



BOROUGH OF DOUGLAS
ABSTRACT OF ACCOUNTS
YEAR ENDING
31st MARCH 2005



DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

EXPLANATORY FOREWORD AND STATEMENT OF RESPONSIBILITY

The Council's Abstract of Accounts for the year ended 31st March, 2005 is set out on pages 1 to 24. Brief notes at the head of each page explain the function of these accounts, which consist of:-

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1. It is the responsibility of the Council to prepare accounts for each financial year in accordance with the Audit Act 1983. It is confirmed that suitable accounting policies have been selected and consistently applied and proper accounting practices observed. This accords with the regulations made under the Audit Act 1983 and all other applicable enactments. The Council is responsible for ensuring proper accounting records are maintained.
2. During the year, net revenue expenditure on services funded from the General Rate Fund amounted to some £7.673M with rate income of £7.331M. This gave a deficit of £0.342M to reduce the General Rate Fund working balance. At the close of the year the General Revenue balance stood at £2.554M. During the previous year, expenditure amounted to £7.265M, with a £0.145M contribution from balances.
3. Capital expenditure of £13.487M was undertaken during the year, much of which related to public sector housing, and the construction of a new multi-storey car park at Shaws Brow. This compared to £10.552M in the previous financial year.
4. Government Grants to aid services and agencies run by the Council amounted to some £4.505M during the year (£3.406M in 2003/2004). The large increase largely reflects reimbursement for increased capital loan charges expenditure in respect of Council Housing and Shaws Brow car park, and also includes the subsidy received in respect of the Government levy charged for household waste.

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
22nd August 2005

G M BOLT, CPFA.
BOROUGH TREASURER
22nd August 2005

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DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

INDEPENDENT AUDITORS' REPORT

Report of the Independent Auditors, KPMG Audit LLC, to the Mayor and Councillors of Douglas Borough Council for the year ended 31st March 2005.

We have audited the Abstract of Accounts on pages 3 to 24.

This report is made solely to the Mayor and Councillors, as a body. Our audit work has been undertaken so that we might state to the Mayor and Councillors those matters we are required to state to them in an auditors' 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 Mayors and Councillors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Borough Council and Auditors:-

As described on page 1 the Council is responsible for the preparation of accounts in accordance with applicable Isle of Man law. Our responsibilities, as independent auditors are established by Isle of Man statute, the Audit Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements are prepared in accordance with the Accounts and Audit Regulations 1984, made under the Audit Act 1983.

Basis of Opinion:-

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

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

Opinion:-

In our opinion the accounts for the year ended 31st March 2005 have been prepared in accordance with the Accounts and Audit Regulations 1984 made under the Audit Act 1983 and comply with all other enactments applicable to the accounts and proper accounting practices have been observed in their compilation.

30th September 2005
Douglas

KPMG Audit LLC
Chartered Accountants

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

STATEMENT OF ACCOUNTING PRINCIPLES

1. General Principles

These accounts have been prepared in accordance with the requirements of the Accounts and Audit Regulations 1984 made under the Audit Act 1983, and the historical costs convention.

2. Basis of Inclusion of Debtors and Creditors in the Accounts

Revenue account transactions are accounted for on an accruals basis. In the case of payroll costs these are included on the basis of complete pay periods, which fall within the financial year. All known income is recorded when the debt is established together with an estimate of other large sums due but not established at the year end. Rental income for the Council's housing stock is recorded on the same basis as payroll costs. Expenditure is accrued for sums due but not paid at the end of the year.

Capital transactions are recorded on a receipts and payments basis and do not therefore include any accrual for the cost of work carried out but not paid for at 31st March 2005.

3. Reserves, Provisions, Contingent Liabilities and Deferred Charges

A number of renewal and reserve funds are maintained within the Council's accounts. Sums are provided for the renewal of vehicles and plant based upon the estimated cost of replacement at the end of their estimated life. In other cases, reserve funds are maintained to finance unforeseen costs of asset repair. There are no known contingent liabilities except in relation to claims covered by the Council's insurance and claims by contractors. There are deferred charges outstanding, which relate to the loan debt on the Drainage infrastructure assets (transferred to the Government as part of the Sewerage Act 1999). The outstanding balances are reduced each year by the amount of loan repayments, which are a charge upon the General Rate Fund.

4. Provision for the Redemption of Debt

The Council administers a Loans Pool into which loans raised are paid and from which sums are advanced to the various services in order to finance capital expenditure and long term outlay. The source is mainly mortgage bonds. Provision for the redemption of debt has been made in accordance with statutory borrowing powers. Provision for repayment of these liabilities is on the basis of sinking fund calculations with an annual accumulation currently set at 5%. Repayments with interest on the balance of principal outstanding are charged to the appropriate revenue accounts. During the 2004/2005 year, the average rate of interest amounted to 6.1% (5.8% in 2003/2004).

5. Capital Expenditure

Property and permanent works are recorded at cost. Capital contributions which have been received in respect of capital schemes are retained in the capital accounts, and loans raised to finance the net cost.

6. Valuation of Investments

Investments are recorded at the lower of cost or net realisable value.

7. Provision for Bad Debts

A provision for bad debts is provided in these accounts amounting to £0.429M (2003/2004: £0.406M)

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

STATEMENT OF ACCOUNTING PRINCIPLES (CONTINUED)

8. Depreciation Provisions

There is no provision for depreciation in these accounts. However, all loan repayments in respect of capital assets are charged to the appropriate revenue account.

9. Stocks and Stores

The bulk of stocks and stores holdings are recorded on the basis of average costs. A minority of the holdings are recorded on the basis of either net realisable value or actual cost.

10. Matching and Consistency Concepts

Whilst every effort is made to include a full year's expenditure in each financial year, the timing of some regular payments is such that the year's expenditure will not exactly correspond with the same yearly period as the financial accounts. Payroll costs included in the accounts relate to the completed earning periods (monthly and weekly), which fall between 1st April 2004 and 31st March 2005. Similarly, weekly rental income relates to the completed rental weeks in the financial year.

11. Leased Assets

Assets acquired by means of finance leases and the matching obligations due to lessors are written down each year in accordance with the 'Rule of 78' method. There were no assets acquired during the year funded from Lease payment. Rentals paid in the year amounted to £62,349 (2003/2004: £137,199) and the sum of £96,980 (2003/2004: £159,329) was outstanding at the end of the year.

