



# Statement of Accounts **2024-25**

 **Ashford**  
Borough Council

**ASHFORD**





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# Approval of the Statement of Accounts

The Audit Committee at its meeting on DATE approved the Statement of Accounts for the year ended 31 March 2025 in accordance with the Accounts and Audit Regulations 2015, subject to the Accounts and Audit (Amendment) Regulations 2021.

Signed:

Councillor Charles Suddards  
Chairman Audit Committee  
DATE

## Introduction

Local Authority accounts are subject to regulatory requirements and accounting standards. This results in a complex format, which requires the reader to have a reasonable knowledge of accounting terms and presentation. An explanation of technical terms is provided in the Glossary (page 114).

The Accounts are subject to a public inspection period which commences on publication of the accounts.

As a result of the public inspection period from 2022/23, the Council received an objection to the accounts.

The objection to the accounts was partially rejected by the Council's Auditors Grant Thornton, although they are still reviewing some aspects of the objection. No material adjustment to the accounts is anticipated.

## The Statement of Accounts

The content and format of the Statement of Accounts is prescribed in the Accounting Code of Practice. The Statement of Accounts includes the Core Financial Statements and Supplementary Financial Statements along with other statutory sections.

For this year (2024/25), the CIPFA Code of Practice mandates the adoption of IFRS16 Leases, and these changes have been incorporated into this set of accounts.

The Core Financial Statements (page 15 to 22) comprise:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

These statements include a group position, which incorporates the Council's subsidiaries, Ashford International Development Company Ltd, A Better Choice for Property Ltd and their subsidiary company, A Better Choice for Property Development Ltd, and Ashford Cinema Ltd. Stour Environmental Credits Ltd. was incorporated in December 2024 and is a Joint Venture (50% owned by Ashford and 50% by Canterbury City Council) and had no transactions to be grouped in 2024/25 but will be reviewed for 2025/26. The accounts for these companies can be viewed at Companies House, once filed, in accordance with statutory requirements.

## Overview of 2024/25 Financial Results and Activity

### The Borough Plan, Medium-Term Financial Plan (MTFP) and Local Government Reform

#### Borough Plan

In August 2024 the Council published its new Borough Plan '[Our Plan for the Borough 2024-2028](#)' which sets out the Council priorities for the next four years and can be viewed on the Council's website using the link above.

With a vision ***"To make Ashford a place where people, business and nature can collectively thrive"*** three pillars to support the vision were introduced: -

- Planet

*Reducing greenhouse gas emissions and creating places for nature will be at the heart of everything we do.*

- People

*Listening and serving the Ashford community is our philosophy; we will make best use of available resources to build an equitable and fair society.*

- Place

*Planning for the future of our community to make Ashford a place people are pleased to call home and love to visit.*

Our Plan for the Borough is honest about the challenges we face and highlights a number of projects that are central to addressing those challenges and achieving our plan over the next four years. These are identified on page 9 of [Our Plan for the Borough](#) with a brief update summary below.

Following Natural England guidance in July 2020, there has been a restriction on development within the River Stour catchment without appropriate mitigation.

This has impacted housing development in the Stour catchment and has impacted the Council in several ways including; reduced planning fee income, reduced economic growth, reduced new social homes, which has compounded the temporary accommodation (homelessness) crises within the Borough.

During 2024/25 the Council identified solutions for addressing the nitrogen and phosphates affecting the SSSI (Special Site of Scientific Interest), for both Private and Affordable Housing Developments. The Council is using Cenergist to install water pressure control valves on its own housing stock and has created sufficient credits to unlock the Council's Affordable Housing Programme, as well as the development plans of its subsidiaries.

The Council is looking to support private developers by procuring mitigation and selling credits through a Joint Venture, in partnership with Canterbury City Council.

Despite the issues outlined above, the Newtown Works re-development is continuing to progress with works to restore the 'listed' Locomotive Shed and smaller buildings on the site nearly

complete, having drawn down most of the £14.7m of levelling up funding which the Council secured from the Government. The last installment is expected in July 2025.

A significant project in 2024/25 was the Council moving out of the Civic Centre and into International House which was already in the Council ownership and had significant void space which was struggling to be let on the private market.

With the Civic Centre facing a significant capital repair cost, it made economic sense to invest in one property 'International House' and mitigate the void space liability. The move was completed in December 2024, and work is currently ongoing to move the Council Chamber, which is expected in late 2025.

Having fully vacated the Civic Centre, this site is set to be converted into apartments. The site next to the Civic Centre, the former Kent Wool Growers site, is also progressing with the demolition of the site starting late Summer/early Autumn 2025.

