SCHEDULE 5

Financial Statements Template for Local Government Bodies

(Regulation 10)

**Isle of Man Local Authority**

**Financial Statements**

**For the year ended 31 March 20XX**

*[Accounting policies, primary statement line items, and notes are only required for material areas, and should be tailored to the circumstances of each authority]*

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Members, Officers and Advisors

*[Report should include:*

* *an introduction to the authority, office address, the parish / village / town / district / body*
* *the structure of the authority, board member names, roles and responsibilities, committees members belonged to, corporate governance;*
* *the names of internal and external auditor and accountants.*

Explanatory Foreword

*[Include a narrative report with the aim of providing context to the accounts. Report could include:*

* *an outline of the authority’s objectives*
* *a summary of the authority’s overall financial performance and an overview of the significant factors that affected it during the year(to include a summary of the rate borne results, and the principal reason for the difference with the Comprehensive Income and Expenditure Statement)*
* *an overview of the authority’s finances for the year*
* *a summary of significant achievements during the year*
* *an analysis of issues that are likely to shape future performance]*

Statement of Responsibilities for the Statement of Accounts

**The Authority's responsibilities**

The Authority is required to:

* make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs through the appointment of a Responsible Financial Officer;
* manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
* approve the Statement of Accounts.

**The Responsible Financial Officer’s responsibilities**

The Responsible Financial Officer is responsible for the preparation of the Authority's Statement of Accounts.

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

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

The Responsible Financial Officer has also:

* kept proper accounting records which were up to date;
* taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Independent [Auditor/ Assurance Reviewer/ Examiner] to the Commissioners of / the Board of XX for the year ended 31 March 20XX**

Statement on Internal Control

The Statement on Internal Control must include suitable commentary in relation to the following:

* 1. Introduction and Scope of Responsibility
  2. The purpose of the system of internal control
  3. The internal control and corporate governance environment
     1. Establishment of objectives
     2. Monitoring achievement against the objectives
     3. Corporate Governance framework
     4. Facilitation of policy and decision making
     5. Risk Management
     6. Financial Management
     7. Internal Audit
  4. Review of the effectiveness of internal control and corporate governance environment
  5. Significant internal control issues

Comprehensive Income and Expenditure Statement

*for the year ended 31 March 20XX*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *Notes* | **Expenditure** | **Income** | **20XX**  **Net** | 20XX  Net |
|  |  | **£** | **£** | **£** | £ |
|  |  |  |  |  |  |
| Finance and general purposes |  | **X** | **X** | **X** | X |
| Property |  | **X** | **X** | **X** | X |
| Works and development |  | **X** | **X** | **X** | X |
| Parks and leisure |  | **X** | **X** | **X** | X |
| Refuse disposal |  | **X** | **X** | **X** | X |
| General government grants |  | **X** | **X** | **X** | X |
|  |  |  |  |  |  |
| **Net cost of General Fund services** |  | **X** | **X** | **X** | X |
|  |  |  |  |  |  |
| Housing services | *11* | **X** | **X** | **X** | X |
| Deficiency receivable |  | **X** | **X** | **X** | X |
|  |  |  |  |  |  |
| **Net cost of Housing services** |  | **X** | **X** | **X** | X |
|  |  |  |  |  |  |
| Income from the General Rate Fund | *9* |  |  | **X** | X |
| Interest receivable and other income |  |  |  | **X** | X |
| Interest payable and similar charges |  |  |  | **X** | X |
|  |  |  |  |  |  |
| **Surplus/deficit on provision of services** |  |  |  | **X** | X |
|  |  |  |  |  |  |
| **Other Comprehensive Income and Expenditure** |  |  |  |  |  |
| Surplus/deficit on revaluation of fixed assets |  |  |  | **X** | X |
| Remeasurement of net pension liability | *X* |  |  | **X** | X |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Total comprehensive income and expenditure** |  |  |  | **X** | X |
|  |  |  |  |  |  |

Statement of Movement on Reserves

*for the year ended 31 March 20XX*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Notes* | **General**  **rate fund** | **Capital adjustment account** | **Revaluation reserve** | **Housing revenue reserve** | **Pensions reserve** | **Capital receipts reserve** | **Earmarked reserves** | **Other reserves** |
|  |  | **£** | **£** | **£** | **£** | **£** | **£** | **£** | **£** |
| **Total comprehensive income and expenditure** |  | **X** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| (Some suggested main Transfer adjustments)  Depreciation and impairment of fixed assets |  |  |  |  |  |  |  |  |  |
| Net charges made for retirement benefits |  |  |  |  |  |  |  |  |  |
| Gain/loss on disposal of fixed assets |  |  |  |  |  |  |  |  |  |
| Loan fund principal repayments |  |  |  |  |  |  |  |  |  |
| Fixed assets financed from General Fund |  |  |  |  |  |  |  |  |  |
| Transfer to/from Housing Revenue Account |  |  |  |  |  |  |  |  |  |
| [Other reserves transfers] |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | **X** | X | **X** | X | **X** | X | **X** | X |
|  |  |  |  |  |  |  |  |  |  |
| Balance brought forward |  | **X** | X | **X** | X | **X** | X | **X** | X |
|  |  |  |  |  |  |  |  |  |  |
| **Balance carried forward** |  | **X** | X | **X** | X | **X** | X | **X** | **X** |
|  |  |  |  |  |  |  |  |  |  |