12. Pensions and Implementation of Financial Reporting Standard 17

The implementation of Financial Reporting Standard (FRS) 17 has changed the accounting treatment of pension costs. For the 2003/2004 statement of accounts, transitional arrangements meant that additional disclosures were made by way of note to the Consolidated Balance Sheet. From 2004/2005 the Council has fully implemented the provisions of FRS 17, representing a change to accounting policies that have been applied in previous years.

The previous policy was to recognise liabilities in respect of retirement benefits only when employer contributions became payable to the Pension Fund or payments fell due to the pensioners for which the Council was directly responsible. The new accounting treatment better reflects the Council's commitment in the long term to increase contributions to make up any shortfall to the Council's proportion of net assets in the Pension Fund. In accordance with the requirements of FRS 17, the Council now accounts for retirement benefits when it is committed to give them, even if the actual payment will be many years into the future. The figures for 2003/2004 have been restated accordingly. The financial statements therefore reflect, at fair value, the assets and liabilities arising from the Council's retirement obligations. The operating cost of providing retirement benefits to employees is recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise. There are additional entries as accepted practice for local authorities to negate the effects on ratepayers or balances.

The change has had the following effects on the results of the prior and current periods:

- The overall amount to be met from rate income has remained unchanged, but the total costs for committee services are 3.1% (4.6% in 2003/2004) lower after the replacement of employer's contributions by current service costs.
- The Net Operating Expenditure is 0.9% lower in 2004/2005 and 0.1% lower in 2003/2004 than it would have been under the previous accounting treatment.
- The requirement to recognise the net pension liability in the balance sheet has reduced the reported net equity or worth of the Council by 26.2% in 2004/2005 and 19.8% in 2003/2004.

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

SUMMARY REVENUE ACCOUNTS

The revenue accounts of the Council record the costs of staffing, running expenses and capital financing costs, together with associated income of the various services. These are grouped over the various Committees, which are responsible for carrying out the services and are summarised in the table which follows:-

2003/2004 Net Cost £	Committee and Service	Estimate £	2004/2005 Cost £	Income £	Net Cost £
PUBLIC HEALTH AND HOUSING COMMITTEE					
-	Housing Maintenance	-	1,422,060	(1,422,060)	-
14,854	Cemetery & Crematorium Admin	20,470	22,652	(14)	22,638
142,283	Cemetery	166,370	199,958	(26,486)	173,472
65,677	Crematorium	62,090	298,076	(245,626)	52,450
156,001	Lawn Cemetery	153,940	147,204	-	147,204
(10,967)	Market	(25,600)	69,755	(78,221)	(8,466)
-	Housing Service	-	6,527,603	(6,527,603)	-
-	Sheltered Accommodation	-	200,376	(200,376)	-
496,328	Housing Service - Administration	484,680	842,226	(306,703)	535,523
153,744	Public Health & Housing Admin	164,320	137,062	-	137,062
(58,006)	Commercial Property	(58,770)	74,367	(131,316)	(56,949)
<u>959,914</u>		<u>967,500</u>	<u>9,941,339</u>	<u>(8,938,405)</u>	<u>1,002,934</u>

PUBLIC WORKS COMMITTEE

(73,551)	Building Regulations	4,750	158,014	(193,068)	(35,054)
17,292	Planning	21,310	24,175	(2,825)	21,350
18,510	Derelict Buildings	37,070	26,360	-	26,360
(142,224)	Car Parks	(211,300)	982,162	(1,245,388)	(263,226)
-	Drainage - Maintenance Agency	-	853,693	(853,693)	-
256,721	Decorative Lighting	261,330	235,047	(39)	235,008
-	Electrical Services Admin	-	47,809	(47,809)	-
669,957	Public Lighting	683,080	719,912	(145)	719,767
63,635	Engineering Misc Works	57,190	62,045	(5,100)	56,945
26,940	Dogs Act	38,610	28,909	-	28,909
18,262	Promenade and Foreshore	56,910	53,714	-	53,714
42,014	Depots	-	172,593	(172,593)	-
-	Fleet & Garage Operation	-	728,708	(728,708)	-
7,306	Stores	12,560	31,016	(532)	30,484
80,222	Beach Cleaning	65,980	63,458	(12,980)	50,478
159,169	Public Conveniences	162,330	170,017	(1)	170,016
-	Civic Amenity Site	108,000	192,340	-	192,340
1,246,590	Refuse Collection	736,960	1,763,822	(1,114,111)	649,711
89,524	Commercial Refuse	80,540	459,077	(402,057)	57,020
28,112	Street Cleaning Agency	-	829,009	(784,788)	44,221
41,701	Street Cleaning Amenity	209,580	117,223	-	117,223
313,181	Public Works Admin	274,050	341,320	-	341,320
<u>2,863,361</u>		<u>2,598,950</u>	<u>8,060,423</u>	<u>(5,563,837)</u>	<u>2,496,586</u>

Note that in the Public Works Committee, the Civic Amenity Site is now shown separately (previously included within the Refuse Collection heading).

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

SUMMARY REVENUE ACCOUNTS (CONTINUED)

2003/2004 Net Cost £	Committee and Service	2004/2005			
		Estimate £	Cost £	Income £	Net Cost £
LEISURE SERVICES COMMITTEE					
576,887	Library	504,400	508,732	(12,243)	496,489
325,250	Leisure Services Admin	271,060	248,276	(3,736)	244,540
7,765	Douglas Head	9,800	6,074	-	6,074
1,122	Finch Hill	-	-	-	-
51,180	King George V Park	75,110	104,771	(33,027)	71,744
71,538	Loch Promenade	80,720	101,447	(2,730)	98,717
-	National Sports Centre	-	17,653	(17,653)	-
325,977	Nobles Park	308,170	416,537	(70,877)	345,660
53,196	Nobles Park TT Temp Campsite	34,780	92,444	(38,250)	54,194
295,942	Nursery	299,750	339,053	(11,512)	327,541
448,190	Other Parks & Gardens	552,910	706,117	(57,436)	648,681
7,080	Leisure Services Miscellaneous	3,050	11,343	(6,228)	5,115
137,822	Douglas Golf Course	136,730	300,301	(115,953)	184,348
64,603	Summer Hill Glen	58,490	57,513	(5,888)	51,625
215,148	Horse Trams	269,040	303,487	(75,537)	227,950
<u>2,581,700</u>		<u>2,604,010</u>	<u>3,213,748</u>	<u>(451,070)</u>	<u>2,762,678</u>
POLICY AND RESOURCES COMMITTEE					
32,446	Support Services	57,740	863,234	(296,292)	566,942
-	Central Admin & Secretarial	-	407,637	(407,637)	-
142,837	Civic and Public	180,210	168,036	(142)	167,894
267,104	Corporate Management	274,390	290,659	-	290,659
8,751	Elections	33,610	18,356	-	18,356
132,252	Policy & Resources Misc.	140,790	186,846	(38,821)	148,025
107,993	Douglas Dev't Partnership	141,660	119,272	-	119,272
(574,767)	Financial Provisions	(367,500)	384,392	(1,013,284)	(628,892)
295,991	Policy & Resources Admin	274,570	241,387	-	241,387
22,970	Information & Public Relations	27,600	31,724	-	31,724
318,169	Cost of Rate Collection	377,470	397,981	(5,241)	392,740
48,251	Civic Property & Projects	71,180	60,579	-	60,579
2,290	St Georges Churchyard Fund	3,830	5,741	(3,368)	2,373
55,240	Villa Marina - Residual Costs	-	-	-	-
-	Rechargeable - TT & Events	-	32,900	(32,900)	-
-	IOM LG Pension Admin	-	250,203	(250,203)	-
<u>859,527</u>		<u>1,215,550</u>	<u>3,458,947</u>	<u>(2,047,888)</u>	<u>1,411,059</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