Other significant projects include developing plans for a mixed-use Town Centre, this will include bringing forward proposals for the former Odeon/Mecca Bingo building and redevelopment of the Park Mall Shopping Centre which is due to commence early 2026.

The Council commenced a new refuse and recycling contract in April 2024 and despite some challenges with new routes and the introduction of new technology in the first few months of the contract, it has now become embedded and is operating effectively.

Further information on the Council's timeline of achievements and performance, including key performance indicators, can be found at the following Ashford Borough Council web page, [Information about Ashford Borough Council's Corporate Plan and performance reports.](#)

In September 2020 DEFRA (Department for the Environment, Food and Rural Affairs) informed the Council that the Sevington Inland Border Facility (IBF) was being designated a Border Control Post, and the Council would become responsible for carrying out various port health controls on behalf of the Government.

Despite significant delays due to DEFRA the facility finally became fully operational in August 2024. Since becoming operational, the facility has collected £9m in fees which has been used to fund the costs associated with the service.

In May 2025 the Government announced that a new agreement with the EU will be agreed creating a SPS (Sanitary and Phytosanitary) area. The impact of this new agreement and how it will impact the Council is still to be clarified by Government but the objective is to streamline the border.

In April 2024 the Regulator of Social Housing introduced the New Consumer Standards which the Council as a social housing landlord needs to adhere to.

In response to this new regulatory requirement, the Council commissioned independent market professionals Housing Quality Network (HQN) to do an assessment of the preparedness of the Council for the new regulations.

Unfortunately, the independent review highlighted concerns and as a result of the pre-assessment the Council referred itself to the Regulator for Social Housing in August 2024. The Housing Regulator issued a statutory judgment and rated the Council as a C3 which meant we must significantly improve.

In response to this assessment rating, and having regard to the original HQN report, the Council has developed a comprehensive action plan to address areas of weakness.

The plan has predominantly been delivered including systems to co-ordinate data for compliance monitoring,

a full condition survey of the Council's housing stock, and investment in planned programmes. A board chaired by the Leader of the Council was set up for all compliance and improvement monitoring, and this board reports to the Council's Audit Committee on a quarterly basis

This proactive approach to address issues in an open and transparent manner has been welcomed by the regulator and they have indicated that the Council is moving in the right direction.

The Housing Revenue Account (HRA) also drew concern from the Council's external auditors Grant Thornton who through their VFM (Value for Money) work highlighted a significant weakness in the financial sustainability of the HRA due to limited general reserves, the full [Auditors Annual Report for the year ended 31 March 2024](#) went to Audit Committee in March 2025 and can be accessed by clicking the link above.

Since this was highlighted, the Council has made changes to its accounting policies as whilst the Council's capital reserves were healthy, the revenue reserves were low. To address this concern, an internal review highlighted that the Council could review its depreciation calculations for land and buildings, which would result in a reduction to the capital reserves, more in line with future requirements, while strengthening the revenue reserves.

#### Medium Term Financial Plan

The Council updated its MTFP when setting the 2025/26 budget and this was presented to Cabinet in November 2024.

The MTFP was broadly balanced over the 5-year period with some pressures in early years being offset by savings.

This change in forecast from previous years was largely due to a change in how any potential changes in Business Rate (NNDR) income would be forecast with the decision taken to maintain the current forecast until there is certainty



over Government plans, which have been deferred for a number of years.

While this potentially adds some risk to the MTFP this was reported and accepted the Council would expect some transitional relief to support transitioning to lower funding levels.

It should be noted that the MTFP was developed with significant ongoing uncertainty and some of the pertinent risks are covered below, although the report and risks can be fully reviewed in the [Final Budget Report 2025/26](#) at Appendix M.

Homelessness continues to add significant pressure to Council finances with another £878,000 added to the budget in 2025/26 and is already expected to be over budget in 2025/26 due to increased demand.

Government grant funding continues to see the Council get a 0% increase in core spending power at provisional settlement even allowing for a maximum increase in Council Tax. This is effectively eroding Council funding allowing for inflation and this situation was worsened by increases to Employers National Insurance Contributions that were only partially funded by Government.

The Council set its budget for 2025/26 at the February 2025 Council meeting, increasing council tax by £5.62 to £193.58 for a band D property. This increase is the maximum permitted for Ashford and due to the capping regime and continues to be one of the lowest in Kent.

The Council is a member of the Local Government Pension Scheme, administered by Kent County Council (KCC). The most recent valuation of the Fund was carried out at 31 March 2022. This set the employers contributions for the period from 1 April 2023 to 31 March 2026, at a rate of 19.8%.

A triennial review will be undertaken by KCC in conjunction with the actuary in

2025/26, which will set the contribution rate payable from April 2026.