Balance Sheet

*as at 31 March 20XX*

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Notes* | |  | | **20XX** | |  | | | 20XX |
|  |  | | **£** | | **£** | | £ | | | £ |
| **Fixed assets** |  | |  | |  | |  | | |  |
| Intangible assets | 2 | |  | | **X** | |  | | | X |
| Tangible fixed assets | 1 | |  | | **X** | |  | | | X |
| Long-term debtors |  | |  | | **X** | |  | | | X |
|  |  | |  | | **─** | |  | | | **─** |
|  |  | |  | | **X** | |  | | | X |
| **Current assets** |  | |  | |  | |  | | |  |
| Stock | 3 | | **X** | |  | | X | | |  |
| Debtors | 4,7 | | **X** | |  | | X | | |  |
| Cash at bank |  | | **X** | |  | | X | | |  |
|  |  | | **─** | |  | | **─** | | |  |
|  |  | | **X** | |  | | X | | |  |
|  |  | | **─** | |  | | **─** | | |  |
| **Current liabilities** |  | |  | |  | |  | | |  |
| Short-term borrowing | 7,8 | | **X** | |  | | X | | |  |
| Creditors | 5 | | **X** | |  | | X | | |  |
| Bank overdraft |  | | **X** | |  | | X | | |  |
|  |  | | **─** | |  | | **─** | | |  |
|  |  | | **X** | |  | | X | | |  |
|  |  | | **─** | | **X** | | **─** | | | X |
|  |  | |  | | **─** | |  | | | **─** |
|  |  | |  | | **X** | |  | | | X |
| **Long-term liabilities** |  | |  | |  | |  | | |  |
| Long-term borrowing | 6,7,8 | | **X** | |  | | X | | |  |
| Net Pension liabilities | X | | **X** | |  | | X | | |  |
| Other liabilities |  | | **X** | |  | | X | | |  |
|  |  | | **─** | | **X** | | **─** | | | X |
|  |  | |  | | **─** | |  | | | **─** |
| **Total assets less liabilities** |  | |  | | **X** | |  | | | X |
|  |  | |  | | ═ | |  | | | ═ |
| **Reserves:** | |  | |  | |  | |  |  | | |
| General fund | |  | |  | | **X** | |  | X | | |
| Capital adjustment account | |  | |  | | **X** | |  | X | | |
| Revaluation reserve | |  | |  | | **X** | |  | X | | |
| Housing revenue reserve | |  | |  | | **X** | |  | X | | |
| Pension reserve | |  | |  | | **X** | |  | X | | |
| Earmarked reserves | |  | |  | | **X** | |  | X | | |
| Capital receipts reserve | |  | |  | | **X** | |  | X | | |
|  | |  | |  | | **─** | |  | ─ | | |
|  | |  | |  | | **X** | |  | X | | |
|  | |  | |  | | ═ | |  | ═ | | |

The financial statements were approved by the [Authority] on and were signed on their behalf by:

|  |  |
| --- | --- |
|  |  |
| *Chairman* | *RFO* |

Cash Flow Statement

*for the year ended 31 March 20XX*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *Notes* |  | **20XX** | **20XX** |
|  |  | **£** | **£** | **£** |
|  |  |  |  |  |
| Net (surplus) / deficit on provision of services |  | **X** |  | X |
| Adjustments to net (surplus) / deficit on provision of services for non-cash movements (Note XX) |  | **X** |  | X |
| Adjustments for items included in net (surplus) / deficit on provision of services that are investing and financing activities |  | **X** |  | X |
|  |  |  |  |  |
| Net cash flows from Operating Activities | *14* |  | **X** | X |
|  |  |  |  |  |
| Net cash flows from Investing Activities (Note XX) | *15* | **X** |  | X |
| Net cash flows from Financing Activities (Note XX) | *16* | **X** |  | X |
|  |  |  |  |  |
| Net (increase) or decrease in cash and cash equivalents |  |  | **X** | X |
|  |  |  |  |  |
| Cash & cash equivalents at the beginning of the reporting period |  |  | **X** | X |
|  |  |  |  |  |
| Cash & cash equivalents at the end of the reporting period |  |  | **X** | X |
|  |  |  | ═ | ═ |

Statement of Accounting Policies

**1. Basis of preparation**

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

This is the first year in which the financial statements have been prepared under FRS 102 and Accounts and Audit Regulations 2018. Refer to note XX for an explanation of the transition. *[this note is only required in the first year of FRS102 application]*

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

**2. Going concern**

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

**3. Income**

**(a) Rates receivable**

Rates income for the year credited to the Comprehensive Statement of Income and Expenditure is the accrued income for the year, adjusted for discounts, exempt and uninhabitable properties.