SUMMARY REVENUE ACCOUNTS (CONTINUED)

2003/2004 Net Cost £	Committee and Service	Estimate £	2004/2005 Cost £	Income £	Net Cost £
SUMMARY OF COMMITTEES					
959,914	Public Health and Housing	967,500	9,941,339	(8,938,405)	1,002,934
2,863,361	Public Works	2,598,950	8,060,423	(5,563,837)	2,496,586
2,581,700	Leisure Services	2,604,010	3,213,748	(451,070)	2,762,678
859,527	Policy and Resources	1,215,550	3,458,947	(2,047,888)	1,411,059
<u>7,264,502</u>		<u>7,386,010</u>	<u>24,674,457</u>	<u>(17,001,200)</u>	<u>7,673,257</u>
(335,000)	Current Service Cost of Pension Scheme		734,000	(975,000)	(241,000)
<u>6,929,502</u>	NET COST OF SERVICES	<u>7,386,010</u>	<u>25,408,457</u>	<u>(17,976,200)</u>	<u>7,432,257</u>
327,000	Pensions Interest Cost and Return on Pension Assets		769,000	(597,000)	172,000
7,256,502	Net Operating Expenditure		26,177,457	(18,573,200)	7,604,257
8,000	Movement on Pensions Reserve		975,000	(906,000)	69,000
<u>7,264,502</u>	AMOUNT TO BE MET FROM RATE INCOME	<u>7,386,010</u>	<u>27,152,457</u>	<u>(19,479,200)</u>	<u>7,673,257</u>

NOTES TO SUMMARY REVENUE ACCOUNTS

1. Pensions Costs

As part of its terms and conditions of employment of its employees, the Council offers retirement benefits. Although these will not actually be payable until employees retire, the Council has a commitment to these payments. The Council participates in the Isle of Man Local Government Pension Scheme (“the Scheme”), which is also administered by the Council. This is a defined benefit statutory scheme, administered in accordance with the Isle of Man Local Government Superannuation Scheme Regulations 2003. The Scheme is contracted out of the State Second Pension Scheme. The Council and its employees pay contributions into the Scheme. These contributions are calculated at a level to balance the pensions liabilities with investment assets.

In 2004/2005 the Council paid an employer’s contribution of £956,000 (£829,000 in 2003/2004), representing 21.5% (20.5% in 2003/2004) of pensionable pay into the Pension Fund. The contribution rate is determined by the Fund’s actuary based on triennial valuations, the last full review being at 31 March 2004. There were also contributions of £19,000 (£23,000 in 2003/2004) in respect of unfunded discretionary benefits granted by the Council.

Although the benefits accruing from the Isle of Man Local Government Pension Scheme will not actually be payable until employees retire, the Council has a commitment to make such payments and disclose them at the time the employees earn their future entitlement. In line with requirements under Financial Reporting Standard 17, the Council now recognises the cost of retirement benefits in the year that they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge that is actually made against ratepayers is based on the cash payment made to the Pension Fund representing the employer’s contributions in the year. The following table reconciles the charges within the Summary Revenue Accounts with the employer’s contribution to the fund that is charged against ratepayers:

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

NOTES TO SUMMARY REVENUE ACCOUNTS (CONTINUED)

2003/2004 £'000		2004/2005 £'000
	Net Cost of Services:	
517	Current Service Cost of Pension Scheme	734
	Net Operating Expenditure:	
778	Interest Cost on Pension Scheme Liabilities	769
(451)	Expected Return on Scheme Assets	(597)
	Amount to be met from ratepayers:	
8	Movements on Pensions Reserve	69
	Actual Amount Charged Against Ratepayers in Year:	
<u>852</u>	Employer Contributions Payable to Scheme	<u>975</u>

Further information regarding the Isle of Man Local Government Pension Scheme can be obtained on the Douglas Borough Council website (www.douglas.org.im).

2. Members' Allowances

During 2004/05 allowances paid to the Council's elected Members amounted to £35,555 (£31,520 in 2003/04).

3. Remuneration/Emoluments of Employees

During the financial year, the number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 was:

Number of Employees 2003/2004	Remuneration Band	Number of Employees 2004/2005
2	£50,000 to £59,999	-
1	£60,000 to £69,999	2
-	£70,000 to £79,000	1

4. Related Party Transactions

Central Government has a significant level of interaction with the operations of the Council. It is responsible for providing the statutory framework within which the Council operates, and provides a significant element of funding for Council operations in the form of agency and various deficiency arrangements. Details of such transactions with Government Departments are shown in the separate note on agency income and expenditure.

Members of the Council have direct control over the Council's financial and operating policies. As contracts are let in compliance with the Council's Standing Orders, the risk of abuse of that position is minimal. Furthermore, where contracts or business with organisations that are closely linked with individual Members are being considered, proper consideration of declarations of interest is made, and relevant Members would not take any part in the discussion or decision relating to such matters. During 2004/2005, there were no significant transactions with these individuals other than payments falling within the Members Allowances scheme, and for reimbursement of expenses incurred due to Council business.

Chief Officers are also deemed to be related parties to the Council. There were no significant transactions with these individuals other than payments falling within normal conditions of employment.

