees Pension Reserve | 16 | - | - | 6 | - | 5 | (17) | - |
| Reserve Fund | 591,792 | (41,947) | - | 21,044 | (10,836) | 1,331 | - | 558,722 |
| Reserve Fund - Bond | 135,948 | (53,796) | - | 3,498 | (2,106) | 284 | - | 83,260 |
| MUA Bond Repayment Fund | 70,200 | - | - | 6,091 | (20,000) | 158 | - | 56,133 |
| Media Development Fund (Reserve Fund) | 704 | - | - | (114) | (285) | - | - | 305 |
| Enterprise Development Scheme | 1,437 | - | - | (199) | - | 84 | - | 1,154 |
| Total: External Funds | 1,680,565 | (95,743) | - | 73,906 | (50,026) | 3,981 | (17) | 1,604,704 |
| Internal Element of External Funds | | | | | | | | |
| Manx Currency Account | 72,073 | - | - | (698) | - | 510 | (295) | 70,570 |
| Public Service Employees Pension Reserve | 9,774 | - | - | 4 | (9,692) | - | 17 | 103 |
| Media Development Fund (Reserve Fund) | 112 | - | - | - | - | - | 300 | 412 |
| Enterprise Development Scheme | 6,701 | - | - | 310 | - | - | 50 | 7,061 |
| Sinking Fund | 5,913 | 2,403 | 17,842 | 144 | - | - | - | 26,302 |
| Total: Internal Element of External Funds | 94,573 | 2,403 | 17,842 | (240) | (9,692) | 510 | 72 | 104,448 |
| Total: External Funds Incl Internal Element | 1,775,138 | (93,340) | 17,842 | 73,666 | (59,718) | 4,490 | 55 | 1,709,152 |
| Internal Funds | | | | | | | | |
| Academic Business Planning Fund | 1,043 | - | - | 6 | (464) | - | - | 585 |
| Agriculture and Forestry Fund | 2,578 | 3,000 | - | 20 | (2,600) | - | - | 2,998 |
| Brexit Fund | 2,495 | (2,475) | - | 18 | (38) | - | - | - |
| Contingency Fund | 9,230 | 37,500 | - | 100 | (35,173) | - | - | 11,657 |
| Capital Financing Reserve | 57,480 | 59,594 | 1,675 | 292 | (86,848) | - | - | 32,193 |
| Climate Change Fund | - | 25,000 | - | 88 | (410) | - | - | 24,678 |
| Digital Strategy Fund | 5,398 | 500 | - | 40 | (78) | - | - | 5,860 |
| Economic Development Fund | 4,728 | 2,000 | - | 41 | (50) | - | - | 6,719 |
| Economic Recovery Fund | 30,596 | 10,000 | - | 245 | (6,090) | - | - | 34,751 |
| Environmental Protection Fund | 9,461 | 3,000 | - | 75 | (1,191) | - | - | 11,345 |
| Healthcare Transformation Fund | 9,388 | 7,000 | 299 | 74 | (5,581) | - | - | 11,180 |
| Housing and Communities Fund | - | 2,000 | - | 7 | (59) | - | - | 1,948 |
| Housing Reserve Fund | 7,153 | (1,382) | 2,737 | 63 | (496) | - | - | 8,075 |
| Invest to Save Fund | 1,885 | 500 | - | 8 | (2,132) | - | - | 261 |
| Land & Property Acquisition Reserve | 6,928 | - | - | 50 | - | - | - | 6,978 |
| Legal Costs Reserve | 2,720 | 750 | - | 16 | (1,698) | - | - | 1,788 |
| Marketing Initiatives Fund | 3,534 | - | - | 23 | (545) | - | - | 3,012 |
| Medical Indemnity Fund | 4,898 | 3,000 | - | 42 | (1,166) | - | - | 6,774 |
| Project Development Fund | - | 2,000 | - | 7 | - | - | - | 2,007 |
| Seized Assets Fund | 10,558 | - | 3,116 | 83 | (1,208) | - | - | 12,549 |
| Town & Village Centre Regen. Fund | 1,460 | - | - | 11 | - | - | - | 1,471 |
| Total Internal Funds | 171,533 | 151,987 | 7,827 | 1,309 | (145,827) | - | - | 186,829 |
| Total | 1,946,671 | 58,647 | 25,669 | 74,975 | (205,545) | 4,490 | 55 | 1,895,981 |