**(b) Rentals**

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

**(c) [*add policies for other material income sources*]**

**4. Accruals of income and expenditure**

The accounts of the authority are maintained on an accruals basis: activity is accounted for in the year that it takes place.

**5. Value Added Tax**

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

**6. Intangible fixed assets**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their

Statement of Accounting Policies (Continued)

estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software costs X years

[Other intangibles] X years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

**7. Tangible fixed assets**

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

**a) Recognition**

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

* It is probable that the future economic benefits or service potential associated with the asset will flow to the authority, and
* The cost can be measured reliably.

Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense to the relevant service when it is incurred.

**b) Measurement (Valuation Bases)**

All assets are initially measured at cost. The initial cost includes all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Borrowing costs are not capitalised.

Subsequent to initial recognition, assets are then carried on the Balance Sheet using the following measurement bases:

* Infrastructure and Community assets – depreciated historic cost (or a nominal value where the historic cost is not known)
* Assets under construction – historic cost
* Surplus assets – fair value (determined by the measurement of the highest and best use of the asset)
* Social Housing and all other tangible fixed assets are measured at current value which is determined as the amount that would be paid for the asset in its existing use (“existing use value” – EUV).

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

Statement of Accounting Policies(Continued)

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

**(c) Revaluation**

A class of assets included in the Balance Sheet at current value (fair value for Surplus assets) may be revalued on a rolling basis provided revaluation of the class of assets is completed within five years. The valuations are undertaken with sufficient regularity to ensure that

their carrying amount is not materially different from current value (fair value for Surplus assets). All valuations are undertaken by a qualified valuer, using a professional valuer contracted to the authority.

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

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

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

**d) Impairment**

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

**(e) Depreciation**

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

Statement of Accounting Policies (Continued)

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

Operational assets:

Freehold buildings XX years

Plant and machinery XX years

Furniture and equipment XX years

Motor vehicles XX years

[Other tangibles] XX years

Infrastructure assets XX years

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

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

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

**(f) Disposals**

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

**8. Investment Property**

Investment properties are those that are used solely to earn rentals or for capital appreciation purposes. Properties that are used to facilitate the delivery of services are not Investment properties.

Investment properties are measured initially at cost and subsequently at fair value. The assets are not depreciated but are subject to five yearly revaluation reviews according to market conditions at the year-end. All valuations are undertaken by a qualified valuer, using a professional valuer. Gains and losses on revaluation and disposal are posted to the Comprehensive Income and Expenditure Statement These gains and losses are reversed out in the Statement of Movement on Reserves to the Capital Adjustment Account and the Capital Receipts Reserve.

**9. Cash and cash equivalents**

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

Statement of Accounting Policies (Continued)

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

**10. Government Grants and Contributions**

Government grants and other third party contributions / donations are accounted for on an accruals basis and recognised when the conditions attached to the payments have been met and there is reasonable assurance that they will be received.

**a) Revenue Grants**

Amounts due to the authority are credited to the Comprehensive Income and Expenditure Statement when the conditions attached to the grants or contributions are satisfied. Amounts advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or non-specific Grant Income.

**b) Capital Grants**

Amounts due as capital grants and contributions are credited to the Comprehensive Income and Expenditure Statement when the conditions attached to their receipt are satisfied. Amounts advanced for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

Donations and grants toward the cost of capital assets are credited to deferred income, and released over the life of the asset to match the depreciation of the asset to which it relates.

**(c) Housing Deficiency**

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

**11. Leases**

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement on an accruals basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the authority recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Statement of Accounting Policies (Continued)

**12. Investments**

The Authority has representation on, and makes financial contributions to, other bodies/ boards/ committees. Where no dominant or significant influence exists these are treated as investments and measured at the cost of any capital contribution to that body.

**13. Stocks**

Stocks have been valued at the lower of cost and net realisable value.

**14. Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**15. Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**16. Employee benefits**

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

1. **Short term benefits**

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

1. **Defined benefit pension plan**

The authority participates in the Local Government Superannuation Scheme administered by Douglas Borough Council in accordance with the Isle of Man Local Government Superannuation Scheme Regulations. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The authority and its employees pay contributions into the scheme and these contributions are calculated at a level intended to balance the pensions liabilities with investment assets. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the authority’s defined benefit obligation at the end of the reporting date less the fair value of the plan assets attributable to the authority’s members at the reporting date.

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

Statement of Accounting Policies (Continued)

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

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

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

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

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

**17. Provisions**

Provisions are made for any liability of uncertain timing where there is a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement in the year that the obligation arises and are based on the best estimate of the amount that is likely to settle the obligation.

**18. Contingent Liabilities**

Contingent liabilities are not recognised in the accounting statements. They are disclosed by way of a note to the accounts if there is a possible obligation to make payments in the future. For each class of contingent liability, where appropriate, the authority discloses the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

**19. Contingent Assets**

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**20. 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 Authority maintains the following significant reserves:

**General Reserve:** set up to act as a buffer against the potential risks of increased expenditure to be charged to future years’ Accounts and to assist in organisational development.