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

NOTES TO SUMMARY REVENUE ACCOUNTS (CONTINUED)

The Council is the administering authority for the Isle of Man Local Government Pension Scheme. Administration expenses incurred by the Council during the year amounted to £41,301 (2003/2004: £39,589). This was charged to the Pension Scheme. The Council's Employer superannuation contributions into the scheme for 2004/2005 totalled £956,102 (2003/2004: £829,175).

The Council has representation on the Board of the Douglas Development Partnership, and the Council does contribute towards the operational and administrative costs of the company, including salaries, office rental, lease car, and general grant. The total cost to the Council of this arrangement during 2004/2005 was £119,272 (2003/2004: £107,993). The Council also received £6,500 income from the company during the year, as a contribution towards the costs of the hanging baskets function.

5. Agency Income and Expenditure

The Council has a number of operations with various Government Departments, which are governed by agency agreements. The relevant Department reimburses the Council for this work, including a contribution towards administrative cost. A summary of expenditure incurred in respect of the significant formal agency activities is shown in the table below:

Government Department	2003/2004 £	Agency Details	2004/2005 £
Department of Transport		Drainage Agency	
	(20,329)	Balance due (to)/from Government at beginning of year	45,355
	661,354	Net Operating Expenditure	683,019
	641,025	Total Agency Income due	728,374
	(595,670)	Government Reimbursement Received	(720,810)
	45,355	Balance due (to)/from Government at end of year	7,564
		Street Cleaning & Gully Emptying	
	-	Balance due (to)/from Government at beginning of year	-
	774,382	Net Operating Expenditure	829,009
	746,270	Total Agency Income due (cash limited sum)	784,788
(746,270)	Government Reimbursement Received	(784,788)	
	-	Balance due (to)/from Government at end of year	-
	28,112	Rateborne Deficit	44,221
Department of Local Government and the Environment		Council Housing Deficiency	
	(243,024)	Balance due (to)/from Government at beginning of year	226,677
	1,026,131	Net Operating Expenditure	1,639,179
	529,803	Total Agency Income due	1,103,656
	(303,126)	Government Reimbursement Received	(818,323)
	226,677	Balance due (to)/from Government at end of year	285,333
	496,328	Rateborne Deficit (Housing Administration)	535,523
Department of Tourism & Leisure		Grandstand/Permanent Campsite	
	868	Balance due (to)/from Government at beginning of year	2,742
	20,119	Net Operating Expenditure	27,022
	20,987	Total Agency Income due	29,764
	(18,245)	Government Reimbursement Received	(28,582)
	2,742	Balance due (to)/from Government at end of year	1,182

The Council also provides a number of other miscellaneous services to different Government Departments, including: maintaining the Villa Marina and National Sports Centre Gardens and various, ad hoc rechargeable works in connection with the TT and Manx Grand Prix festivals (Department of Tourism and Leisure); grounds maintenance along road verges and maintenance to zebra crossings and traffic lights (Department of Transport). Government grant is also received from the Department of Environment and Local Government in respect of the newly built Shaws Brow car park, the Crematorium and also in respect of the Government levy charged for household waste.

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

NOTES TO SUMMARY REVENUE ACCOUNTS (CONTINUED)

6. Audit Costs

In 2004/2005, Douglas Borough Council incurred the following fees relating to external audit and inspection:

2003/2004		2004/2005
£		£
10,495	Fees payable with regard to external audit services carried out by the appointed auditor	10,810
-	Fees payable in respect of other services by the appointed auditor	300

The fee for other services in 2004/2005 related to specialist advice in respect of anti-money laundering systems.

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

GENERAL RATE FUND

The following statement summaries the transactions on the General Rate Fund for the year, incorporating the expenditure for the several Committees with the rate income and balances held.

2003/2004 Actual £		Estimate £	2004/2005 Actual £
7,264,502	Amount to be met from Rate Income	7,386,010	7,673,257
<u>(7,119,796)</u>	Rate income for the year	<u>(7,340,450)</u>	<u>(7,331,527)</u>
144,706	General Balance movement during year	45,560	341,730
(3,040,720)	Surplus in hand brought forward	(2,592,305)	(2,896,014)
<u>(2,896,014)</u>	Surplus in hand carried forward	<u>(2,546,745)</u>	<u>(2,554,284)</u>

RATE INCOME

Details of the amount raised from rates are shown in the table which follows. During 2004/2005 the income a penny rate generated increased by some 0.56% compared to the previous year. Statutory allowances to the sum of £87,279 were given in 2004/2005 in respect of part year liability, charitable relief, etc., which amounted to 1.2% of the amount due.

2003/2004 £		£	2004/2005 £	£
390,393	Rate arrears at the beginning of the year			321,231
7,273,527	Rates levied @299.00p (292.00p for 2003/2004)		7,418,806	
<u>(153,731)</u>	Less statutory allowances		<u>(87,279)</u>	
7,119,796	Net proceeds to General Rate Fund			7,331,527
7,510,189	Total due from ratepayers			7,652,758
	Less:			
(6,959,005)	Net cash received	(7,148,927)		
<u>(229,953)</u>	Discounts Granted	<u>(239,979)</u>		
<u>(7,188,958)</u>	Total credits			<u>(7,388,906)</u>
<u>(321,231)</u>	Rate arrears at year end			<u>263,852</u>
<u>24,383</u>	Product of a Penny Rate			<u>24,520</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

GENERAL RATE FUND BALANCE SHEET

As At 31st March 2004		As At 31st March 2005
£	£	£
15,218,076	Fixed Assets	17,588,680
1,634,498	Deferred Charges (see note 1)	1,524,224
104,585	Long Term Investments	104,585
<u>16,957,159</u>	Total Long Term Assets	<u>19,217,489</u>
	Current Assets	
212,077	Stocks	232,681
2,609,463	Debtors	2,877,952
8,769,343	Cash In Hand	<u>7,007,567</u>
<u>11,590,883</u>	Total Current Assets	10,118,200
	Less Current Liabilities	
(1,300,056)	Creditors/receipts in advance	(1,192,371)
(360,623)	Cash Overdrawn	<u>(766,952)</u>
<u>(1,660,679)</u>	Total Current Liabilities	(1,959,323)
	Total Assets Less Current Liabilities	
<u>26,887,363</u>		<u>27,376,366</u>
	Less Long Term Liabilities	
(5,325,000)	Liability related to Defined Benefit Pension Scheme (see note 2)	(7,184,000)
<u>21,562,363</u>	NET ASSETS	<u>20,192,366</u>
	Financed by	
13,039,991	Long Term Borrowing	13,172,933
159,329	Finance Leases	96,980
1,652,853	Capital Receipts Unapplied	1,636,265
3,635,546	Capital Discharged	4,916,628
(5,325,000)	Pensions Reserve	(7,184,000)
5,503,630	Specific Reserves (see page 18)	4,999,276
2,896,014	Revenue Balances	<u>2,554,284</u>
<u>21,562,363</u>	TOTAL EQUITY	<u>20,192,366</u>

NOTES

1. Deferred Charges

The balance on the deferred charges relates to loans outstanding on the drainage infrastructure assets, the balance of which is reduced each year by the amount of loan repayments. These are a charge into the General Rate Fund and recovered from the Department of Transport as part of the Drainage Agency.

