Overview of Statement of Accounts 2024/25

The Statement of Accounts 2024/25 consists of, amongst other things, the following financial statements and associated notes; the Comprehensive Income and Expenditure Statement; the Movement in Reserves Statement; the Balance Sheet; the Cash Flow Statement; and the Collection Fund.

1) Narrative Report (Pages 2 to 15)

The report provides, amongst other things, an overview of the Borough Council; a brief explanation of the financial aspects of the Council's activities for the year 2024/25; a review of the year; and possible issues for the future.

2) Statement of Responsibilities for the Statement of Accounts (Page 16)

This sets out the respective responsibilities of the Authority and the Council's responsible financial officer.

3) Comprehensive Income and Expenditure Statement (CIES) (Page 17)

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The Statement is divided into five distinct sections.

The first section provides segmental accounting information on the costs of the Council's continuing operations, net of specific grants and income from fees and charges, to give the net cost of services.

The second section comprises items of income and expenditure relating to the Council as a whole and not to any individual service, e.g. parish council precepts.

The third section comprises items of income and expenditure arising from financing and investment activities, e.g. investment income.

The fourth section shows the income from local taxation, general government grants and all capital grants and contributions in the period, to give the net deficit or surplus on provision of services for the year.

The final section shows other items that have contributed to the movement in the net worth of the Council, e.g. increase / decrease in the value of its assets, to give a total comprehensive income and expenditure for the year.

The total comprehensive income for the year is £15.187m compared to £8.94m in 2023/24. The movement of £6.2m is largely due to:

- Interest and investment income of £3.7m compared to £3.4m in 2023/24;
- Revaluation Gain on Tonbridge Castle Gatehouse of £3.9m, this is based on an increase in the insurance valuation.
- Government Grant funding of £7.5m, compared to £6.0m in 2023/24.
- NNDR net income of £3.3m compared to £0.7m in 2023/24.

4) Movement in Reserves Statement (Page 18)

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus / (deficit) on provision of services shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance for Council Tax setting. The net increase / (decrease) before transfers to or from earmarked reserves shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

5) Balance Sheet (Page 19)

This sets out the financial position of the Council as at 31 March 2025. The Balance Sheet is fundamental to the understanding of the Council's year-end financial position. It shows the Council's assets and liabilities, and its balances and reserves.

As at 31 March 2025 the total value of the Council's non-current assets was £102.01m (£94.8m at 31 March 2024). Movements in non-current assets reflect the Council's capital programme and revaluation, depreciation, impairment and disposal of assets.

In accordance with the rolling programme, public conveniences were the subject of revaluation. In addition to these properties, the Council's external valuers have also undertaken valuations of the Council's three main leisure facilities, as well as the Council Car Parks, to reflect the changes to parking charges and parking orders at some of the sights. Heritage asset values have been reviewed and uplifted to reflect the insured value of the asset. The resulting revaluation was a net gain of £3,995,000, which is recognised in the revaluation reserve.

The Pensions Liability as at 31 March 2025 was £2.9m and as at 31 March 2024 £6.1m. The original valuation was a surplus of £8.7m, however, this was reduced to reflect the impact of an asset ceiling in accordance with the requirements of IFRIC 14. The asset ceiling limits the recognition of a surplus in the pension scheme to the extent that it is recoverable through refunds or reductions in future contributions.

The change in the pension fund deficit over the year is mainly dependent on asset returns, corporate bond yields and market expectations of inflation which when taken together has resulted in a decrease in the pension fund deficit compared to the previous year.

The Council's Reserves stand at £32.2m at 31 March 2025 comprising:

Revenue Reserve for Capital Schemes	£8.1m
Building Repairs Reserve	£1.1m
Property Investment Fund Reserve	£3.3m
Other Specific Earmarked Reserves	£8.7m
General Revenue Reserve	£11.0m

6) Cash Flow Statement (Page 20)

This summarises the inflows and outflows of cash and cash equivalents for both revenue and capital purposes. The net cash inflow of £5.0m can be attributed to a number of factors including the sale of investments and Collection Fund movements.

7) Notes to the Accounts (Pages 21 to 67)

These are the notes to the four core financial statements detailed above.

8) Collection Fund and Associated Notes (Pages 68 to 76)

This reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions in relation to council tax and business rates and illustrates how the demands on the Fund from Kent County Council, Police and Crime Commissioner for Kent, Kent & Medway Fire and Rescue Authority and the Borough Council General Fund in respect of council tax and Central Government, Kent County Council, Kent & Medway Fire and Rescue Authority and the Borough Council General Fund in respect of business rates have been satisfied. The Collection Fund is consolidated with the other accounts of the billing authority within the Balance Sheet.

9) Annual Governance Statement (Pages 77 to 79)

This Statement accompanies the Statement of Accounts but is not part of the Accounts. The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation. Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

10) Independent Auditor's Report (Page 73)

The Council's external auditors provide an independent opinion on whether the financial statements present a "true and fair view" of the financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025, and review the Annual Governance Statement.