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

Statement of Accounting Policies (Continued)

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

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

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

Significant Judgements and Estimates

**(a) Judgements**

In applying the accounting policies set out above the authority has had to make assumptions and form judgements about transactions which are complex in nature and where there is uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

*[Add detail of any significant area of judgement which is relevant, examples include:]*

* The authority operates a rolling 5 year revaluation programme for assets held on the Balance Sheet at revalued amount. This means that not all assets are revalued formally every year. However a desktop review is undertaken of the assets that were not formally revalued during the year, taking into account factors such as changes to building cost indices since the asset’s last revaluation and the impact of revaluations in year for similar assets. As a result it is judged that the potential difference in value that would result from formal revaluation is not material in the context of the overall carrying value of the assets, and therefore the risk of material misstatement to the Balance Sheet is low.
* Property, Plant and Equipment assets are judged to be held for their service potential rather than future resale value and therefore the authority does not allocate residual values to assets when calculating depreciation. This could lead to the potential overstatement of depreciation and the understatement of asset carrying values in the Balance Sheet. The calculation of depreciation, however, does not affect the amount to be collected from rate payers.
* The authority has judged that amounts held on deposit or invested for periods of less than three months are sufficiently liquid as to be classed as cash equivalents. Judgement is also required as to whether the primary purpose of holding such investments is for meeting short term cash commitments (in which case the investment is classified as a cash equivalent) or for investment return (in which case the investment remains classified as a short term investment).

**(b) Estimates**

The authority is required to disclose those estimates and assumptions which it has made in the preparation of its accounts for which there is the potential for a material adjustment within the next financial year.

*[Add detail of any significant estimate which is relevant such as:]*

* Pension Liability - The estimation of the net pension liability depends on a number of complex and inter-related actuarial assumptions and judgements, i.e. the rate of inflation, rate of increase in salaries, age of retirement, rate of increase in pensions, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide expert advice about the assumptions to be applied. As a result there is inevitably some uncertainty concerning the value of the net pension liability in the financial statements. Changes in the assumptions can give rise to major changes in the liability within the year and across years, i.e. actuarial gains and losses.

Notes to the financial statements

**1. Tangible fixed assets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ***Operational assets*** | **Dwellings** | **Other**  **land and**  **buildings** | **Vehicles,**  **plant and**  **equipment** | **Infrastructure** | **Community**  **assets** | **Total** |
|  | **£** | **£** | **£** | **£** | **£** | **£** |
| Cost or valuation |  |  |  |  |  |  |
| At 31 March 20XX | X | X | X | X | X | **X** |
| Additions in the year | X | X | X | X | X | **X** |
| Disposals in the year | X | X | X | X | X | **X** |
| Revaluations | X | X | X | X | X | **X** |
| Transfers | X | X | X | X | X | **X** |
| Impairments | X | X | X | X | X | **X** |
|  |  |  |  |  |  |  |
| **At 31 March 20XX** | **X** | **X** | **X** | **X** | **X** | **X** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Depreciation |  |  |  |  |  |  |
| At 31 March 20XX | X | X | X | X | X | **X** |
| Charge for the year | X | X | X | X | X | **X** |
| Disposals in the year | X | X | X | X | X | **X** |
| Reversal of depreciation on revalued assets | X | X | X | X | X | **X** |
| Transfers | X | X | X | X | X | **X** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **At 31 March 20XX** | **X** | **X** | **X** | **X** | **X** | **X** |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Net book value** |  |  |  |  |  |  |
| **At 31 March 20XX** | **X** | **X** | **X** | **X** | **X** | **X** |
|  |  |  |  |  |  |  |
| At 31 March 20XX | X | X | X | X | X | **X** |
|  |  |  |  |  |  |  |

Notes to the financial statements (Continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Non-Operational assets*** | **Surplus**  **properties** | **Assets under construction** | **Investment**  **Properties** | **Total** |
|  | **£** | **£** | **£** | **£** |
| Cost or valuation |  |  |  |  |
| At 31 March 20XX | X | X | X | **X** |
| Additions in the year | X | X | X | **X** |
| Disposals in the year | X | X | X | **X** |
| Revaluations | X | X | X | **X** |
| Transfers | X | X | X | **X** |
| Impairments | X | X | X | **X** |
|  |  |  |  |  |
| **At 31 March 20XX** | **X** | **X** | **X** | **X** |
|  |  |  |  |  |
|  |  |  |  |  |
| Depreciation |  |  |  |  |
| At 31 March 20XX | X | X | X | **X** |
| Charge for the year | X | X | X | **X** |
| Disposals in the year | X | X | X | **X** |
| Reversal of depreciation on revalued assets | X | X | X | **X** |
| Transfers | X | X | X | **X** |
|  |  |  |  |  |
| **At 31 March 20XX** | **X** | **X** | **X** | **X** |
|  |  |  |  |  |
| **Net book value** |  |  |  |  |
| **At 31 March 20XX** | **X** | **X** | **X** | **X** |
|  |  |  |  |  |
| At 31 March 20XX | X | X | X | **X** |
|  |  |  |  |  |