Note - Total for the Funds which have an internal and an external element

| | | | | | | | | |
|------------------------------------------|---------|---|---|-------|---------|-----|-------|---------|
| Manx Currency Account | 105,728 | - | - | (160) | (528) | 570 | (295) | 104,175 |
| Public Service Employees Pension Reserve | 9,790 | - | - | 10 | (9,692) | 5 | - | 103 |
| Media Development Fund (Reserve Fund) | 816 | - | - | (114) | (285) | - | 300 | 717 |
| Enterprise Development Scheme | 8,138 | - | - | 111 | - | 84 | 50 | 8,215 |



15.3 Reserves (continued)

| DRAWDOWN FROM INTERNAL FUNDS BY DEPARTMENT | | | | | | | | | | | | | | | | | | | |
|---------------------------------------------|----------------|--------------|-----------|---------------|------------|---------------|-----------|-----------|--------------|--------------|--------------|-----------|------------|--------------|--------------|------------|--------------|--------------|----------------|
| £000 Fund: | ACTUAL 2022-23 | | | | | | | | | | | | | | | | | | |
| | ABPF | AFF | BF | CF | CCF | CFR | DSF | EDF | EPF | ERF | HTF | HCF | HRF | ITSF | LCR | MIF | MEDIF | SAF | TOTAL |
| Department | | | | | | | | | | | | | | | | | | | |
| Enterprise | - | - | - | 268 | - | 3,853 | - | 50 | 891 | 3,028 | - | - | - | 90 | - | 545 | - | - | 8,725 |
| Education, Sport & Culture | 464 | - | - | 221 | - | 813 | - | - | - | - | - | - | - | - | - | - | - | 11 | 1,509 |
| Environment, Food & Agriculture | - | 2,600 | 38 | 19 | 410 | 880 | - | - | 300 | - | - | - | - | - | - | - | - | - | 4,247 |
| Health & Social Care | - | - | - | 21,328 | - | - | - | - | - | - | 1,003 | 59 | - | - | 633 | - | 1,123 | - | 24,146 |
| Home Affairs | - | - | - | 1,066 | - | 485 | - | - | - | - | - | - | - | - | 570 | - | - | 717 | 2,838 |
| Infrastructure | - | - | - | 4,763 | - | 58,996 | - | - | - | - | - | - | - | 199 | - | - | - | - | 63,958 |
| Treasury | - | - | - | 6,910 | - | 4,376 | - | - | - | 3,062 | - | - | 496 | - | - | - | - | - | 14,844 |
| Cabinet Office | - | - | - | 598 | - | 923 | 78 | - | - | - | 4,578 | - | - | 1,843 | 402 | - | - | 381 | 8,803 |
| Executive Government | | | | | | | | | | | | | | | | | | | |
| General Registry | - | - | - | - | - | 92 | - | - | - | - | - | - | - | - | - | - | - | - | 92 |
| Attorney General's Chambers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 93 | - | 43 | 28 | 164 |
| Statutory Boards | | | | | | | | | | | | | | | | | | | |
| Financial Services Authority | - | - | - | - | - | 13 | - | - | - | - | - | - | - | - | - | - | - | - | 13 |
| Gambling Supervision Commission | - | - | - | - | - | 13 | - | - | - | - | - | - | - | - | - | - | - | - | 13 |
| Financial Intelligence Unit | - | - | - | - | - | 13 | - | - | - | - | - | - | - | - | - | - | - | 71 | 84 |
| Road Transport Licensing Committee | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Manx Care | - | - | - | - | - | 11,339 | - | - | - | - | - | - | - | - | - | - | - | - | 11,339 |
| NET TRANSFERS TO REVENUE | 464 | 2,600 | 38 | 35,173 | 410 | 81,796 | 78 | 50 | 1,191 | 6,090 | 5,581 | 59 | 496 | 2,132 | 1,698 | 545 | 1,166 | 1,208 | 140,775 |
| TRANSFERS TO CAPITAL | - | - | - | - | - | 5,052 | - | - | - | - | - | - | - | - | - | - | - | - | 5,052 |
| TOTAL TRANSFERS TO INTERNAL ACCOUNTS | 464 | 2,600 | 38 | 35,173 | 410 | 86,848 | 78 | 50 | 1,191 | 6,090 | 5,581 | 59 | 496 | 2,132 | 1,698 | 545 | 1,166 | 1,208 | 145,827 |