2. Pension Scheme Liability

The liability on the Council's portion of the Isle of Man Local Government Pension Scheme is now reflected within the General Rate Fund Balance Sheet. A full explanation of the accounting treatment is provided within the notes to the Consolidated Balance Sheet.

LE RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
22nd August 2005

G M BOLT, CPFA.
BOROUGH TREASURER
22nd August 2005

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

HOUSING REVENUE ACCOUNT

The transactions in respect of public sector housing are summarised in the following table. Subject to compliance by the Council with the all-Island housing financial plan, the Government pays the Council a deficiency grant, which generally meets the cost of Housing provision. The balance of the administration costs of the Housing function, which is not met by the Government Deficiency Grant (being subject to the upper limit of 5% of the rent received during the year), remains as a rateborne cost. During 2004/2005, this amounted to £0.497M (2003/2004: £0.464M).

2003/2004		2004/2005
£		£
1,381,707	Allowance transferred to Housing Repairs Fund	1,481,268
928,172	Borough and water rates	972,744
56,045	Architectural services	62,162
178,132	Ballanard & Waverley Court operating expenses	197,227
2,743,970	Loan charges	3,447,301
207,256	Administration allowance	222,190
22,980	Transfer to Housing Community Facilities Reserve Fund	27,086
5,518,262	Total costs	6,409,978
(4,988,460)	Less inclusive rental income	(5,306,322)
529,802	Deficit, met by Government Grant	1,103,656

HOUSING ACCOUNT RESERVES

The Council maintains the reserve funds shown in the table below in accordance with the provisions of Government Housing Policy. In the case of the Housing Repairs Fund, this is funded by an annual transfer from the Housing Revenue Account of an amount equal to one third of net rent income. The Housing Community Facilities Reserve Fund, which meets the cost of various facilities provided within the sheltered housing accommodation complexes, is funded on the basis of 10% of sheltered housing accommodation rents receivable. The Funds' income includes interest on their opening balances.

Balance in hand	Fund	Income	Expended	Balance in hand
At		In Year	In Year	At 31.3.05
31.3.04		£	£	£
£				
(136,880)	Housing Repairs	(1,489,196)	1,412,998	(213,078)
(259,778)	Community Facilities Reserve	(45,069)	-	(304,847)
(396,658)	Total Housing Reserves	(1,534,265)	1,412,998	(517,925)

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

HOUSING ACCOUNT BALANCE SHEET

As At 31st March 2004		£	£	As At 31st March 2005
£		£	£	£
<u>44,285,517</u>	Fixed Assets (see note)			<u>54,893,083</u>
<u>44,285,517</u>	Total Long Term Assets			<u>54,893,083</u>
	Current Assets			
319,516	Debtors	380,300		
<u>143,620</u>	Cash In Hand	-		
463,136	Total Current Assets	<u> </u>	380,300	
	Less Current Liabilities			
(69,854)	Creditors and receipts in advance	(109,485)		
<u>-</u>	Cash Overdrawn	<u>(37,449)</u>		
(69,854)	Total Current Liabilities		<u>(146,934)</u>	
<u>393,282</u>	Net Current Assets			233,366
<u>44,678,799</u>	NET ASSETS			<u>55,126,449</u>
	Financed by			
32,685,566	Long Term Borrowing			42,080,529
11,596,575	Capital Discharged			12,527,995
<u>396,658</u>	Reserves (see page 13)			<u>517,925</u>
<u>44,678,799</u>	TOTAL EQUITY			<u>55,126,449</u>

NOTE

The increase in the Housing Account fixed assets position includes £8.9M investment into new Council Housing stock, including the Lower Pulrose and Queen Street (Hanover House) developments. The financing of this expenditure is by way of loan, while the long term cost of that borrowing is met by the annual Deficiency grant claimed from the Department of Local Government and the Environment.

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
22nd August 2005

G M BOLT, CPFA.
BOROUGH TREASURER
22nd August 2005

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

CAPITAL ACCOUNTS

The capital accounts of the Council record the expenditure incurred in the provision of assets and other long term outlay. These items are generally financed by loans in the form of mortgage bonds or by the use of internal balances. Provision for repayment of these liabilities is on the basis of sinking fund calculations with annual accumulation currently set at 5%. Repayments, with interest on the balance of principal outstanding, are charged to the appropriate revenue accounts. During the 2004/2005 financial year the average rate of interest amounted to 6.1% (2003/2004: 5.8%).

CAPITAL EXPENDITURE FINANCING

2003/2004		2004/2005
£		£
	Capital Expenditure	
6,936,224	Public Health and Housing Committee Schemes	10,856,607
3,283,817	Public Works Committee Schemes	1,751,219
137,345	Leisure Services Committee Schemes	251,992
194,161	Policy and Resources Committee Schemes	<u>627,526</u>
<u>10,551,547</u>	Total capital expenditure	13,487,344
	Capital Income	
(9,945,298)	Advanced from loans pool during the year	(11,168,101)
(585,008)	Financed by capital receipts, reserves, grants, revenue and lease	<u>(1,129,407)</u>
<u>(10,530,306)</u>	Total capital income in the year	(12,297,508)
21,241	Change in expenditure financed by internal loans in year	1,189,836
4,887	Capital cash overdrawn at the start of the year (internal loans)	<u>26,128</u>
<u>26,128</u>	Balance of capital expenditure financed by internal loan	<u>1,215,964</u>

NOTE

The overdrawn position relates largely to an overspend on a recent contract for which additional petition approval for borrowing may be sought. Further payments have been made after the end of the financial year. Some of these payments may be the subject of legal action for recovery from other parties. There are also a number of Housing and rateborne projects, which have initial fees and preliminary costs awaiting petitions for borrowing during the next financial year.