***Valuation of fixed assets***

The Authority plans to revalue its fixed assets every [five] years. Valuations have been carried out by < valuer>. *[Disclose valuers credentials, methods and significant assumptions adopted in the valuation, the date of the valuation]*

Notes to the financial statements (Continued)

**Assets held**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Number at**  **31 March 20XX** | **Changes**  **In year** | **Number at**  **31 March 20XX** |
| Operational assets |  |  |  |
| Dwellings: |  |  |  |
| Standard dwellings | X | X | X |
| Sheltered accommodation units | X | X | X |
|  |  |  |  |
| Other Land and Buildings: | X | X | X |
| Car parks | X | X | X |
| Cemeteries | X | X | X |
| Depots | X | X | X |
| Public Conveniences | X | X | X |
| Public Halls | X | X | X |
| Public Offices | X | X | X |
| Recreational properties | X | X | X |
| Sports Centres | X | X | X |
| Miscellaneous properties | X | X | X |
|  |  |  |  |
| Vehicles, Plant and Equipment: | X | X | X |
| Vehicles | X | X | X |
| Plant and equipment | X | X | X |
| Infrastructure Assets: |  |  |  |
| Street lights | X | X | X |
| Community Assets: |  |  |  |
| Historic properties | X | X | X |
| Parks and open spaces | X | X | X |
|  |  |  |  |
| Non-Operational assets: |  |  |  |
| Commercial properties | X | X | X |
| Retail properties | X | X | X |
| Other properties | X | X | X |
| Agricultural land | X | X | X |
| Garages | X | X | X |

Notes to the financial statements (Continued)

**2. Intangible fixed assets**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **£** |
| Balance at 1 April 20XX |  |  | X |
| Expenditure in year |  |  | X |
| Disposals in year |  |  | X |
| Transfers |  |  | X |
| Amortisation |  |  | X |
| Impairment |  |  | X |
|  |  |  | ─────── |
| Balance at 31 March 20XX |  |  | X |
|  |  |  | ═══════ |

**3. Stocks**

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Stores | X | X |
| Fuel | X | X |
|  |  |  |
|  | X | X |
|  |  |  |

The value of stock recognised as an expense in the comprehensive income and expenditure statement was £X (20XX:£X).

**4. Debtors and prepayments**

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Amounts falling due in one year (net of bad debt provisions): | X | X |
| Government departments | X | X |
| Public authorities | X | X |
| Other local authorities | X | X |
| Ratepayers | X | X |
| Housing rents | X | X |
| Sundry debtors | X | X |
| Prepayments | X | X |
|  |  |  |
|  | X | X |
|  |  |  |

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

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
|  |  |  |
| Ratepayers | **X** | X |
| Housing rents | **X** | X |
| Notes to the financial statements (Continued) |  |  |
| Sundry debtors | **X** | X |
|  |  |  |
|  | **X** | X |
|  |  |  |

**5. Creditors**

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
|  |  |  |
| Central government | **X** | X |
| Public authorities | **X** | X |
| Ratepayers | **X** | X |
| Housing rents | **X** | X |
| Sundry creditors | **X** | X |
|  |  |  |
|  | **X** | X |
|  |  |  |

**6. Long term borrowing**

Loans outstanding may be analysed as follows:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | **£** |
| ***Falling due within one year:*** |  |  |
| Commercial loans | **X** | X |
| Government loans | **X** | X |
|  |  |  |
| Total falling due within one year | **X** | X |
|  |  |  |
| ***Falling due after more than one year:*** |  |  |
| Commercial loans | **X** | X |
| Government loans | **X** | X |
|  |  |  |
| Total falling due after more than one year | **X** | X |
|  |  |  |
| Total loan term borrowing | **X** | X |
| [Disclose loan details, security etc.]  Notes to the financial statements (Continued) |  |  |

**7. Operating leases**

The following table shows the minimum future rentals receivable for the authority’s operating leases where it acts as lessor:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
|  |  |  |
| Amounts due within one year | X | X |
| Later than one year and not later than five years | X | X |
| Later than five years | X | X |
|  |  |  |
|  | X | X |
|  |  |  |

*[Provide a general description of the lessee’s significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by the lease arrangement and unique or unusual provisions of lease arrangements or the terms of sale and leaseback transactions.]*

The following table shows the minimum future rentals payable for the authority’s operating leases where it acts as lessee:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Amounts due within one year | **X** | X |
| Later than one year and not later than five years | **X** | X |
| Later than five years | **X** | X |
|  |  |  |
|  | **X** | X |
|  |  |  |

Lease payments recognised as an expense in the comprehensive income and expenditure statement are £XX (20XX: £XX).