15.3 Reserves (continued)

| BOOK VALUE AND MARKET VALUE BY FUND | | | | | | |
|--------------------------------------------|------------------------|---------------------|------------------------|---------------------|-------------------|---------------------|
| £000 | As at 31 Mar 22 | | As at 31 Mar 23 | | Movement | |
| Invested Fund | Book Cost | Market Value | Book Cost | Market Value | Book Value | Market Value |
| Manx Currency Account | 105,728 | 105,323 | 104,175 | 102,521 | (1,553) | (2,802) |
| MUA Bond Repayment Fund | 70,200 | 83,392 | 56,133 | 61,607 | (14,067) | (21,785) |
| NI Fund - Investment A/c | 846,813 | 995,162 | 871,525 | 954,253 | 24,712 | (40,909) |
| Public Service Employees Pension Res. | 9,790 | 9,796 | 103 | 103 | (9,687) | (9,695) |
| Reserve Fund | 591,792 | 639,491 | 558,722 | 565,496 | (33,070) | (73,995) |
| Reserve Fund - Bond | 135,948 | 147,128 | 83,260 | 84,296 | (52,688) | (62,832) |
| Sinking Fund | 5,913 | 5,913 | 18,210 | 18,210 | 12,297 | 12,297 |
| Sub-total | 1,766,184 | 1,986,205 | 1,692,128 | 1,786,486 | (74,056) | (199,719) |
| Media Development Fund | 816 | 816 | 717 | 717 | (99) | (99) |
| Enterprise Development Fund | 8,138 | 8,138 | 8,215 | 8,215 | 77 | 77 |
| Sub-total | 1,775,138 | 1,995,159 | 1,701,060 | 1,795,418 | (74,078) | (199,741) |
| General Revenue A/C Temp. Loans | 199,047 | 199,047 | 175,179 | 175,179 | (23,868) | (23,868) |
| Total Invested Funds | 1,974,185 | 2,194,206 | 1,876,239 | 1,970,597 | (97,946) | (223,609) |
| Equity Investment IOMSPG | 53,752 | 53,752 | 53,752 | 53,752 | - | - |
| Manx Development Corporation | 1,169 | 1,169 | 1,919 | 1,919 | 750 | 750 |
| Total External Investments | 2,029,106 | 2,249,127 | 1,931,910 | 2,026,268 | (97,196) | (222,859) |



15.3 Reserves (continued)

| CONTINGENCY FUND | | |
|-------------------------------------------------|-------------------|-------------------|
| £000 | Actual 2021-22 | Actual 2022-23 |
| Income | | |
| Transfer from General Revenue | 30,000 | 37,500 |
| Interest on Funds held by Treasury | 11 | 100 |
| Total Income | 30,011 | 37,600 |
| Expenditure | | |
| CABO - Covid Contingency Claim | 2,092 | 108 |
| CABO - Border Resources | 140 | - |
| DEFA - Fishing Industry SS | 269 | - |
| DESC - AEN Funding | 1,598 | - |
| DESC - Covid Contingency Claim | 1,281 | - |
| DESC - Beamans Implementation Funding | 190 | - |
| DESC - Christmas Holiday Voucher Scheme 2021 | 15 | - |
| DFE - Marketing Campaign Support | 180 | - |
| DHSC - Lateral Flow Tests | 7,305 | - |
| DHSC - Covid Pass | 340 | - |
| DHSC - Specialist Palliative & End of Life Care | 250 | - |
| DHSC - Covid Response (Vaccinations, Swabbing) | 16,738 | 5,200 |
| DOI - Covid Expenditure Claim | 376 | - |
| DOI - JEGS Review 21/22 | 199 | - |
| MMNT - Covid Contingency Claim | 330 | - |
| IC - Disaster and Emergency Relief Funding | 144 | - |
| DHSC - Manx Care Contingency Funding | - | 5,008 |
| MMNT - Treasure Find | - | 58 |
| DHSC - Restoration and Recovery Support | - | 2,130 |
| DOI - Strategic Air Services | - | 2,109 |
| DESC - Future of Regional Swimming Pools | - | 221 |
| CABO - Ukrainian Relocation & Home Support | - | 241 |
| CABO - Warm Spaces Initiative | - | 55 |
| DHSC - Pay Award Support | - | 3,293 |
| DOI - Pay Award & Energy Cost Support | - | 2,654 |
| DHA - Independent Covid Review | - | 133 |
| CABO - Built Environment Reform Programme | - | 84 |
| DEFA - Avian Influenza Contingency Plan | - | 19 |
| DFE - LoveIOM Card Future Incentives | - | 11 |
| DFE - Domestic Events Fund | - | 66 |
| DHA - Inflationary Cost Support | - | 933 |
| DHSC - Inflationary Cost Support | - | 5,695 |
| DFE - Inflationary Cost Support | - | 191 |
| CABO - Winter Surveillance Programme | - | 27 |
| CABO - Contingency Claim | - | 84 |
| TSY - Cost of Living Support Schemes | - | 6,853 |
| Total Expenditure | 31,447 | 35,173 |
| Net Movement for Year | (1,436) | 2,427 |
| Balance brought forward at 1 April | 10,666 | 9,230 |
| Balance carried forward at 31 March | 9,230 | 11,657 |



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