STATEMENT OF CAPITAL ASSETS AND OTHER LONG TERM OUTLAY

2003/2004		2004/2005
£		£
	Balances at the beginning of the year	
37,370,369	Housing Property	44,285,517
6,646,350	Other Land & Buildings	9,583,396
2,682,468	Fixed plant	2,961,360
2,665,207	Plant & Vehicles	<u>2,960,620</u>
<u>49,364,394</u>	Total at beginning of the year	59,790,893
10,551,547	Additions during the year	13,487,344
(125,048)	Written down/back during year	(473,514)
<u>59,790,893</u>	Balance at year end	<u>72,804,723</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

CAPITAL ACCOUNTS (Continued)

LOANS POOL FUNDING

2003/2004		2004/2005	
£		£	£
<u>9,461,790</u>	Balance overdrawn at year beginning		9,507,302
	Sums invested by lenders during the year		
(4,371,630)	Renewals	-	
(2,305,145)	New bonds	(270,000)	
<u>(7,200,000)</u>	Bank Borrowing	<u>(16,123,000)</u>	
<u>(13,876,775)</u>	Total invested		(16,393,000)
	Repayments from borrowing accounts		
<u>(1,840,746)</u>			(1,616,856)
	Repaid to lenders during the year		
4,371,630	Renewals	-	
<u>2,195,885</u>	Other maturities / repayments	<u>4,855,262</u>	
<u>6,567,515</u>	Total repaid during the year		4,855,262
	Loaned to borrowing accounts during the year		
3,069,456	General Rate Fund	608,073	
462	Tramways Account	29,417	
<u>6,875,380</u>	Housing Account	<u>10,530,611</u>	
<u>9,945,298</u>	Total loaned during the year		11,168,101
	External investments during the year		
11,212,565	Loaned out	-	
<u>(11,962,345)</u>	Repaid	-	
<u>(749,780)</u>	Net repaid during year		-
<u><u>9,507,302</u></u>	Balance overdrawn at year end		<u><u>7,520,809</u></u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

LOANS POOL BALANCE SHEET

As At 31 st March 2004		As At 31 st March 2005		
£		£	£	£
45,882,209	Long Term Assets			
6,770	Loans Fund Advances		55,433,455	
45,888,979	Long Term Investments		6,842	
	Total Long Term Assets		55,440,297	
	Current Assets			
19	Debtors	369		
19	Total Current Assets		369	
	Less Current Liabilities			
(450,415)	Creditors	(405,517)		
(7,200,000)	Short Term Borrowing (see note 1)	(23,323,000)		
(9,056,906)	Cash Overdrawn	(7,115,661)		
(16,707,321)	Total Current Liabilities		(30,844,178)	
(16,707,302)	Net Current Liabilities			(30,843,809)
29,181,677	NET ASSETS			24,596,488
	Financed By			
29,181,677	Loans Outstanding (see note 2)			24,596,488
29,181,677	TOTAL EQUITY			24,596,488

NOTES

1. Short Term Borrowing

Together with the Department of Local Government and the Environment, the Council has reviewed its borrowing arrangements. Until such a time as the new arrangements have been finalised, borrowing is by way of short term loan facility with the Council's bankers.

2. Bond Issues

As the Council's borrowings are now by way of bank loan facility, no new Bonds are being issued, and Bonds are repaid, rather than renewed, at time of maturity.

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
22nd August 2005

G M BOLT, CPFA.
BOROUGH TREASURER
22nd August 2005

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

GENERAL RATE FUND RESERVES

The Council maintains a number of reserve funds to make provision for meeting the future costs of various items. These are summarised in the table below. The funds are operated under the provisions of the Local Government Act 1985. Contributions are made to the funds on the basis of either a lump sum or the costs of the asset in question. The funds income includes interest on their opening balances. Expenditure as approved by the Council is charged to these funds. In the case of the reserve fund held for the maintenance of graves in perpetuity and Library bequests, sums received are invested in mortgage bonds. Interest earned is credited directly to the Cemetery and the Library services.

Balance In Hand At 31.3.04 £	Fund	Income In Year £	Expended In Year £	Balance In Hand At 31.3.05 £
(3,088,125)	Plant Renewals	(128,044)	416,645	(2,799,524)
(352,674)	Cremator Renewals	(57,206)	-	(409,880)
(480)	Bequests	-	-	(480)
(395,496)	Special Works	(222,066)	227,534	(390,028)
(470,466)	Provision for Derelict Buildings	-	-	(470,466)
(135,746)	Wheeled Bins	(7,862)	-	(143,608)
(211,533)	Building Maintenance (Commercial)	(25,136)	-	(236,669)
(195,334)	Community Projects/ Environmental Impact	(11,313)	52,183	(154,464)
(168,962)	Information Technology	(9,786)	45,210	(133,538)
(112,154)	Health And Safety	(6,496)	20,808	(97,842)
(56,478)	St. George's Churchyard	(5,561)	3,367	(58,672)
(104,105)	Graves Maintenance	-	-	(104,105)
(212,077)	Prov'n For Stock And Stores	(12,283)	224,360	-
<u>(5,503,630)</u>	Total Specific Reserves	<u>(485,753)</u>	<u>990,107</u>	<u>(4,999,276)</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

CONSOLIDATED BALANCE SHEET

This balance sheet summarises the overall position of the Council's finances as at 31st March 2005. All internal debtors and creditors have been eliminated. The Superannuation Fund and the Charity Accounts are not included, and are published separately.