**8. Finance leases**

Minimum lease payments under finance leases fall due as follows:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Amounts due within one year | X | X |
| Later than one year and not later than five years | X | X |
| Later than five years | X | X |
|  |  |  |
|  | X | X |
| Less future finance charges | X | X |
|  |  |  |
| Present value of lease obligations | X | X |
| Notes to the financial statements (Continued) |  |  |
| Due for settlement within one year | X | X |
| Due for settlement later than once year and not later than five years | X | X |
| Due for settlement later than five years | X | X |
|  |  |  |
|  | X | X |
|  |  |  |

*[Provide a general description of the lessee’s significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by the lease arrangement and unique or unusual provisions of lease arrangements or the terms of sale and leaseback transactions.]*

Notes to the financial statements (Continued)

**9. General Rate Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **20XX** |  | 20XX |
|  |  | **£** | **£** | £ | £ |
|  |  |  |  |  |  |
| General rates levied for the year |  |  | **X** |  | X |
| *Add:* |  |  |  |  |  |
| Due from Treasury re prior year |  |  | **X** |  | X |
| Arrears brought forward |  |  | **X** |  | X |
|  |  |  |  |  |  |
| *Less:* |  |  | **X** |  | X |
| Discounts |  | **X** |  | X |  |
| Exempt and uninhabitable properties |  | **X** |  | X |  |
| Refunds |  | **X** |  | X |  |
|  |  | **───────** |  | ─────── |  |
|  |  |  | **X** |  | X |
|  |  |  |  |  |  |
| Total rates collectable |  |  | **X** |  | X |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| *Rates received in the year:* |  |  |  |  |  |
| Current year rates |  | **X** |  | X |  |
| Arrears collected |  | **X** |  | X |  |
| Balance from Treasury re prior  year |  | **X** |  | X |  |
|  |  |  |  |  |  |
| Total rates received in the year |  |  | **X** |  | X |
|  |  |  |  |  |  |
| Balances outstanding carried forward: |  |  |  |  |  |
| Due from Treasury re current year |  |  |  |  |  |
| Arrears – current year |  | **X** |  | X |  |
| – previous years |  | **X** |  | X |  |
|  |  |  |  |  |  |
|  |  |  | **X** |  | X |
|  |  |  |  |  |  |
|  |  |  | **X** |  | X |
|  |  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| General rates levied for the year | **X** | X |
| Notes to the financial statements (Continued) |  |  |
| Less: Discounts, exempt/uninhabitable properties & refunds | **X** | X |
|  |  |  |
| Per Comprehensive Income and Expenditure Statement | **X** | X |
|  |  |  |

**10. Refuse Rate Account**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **20XX** |  | 20XX |
|  |  | **£** | **£** | £ | £ |
| Refuse rates levied for the year |  |  | **X** |  | X |
| *Add:* |  |  |  |  |  |
| Due from Treasury re prior year |  |  | **X** |  | X |
| Arrears brought forward |  |  | **X** |  | X |
|  |  |  |  |  |  |
|  |  |  | **X** |  | X |
| *Less:* |  |  |  |  |  |
| Discounts |  | **X** |  | X |  |
| Exempt and uninhabitable properties |  | **X** |  | X |  |
| Refunds |  | **X** |  | X |  |
|  |  | **───────** |  | ─────── |  |
|  |  |  | **X** |  | X |
|  |  |  |  |  |  |
| Total refuse rates collectable |  |  | **X** |  | X |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| *Refuse rates received in the year:* |  |  |  |  |  |
| Current year refuse rates |  | **X** |  | X |  |
| Arrears collected |  | **X** |  | X |  |
| Balance from Treasury re prior year |  | **X** |  | X |  |
|  |  |  |  |  |  |
| Total refuse rates received in the year |  |  | **X** |  | X |
|  |  |  |  |  |  |
| Balances outstanding carried forward: |  |  |  |  |  |
| Due from Treasury re current year |  | **X** |  | X |  |
| Arrears – current year |  | **X** |  | X |  |
| – previous years |  | **X** |  | X |  |
|  |  |  |  |  |  |
|  |  |  | **X** |  | X |
|  |  |  |  |  |  |
|  |  |  | **X** |  | X |
|  |  |  |  |  |  |

Notes to the financial statements (Continued)

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
|  |  |  |
| Refuse rates levied for the year | X | X |
| Less: Discounts, exempt/uninhabitable properties & refunds | X | X |
|  |  |  |
| Per Comprehensive Income and Expenditure Statement | X | X |
|  |  |  |

**11. Housing Revenue Income and Expenditure**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **20XX** | 20XX |
|  |  | **£** | **£** | £ |
| ***Income*** |  |  |  |  |
| Dwelling rents (including rates) |  | **X** |  | X |
| Charges for services and facilities |  | **X** |  | X |
| Housing Deficiency Receivable |  | **X** |  | X |
| Other income |  | **X** |  | X |
|  |  |  |  |  |
| Total income |  |  | **X** | X |
|  |  |  |  |  |
| ***Expenditure*** |  |  |  |  |
| Repairs and maintenance |  | **X** |  | X |
| Supervision and management |  | **X** |  | X |
| Rents, rates, taxes and other charges |  | **X** |  | X |
| Depreciation & impairment charges |  | **X** |  | X |
|  |  |  |  |  |
|  |  |  | **X** | X |
|  |  |  |  |  |
| Net cost of Housing Services |  |  | **X** | X |
|  |  |  |  |  |

**Dwelling rent income**

Dwelling rent income is the total rent due for the year after voids, write-offs, refunds etc. Voids represent X% of the rental debit for the year (20XX: X%).

**Rent arrears**

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  |  |  |
| Rent arrears | **£X** | £X |
| Rent arrears as a percentage of gross rent income | **X%** | X% |
|  |  |  |

Notes to the financial statements (Continued)

Arrears written off during the year amounted to £X (20XX: £X) and an increase/decrease of £X (20XX: £X) was made in the provision for bad and doubtful rental debts. As at 31 March 20XX the provision stood at £X (20XX: £X).

**Housing deficiency grant**

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

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
|  |  |  |
| Opening balance due | **X** | X |
| Charges to Deficiency Grant | **X** | X |
| Payments received from Department of Infrastructure | **X** | X |
| Closing balance due | **X** | X |
|  |  |  |
|  | **X** | X |
|  |  |  |

**12. Employee remuneration**

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £25,000 was:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **20XX** |  | 20XX |
|  |  |  | **Number of**  **Employees** |  | Number of Employees |
| ***Remuneration Band*** |  |  |  |  |  |
| £50,000 – £74,999 |  |  | **X** |  | X |
| £75,000 – £99,999 |  |  | **X** |  | X |

***Key management compensation***

*[Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the authority. Compensation to be disclosed includes all employee benefits.* *Key management personnel compensation should be disclosed in total.]*

***Members’ allowances***

Notes to the financial statements (Continued)

During the year the Authority paid £XXXX to its Members in respect of their attendance at meetings, undertaking duties and responsibilities (20XX: £XX).

**13. Related party transactions**

*[For related party transactions, disclose*

* *nature of relationship with counter-party*
* *information about the transaction to sufficient to understand the financial position of the authority*
* *Can disclose by category (unless separate disclosure required to understand the effects of transactions on the accounts of the LA). Categories are (as a minimum):*
  + *Entities with control, joint control, or significant influence over the entity*
  + *Entities over which the entity has control, joint control or significant influence*
  + *Key management personnel of the entity*
  + *Entities that provide key management personnel services to the entity*
  + *Other related parties*
* *To disclose for each of the above:*
  + *Amount of transactions*
  + *Balances outstanding*
  + *Non-standard T&C’s including and security, and nature of consideration to be provided in settlement*
  + *Details of any guarantees given or received*
  + *Provisions for uncollectable receivables related to o/s balances*
  + *Expense recognised in the period in respect of bad or doubtful debts from related parties*
* *Transactions purported to be at arms length should be able to be substantiated]*

**14. Cash flow statement – Operating activities**

The following table provides a breakdown of the main elements within the adjustment for the non-cash movements figure shown in the cash flow statement:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Depreciation, impairment & revaluation losses for non-current assets | **X** | X |
| Decrease / (Increase) in creditors | **X** | X |
| (Decrease) / Increase in debtors | **X** | X |
| Decrease / (Increase) in provisions | **X** | X |
| Difference between FRS102 pension cost and contributions paid | **X** | X |
| Carrying amount of fixed assets sold & de-recognition of components | **X** | X |
| Other non-cash items charged to Surplus/Deficit on provision of services | **X** | X |
|  |  |  |
|  | **X** | X |
| Notes to the financial statements (Continued) |  |  |

**15. Cash flow statement – Investing activities**

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Purchase of assets (Fixed assets, investment property, intangible assets) | **X** | X |
| Other payments for investing activities | **X** | X |
| Purchase of / (receipts from) short-term and long-term investments | **X** | X |
| Decrease / (Increase) in provisions | **X** | X |
| Proceeds from the sale of tangible fixed assets and investment property | **X** | X |
| Other receipts from investing activities | **X** | X |
|  |  |  |
|  | **X** | X |
|  |  |  |

**16. Cash flow statement – Financing activities**

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Cash receipts from short-term and long-term borrowing | **X** | X |
| Other receipts from financing activities | **X** | X |
| Cash payments for the reduction in liabilities relating to finance leases | **X** | X |
| Repayments of short-term and long-term borrowing | **X** | X |
| Loan interest paid | **X** | X |
| Loan interest received | **X** | X |
| Other payments for financing activities | **X** | X |
|  |  |  |
|  | **X** | X |
|  |  |  |

**17. Audit fees**

During the year the Authority incurred external audit fees of £XX (20XX: £XX).

**18. Total rateable value**

The total rateable value at the year end and rate multiplier for the year is to be disclosed.