As At 31 st March 2004 £		£	£	As At 31 st March 2005 £
59,790,893	Fixed Assets		72,804,723	
1,634,498	Deferred Charges		1,524,224	
<u>6,770</u>	Long Term Investments		<u>6,842</u>	
<u>61,432,161</u>	Total Long Term Assets			74,335,789
	Current Assets			
247,797	Stocks	270,644		
<u>2,928,997</u>	Debtors	<u>3,258,620</u>		
3,176,794	Total Current Assets		3,529,264	
	Less Current Liabilities			
(1,826,149)	Creditors	(1,710,120)		
(7,200,000)	Short Term Borrowing	(23,323,000)		
<u>(439,206)</u>	Cash Overdrawn	<u>(839,592)</u>		
<u>(9,465,355)</u>	Total Current Liabilities		<u>(25,872,712)</u>	
<u>55,143,600</u>	Total Assets less Current Liabilities		51,992,341	
	Less Long Term Liabilities			
(5,325,000)	Liability related to Defined Benefit Pension Scheme		(7,184,000)	
<u>49,818,600</u>	NET ASSETS			<u>44,808,341</u>
	Financed by			
29,077,091	Long Term Borrowing			24,491,902
159,329	Finance Leases			96,980
6,000,589	Reserves (see pages 13, 18, 24)			5,630,362
1,652,853	Capital Receipts Unapplied			1,636,265
(5,325,000)	Pensions Reserve			(7,184,000)
2,896,014	Revenue Balances			2,554,284
<u>15,357,724</u>	Capital Discharged			<u>17,582,548</u>
<u>49,818,600</u>	TOTAL EQUITY			<u>44,808,341</u>

Notes

1. The Provision for Bad Debts figure is applied to reduce the Debtors balance as at 31 March 2005
2. Debtors include payments in advance while Creditors include receipts in advance.

L E RAMSAY
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
22nd August 2005

G M BOLT, CPFA.
BOROUGH TREASURER
22nd August 2005

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

NOTE TO CONSOLIDATED BALANCE SHEET

Retirement Benefits

As explained in note 1 to the Summary Revenue Accounts the Council participates in the Isle of Man Local Government Pension Scheme. In accordance with the Financial Reporting Standard 17 – Retirement Benefits, the Council must disclose its share of the assets and liabilities related to the Scheme for its employees. The assets and liabilities of the Scheme as at 31st March 2005 were valued by the Fund's actuaries, Hymans Robertson, using the projected unit method, which assesses the future liabilities of the Scheme discounted to their present value. The main financial assumptions used in the calculations are:

Assumptions	31st March 2005	31st March 2004
	% per annum	% per annum
Rate of inflation	2.9%	2.9%
Rate of increase in salaries	4.4%	4.4%
Rate of increase in pensions	2.9%	2.9%
Rate for discounting Scheme liabilities	5.4%	6.5%

The actuary has also adopted a set of demographic assumptions that are consistent with those used for the Pension Scheme at the last triennial valuation on 31st March 2004. The actuary used this valuation as the basis for the FRS17 calculations.

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

The fair value of assets and liabilities held by the Council within the Scheme are as follows:

	31st March 2005	31st March 2004
	£'000	£'000
Estimated employer assets	10,423	8,508
Present value of scheme liabilities	(17,403)	(13,623)
Present value of unfunded liabilities	(204)	(210)
Total value of liabilities	(17,607)	(13,833)
Net Pensions Liability	(7,184)	(5,325)

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

NOTE TO CONSOLIDATED BALANCE SHEET (CONTINUED)

The impact of now complying in full with Financial Reporting Standard 17 has been to reduce the level of Net Assets by £7.184 million. An analysis of the movement in the liability position during the year as shown on the Balance Sheet is presented below:

	2004/2005	2003/2004
	£'000	£'000
Net Pensions Liability at beginning of the year	(5,325)	(6,169)
Movements in the year:		
Current service cost	(734)	(517)
Employer contributions	956	829
Contributions in respect of unfunded benefits	19	23
Net return on employers assets	(172)	(327)
Actuarial gains/(losses)	(1,928)	836
Net Pensions Liability at end of year	(7,184)	(5,325)

The actuarial gains have been further analysed in the following table, measured as absolute amounts and as a percentage of assets or liabilities as at the end of the financial year:

	2004/2005		2003/2004	
	£'000	Actuarial Gain/Loss as % of Assets/ Liabilities	£'000	Actuarial Gain/Loss as % of Assets/ Liabilities
Value of assets at end of year	10,423		8,508	
Difference between the expected and actual return on assets	458	4.4%	1,070	12.6%
<hr/>				
Total present value of liabilities	17,606		13,833	
Experience Gains/(Losses) on liabilities	481	2.7%	(234)	(1.7)%
Actuarial Gains/(Losses) Recognised in the Statement	(1,928)	(11.0)%	836	6.0%

The above figures have been provided by the actuaries to the Isle of Man Local Government Pension Scheme using information provided by the Scheme, and assumptions determined by the Council in conjunction with the actuary. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations could be affected by uncertainties within a range of possible values.

The net liability represents the difference between the value of the Council's share of assets in the Scheme and the value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in global equity markets after 1 April 2005 would also have an impact on the capital value of pension fund assets.

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities will be considered by the actuaries in their next full actuarial review of the Scheme, due to be carried out as at 31 March 2007. Their advice on whether or not there is any anticipated shortfall in the funding of the Scheme at that time will determine the future level of pension contributions. The planned level of contribution rates aim to recover the above liabilities over the next 17 years.

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

CONSOLIDATED STATEMENT OF REVENUE AND CAPITAL MOVEMENTS

This statement consolidates all income and expenditure on both capital and revenue accounts. Internal transfers between accounts have been eliminated.

2003/2004		2004/2005
£		£
	Expenditure	
	Revenue account expenditure	
6,026,878	Employment costs	6,553,019
8,223,818	Other operating costs	8,697,778
<u>2,642,089</u>	Interest and lease payments	<u>2,493,073</u>
16,892,785		17,743,870
	Capital account expenditure	
<u>10,551,547</u>	Fixed assets and other long term investments	<u>13,487,344</u>
<u>27,444,332</u>	Total revenue and capital expenditure	<u>31,231,214</u>
	Income	
	Revenue account income	
(3,405,775)	Government income	(4,505,323)
(1,800,005)	Charges for Goods and Services	(1,849,441)
(5,576,066)	Net Rents	(6,009,116)
(6,959,005)	Net receipts from rates	(7,148,927)
<u>(769,000)</u>	Other income	<u>(299,447)</u>
(18,509,849)	Total revenue income	(19,812,254)
<u>(1,385,355)</u>	Capital receipts	<u>(11,681)</u>
<u>(19,895,206)</u>	Total revenue and capital income	<u>(19,823,935)</u>
<u>7,549,126</u>	Net expenditure	<u>11,407,279</u>
	Financed by	
(6,841)	Net change in long term borrowing and finance leases	(4,647,538)
	Net change in short term indebtedness and changes in other current assets and liabilities	
749,780	Short Term Investments	(72)
(3,503)	Stocks	(22,845)
404,896	Debtors	(329,623)
7,200,000	Net change in short term borrowing	16,123,000
(555,270)	Creditors	(116,029)
<u>(239,936)</u>	Cash	<u>400,386</u>
7,555,967		16,054,817
<u>7,549,126</u>	Total financing	<u>11,407,279</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

TRAMWAYS ACCOUNTS

The Council operates a unique transport undertaking in the form of horse drawn trams, which run along the seafront of Douglas. A summary of the accounts of this operation is shown below.

TRAMWAYS UNDERTAKING - REVENUE ACCOUNT

2003/2004 £		2004/2005 £
	Expenditure	
214,016	Employee Costs	213,630
18,775	Property & Fixed Plant	19,332
14,992	Transport and Plant	14,755
30,429	Supplies	31,404
5,339	Central Support Services	7,583
<u>20,664</u>	Capital Finance	<u>16,783</u>
304,215		303,487
	Income	
(84,109)	Traffic receipts	(71,370)
<u>(4,958)</u>	Other income	<u>(4,167)</u>
(89,067)		(75,537)
<u>215,148</u>	Net deficit transferred to General Rate Fund	<u>227,950</u>

DOUGLAS BOROUGH COUNCIL – ABSTRACT OF ACCOUNTS

YEAR ENDED 31st MARCH 2005

TRAMWAYS UNDERTAKING - BALANCE SHEET

As At 31st March 2004		£	£	£	As At 31st March 2005
£		£	£	£	£
287,300	Fixed Assets				322,960
	Current Assets				
35,721	Stocks	37,963			
65,360	Cash	72,903			
101,081	Total Current Assets			110,866	
	Less Current Liabilities				
(5,824)	Creditors	(2,747)			
(5,824)	Total Current Liabilities			(2,747)	
95,257	Net Current Assets				108,119
382,557	NET ASSETS				431,079
	Financed By				
156,653	Long Term Borrowing				179,993
125,604	Capital Discharged				137,925
100,300	Reserves (see below)				113,161
382,557	TOTAL EQUITY				431,079

TRAMWAYS FUND RESERVES

Balance In Hand At 31.3.04	Fund	Income In Year	Expended In Year	Balance in hand At 31.3.05
£		£	£	£
(69,389)	Tramways Renewals Fund	(5,809)	-	(75,198)
(30,911)	Provision for Stocks and Stores	(7,052)	-	(37,963)
(100,300)	Total Tramways Reserves	(12,861)	-	(113,161)

L E RAMSAY (MRS)
CHAIRMAN OF POLICY AND RESOURCES COMMITTEE
22nd August 2005

G M BOLT, CPFA.
BOROUGH TREASURER
22nd August 2005

DOUGLAS CORPORATION – ABSTRACT OF ACCOUNTS

YEAR ENDED 31ST MARCH 2005

CHARITY ACCOUNTS

Under the provisions of the Public Charities Act 1922 and the Charities Registration Act 1989, the Corporation stands as the trustee for five charities. Their accounts are summarised below:-

2003/04 Total Trusts		Allsopp Trust	Percy Neville Trust	2004/05 Samuel Norris (Prison) Trust	Samuel Norris (Political) Trust	J.K. Ward Trust	Total Trusts
£		£	£	£	£	£	£
Amounts Held in Trust at Start of the Year							
1,650	Invested	150	1,200	100	200	0	1,650
1,605	Cash	0	1,489	1	117	96	1,703
<u>3,255</u>	Total	<u>150</u>	<u>2,689</u>	<u>101</u>	<u>317</u>	<u>96</u>	<u>3,353</u>

Transactions During the Year

(124)	Income	(2)	(39)	(9)	(18)	(64)	(132)
26	Expenditure	0	0	0	0	0	0
<u>(98)</u>	(Surplus)/Deficit for the year	<u>(2)</u>	<u>(39)</u>	<u>(9)</u>	<u>(18)</u>	<u>(64)</u>	<u>(132)</u>

Amounts Held in Trust at End of the Year

1,650	Invested	150	1,200	100	200	0	1,650
1,703	Cash	2	1,528	10	135	160	1,835
<u>3,353</u>	Total	<u>152</u>	<u>2,728</u>	<u>110</u>	<u>335</u>	<u>160</u>	<u>3,485</u>

Represented by Charity Accounts

975	Capital	150	525	100	200	0	975
2,378	Revenue	2	2,203	10	135	160	2,510
<u>3,353</u>	Total	<u>152</u>	<u>2,728</u>	<u>110</u>	<u>335</u>	<u>160</u>	<u>3,485</u>

Accounting Policies

- (a) **Basis of Preparation** - The financial statements have been prepared in accordance with the historical cost convention.
- (b) **Income and Expenditure** - Income and Expenditure is accounted for on a receipts and payments basis and no account has been taken of accruals and prepayments.

L E RAMSAY (MRS)
CHAIRMAN OF POLICY & RESOURCES COMMITTEE
22nd June 2005

G M BOLT, CPFA.
BOROUGH TREASURER
22nd June 2005

DOUGLAS CORPORATION – ABSTRACT OF ACCOUNTS

YEAR ENDED 31ST MARCH 2005

CHARITY ACCOUNTS – REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT LLC, TO THE TRUSTEES

For The Year Ended 31st March 2005

ACCOUNTS UNDER THE CHARITIES REGISTRATION ACT 1989

- 92 Allsopp Trust Account
- 13 Percy Neville Trust Account
- 166 Samuel Norris (Prison) Trust Account
- 165 Samuel Norris (Political) Trust Account
- 28 J K Ward Trust Account

We have audited the abstract of accounts on page C1

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to them those matters we are required to state to them in an auditors' 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 Charities and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and Auditors

As described on page 2, the Charities' Trustees (Douglas Borough Council) are responsible for the preparation of financial statements in accordance with applicable Isle of Man law and United Kingdom accounting standards. Our responsibilities as independent auditors, are established in the Isle of Man by statute, the Auditing Practices Board and by our profession's ethical guidance.

We have been appointed as auditors and report in accordance with regulations made under Section 11 of the Charities Registration Act 1989. We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the documents constituting the Charities.

Basis of Opinion:-

We have conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the Charities' circumstances, consistently applied and adequately disclosed.

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

Opinion:-

In our opinion the accounts give a true and fair view of the state of the Charities' affairs at 31st March 2005 and their surpluses and deficits for the year then ended and comply with the provisions of the documentation constituting the Charities.

2nd August 2005
Douglas

KPMG Audit LLC
Chartered Accountants