Notes to the financial statements (Continued)

**19. Post employment benefits**

The authority operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members’ final salary. The plan is administered by Douglas Borough Council as the Administering Authority. The authority has committed to a funding plan with the Administering Authority, whereby ordinary contributions are made into the scheme based on a percentage of active employees’ salary. Additional contributions are agreed with the Administering Authority to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the Local Government Superannuation Scheme, using the projected unit credit method, was carried out at 31 March XXXX by independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

|  |  |  |
| --- | --- | --- |
|  | **31 March 20XX** | 31 March 20XX |
| Rate of inflation | **X%** | X% |
| Rate of increase in salaries | **X%** | X% |
| Rate of increase in pensions | **X%** | X% |
| Rate for discounting scheme liabilities | **X%** | X% |

The assets in the Isle of Man Local Government Superannuation Scheme are valued at fair value, principally market value for investments, and the asset categories are shown in the Isle of Man Local Government Superannuation Scheme Accounts.

The mortality assumptions used were as follows:

|  |  |  |
| --- | --- | --- |
|  | **31 March 20XX** | 31 March 20XX |
|  | **Years** | Years |
| Longevity at the age of 65 for current pensioners |  |  |
| * Men | **XX** | XX |
| * Women | **XX** | XX |
|  |  |  |
| Longevity at the age of 65 for future pensioners |  |  |
| * Men | **XX** | XX |
| * Women | **XX** | XX |

Reconciliation of scheme assets and liabilities:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Assets**  **£** | **Liabilities**  **£** | **Total**  **£** |
| At 1 April 20XX | X | X | X |
| Benefits paid | X | X | - |
| Notes to the financial statements (Continued) |  |  |  |
| Employer contributions | X | - | X |
| Current service cost | - | X | X |
| Past service cost | - | X | X |
| Interest income/(expense) | X | X | X |
| Remeasurement gains/(losses) |  |  |  |
| * Actuarial losses | - | X | X |
| * Return on plan assets excluding interest income | X | - | X |
|  | ─────── | ─────── | ─────── |
| **At 31 March 20XX** | **X** | **X** | **X** |
|  | ═══════ | ═══════ | ═══════ |

Total cost recognised as an expense:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Current service cost | **X** | X |
| Past service costs | **X** | X |
| Interest cost | **X** | X |
|  |  |  |
|  | **───────** | ─────── |
|  | **X** | X |
|  | ═══════ | ═══════ |

No amounts were included in the cost of assets (20XX: £nil)

The local authority’s share of the fair value of plan assets was:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Equity instruments | **X** | X |
| Bonds | **X** | X |
| Property | **X** | X |
| Cash | **X** | X |
|  | **───────** | ─────── |
| **Total** | **X** | X |
|  | ═══════ | ═══════ |

The local authority’s share of the return on plan assets was:

|  |  |  |
| --- | --- | --- |
|  | **20XX** | 20XX |
|  | **£** | £ |
| Interest income | **X** | X |
| Notes to the financial statements (Continued) |  |  |
| Return on plan assets less interest income | **X** | X |
|  | **───────** | ─────── |
| **Total return on plan assets** | **X** | X |
|  | ═══════ | ═══════ |

**20. Capital commitments**

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

|  |  |  |
| --- | --- | --- |
|  | **31 March**  **20XX** | 31 March  20XX |
|  | **£** | £ |
| Housing | X | X |
| New public conveniences | X | X |
| Drainage improvements | X | X |
| Hall extension | X | X |
|  |  |  |
|  | X | X |
|  |  |  |

**21. Provisions**

*[Where relevant disclose*

* *nature of the obligation and the expected amount and timing of any resultant payments*
* *an indication of the uncertainties about the amount and timing of those outflows*
* *the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement]*

**22. Contingent liabilities**

*[Where relevant disclose*

* *for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability.*
* *an estimate of the financial effect*
* *an indication of the uncertainties relating to the amount and timing of any outflow*
* *the possibility of any reimbursement]*

**23. Subsequent events**

*[Where relevant disclose for non-adjusting event after the end of the reporting period:*

* *the nature of the event; and*
* *an estimate of its financial effect or a statement that such an estimate cannot be made.]*

Notes to the financial statements (Continued)

**24. FRS 102 Transition** *[only required for first year of FRS102 adoption]*

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

[*Insert tables to reconcile any adjustments required*]

***[Holiday pay accrual***

*FRS 102 requires short term employee benefits to be charged to the Comprehensive Income and Expenditure Statement as the employee service is received. This has resulted in the authority recognising a liability for holiday pay of £XXXX on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged as they were paid. In the year to 31 March 2017 an additional charge of £XXXX was recognised and the liability at 31 March 2017 was £XXXX.]*

***[Defined benefit scheme***

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

***[Rent free period for operating leases***

*Under the SORP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period. The authority has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous UK GAAP. Accordingly the FRS 102 accounting policy has been applied to new operating leases entered into since 1 April 2016 and the operating lease charge has increased by £XXXX for the year to 31 March 2017, with a corresponding increase in the accrued lease liability at 31 March 2017. ]*

***[Computer software***

*Computer software with a net book value of £XXXX at 1 April 2016, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the authority’s net assets nor on the result for the year, except that the previous depreciation charge in now described as amortisation. ]*