### Local Government Reform

Following the publication of the Governments 'English Devolution White Paper' in December 2024, Kent County Council (KCC) and Medway Council asked Government to make Kent a priority area for devolution.

Despite receiving positive feedback from Government Kent and Medway were not included in the Government's priority program for devolution.

The Two Upper Tier Councils (Kent and Medway) and the district Councils in Kent are continuing to explore options for Local Government Reorganisation with clusters expected to be identified in November 2025.

### General Fund Financial Performance (excluding the Housing Revenue Account)

In 2024/25 the general fund reported a deficit of £1.36m having made contributions to and from reserves.

Homelessness had a budget deficit of £937,000 in year as a result of an increase in those presenting as homeless, as well as an overall increase in accommodation costs.

Environment, Property and Recreation reported a £1.4m pressure, which is broadly in-line with the financial monitoring throughout the year. £1m of which was largely the result of a number of voids in the Council's commercial property portfolio, which led to a reduction in income as well as increased costs. There was also a £440,000 increase in the waste contract as a result of the MRP (Minimum Revenue Provision) contribution for the waste vehicles.

A reduction in income also caused pressure in Planning and Development which resulted in a net pressure of £303,000. Part of this pressure also included £93,000 in appeals relating to a number of large sites.

The overall movement for earmarked reserves stayed relatively flat during the year with an increase of £18,000 as per note 13 of the Accounts.

Some of the significant movements to reserves were £600,000 to the Maintenance of asset reserve as per the budget which was utilised to fund Victoria Park rejuvenation, works to International House, Julie Rose stadium, and Aspire Equipment.

The MTFP Risk reserve decreased by £1.2m which was the result of a number of items, including £418,000 of abortive costs in respect of Stodmarsh Wetlands, £534,000 of support for the management of Tenterden Leisure Centre which has now ended, and £568,000 of funding for the set-up of Ashford Cinema Limited. This was partially offset by reductions in the Business rates appeal provision and Kent business rates pooling receipt.

The Comprehensive Income and Expenditure Statement, and associated notes from page 15 include:

- the General Fund outturn as detailed below
- the Housing Revenue Account income and expenditure
- Other notional accounting entries for capital charges, pensions and asset sales.

A reconciliation between the statutory and management accounts is included in note 5.

## **Performance and Governance**

### **Risk Management**

- The Corporate Risk register framework was reviewed in light of the new Borough Plan 2024-28, best practice and revised reporting arrangements.
- The Council's Value for Money Report for 2023/24 recommended that the frequency for reporting the Corporate Risk Register to Audit Committee should increase from half yearly to quarterly, and annually to Cabinet. These recommendations have been actioned.
- The last Corporate Risk Register report was presented to Audit committee on 25 June 2025, and Cabinet on 13 March 2025 and are available on the Council's website.
- Operational risks are monitored by individual Services, on an exception basis, and reported to the Council's Management Team. Where risks are of strategic significance.
- Services review their risks monthly and as part of the service planning process.

### **Performance Management**

- The Council reports its wider performance data, including service specific indicators to Overview and Scrutiny, and Cabinet, on a quarterly basis which are available on the Council's website and can be searched on the internet.
- The Council also produces an Annual Performance Report which, in addition to performance

indicators, provides an opportunity to look back on some of the achievements throughout the borough over the past year. The current and previous annual performance reports can be found on the following page of the Ashford Borough Council website, [Our Annual Reports](#).

### **Annual Governance Statement**

- Each year the council must produce and approve an Annual Governance Statement (AGS). The AGS is designed to summarise the council's approach to governance and show how the council fulfils the principles for good corporate governance in the public sector.
- The AGS needs to draw conclusions, based on evidence throughout the past year, about the effectiveness of the council's arrangements which are well-developed, but they also evolve.
- Their various components are subject to ongoing development, which are summarised in the AGS which for 2024/25 was presented to the Audit Committee on 25 June 2025 ([Annual Governance Statement for Ashford Borough Council 2024-25](#))
- The report concluded that the Council has a robust governance framework in accordance with the principles set out in CIPFA's 'Delivering Good Governance in Local Government Framework 2016, and where full assurance is not provided, we have instigated action, reviewing its arrangements to remedy exceptions.

## General Fund Final Outturn 2024/25

Service	Original Budget 2024/25	Revised Budget 2024/25	Final Outturn 2024/25	Variance
	A	B	B-A	
	£'000	£'000	£'000	£'000
Finance	2,726	2,726	2,443	(283)
People, Communications And Technology	725	705	581	(124)
Housing	2,885	2,872	3,759	887
Port Health Manager	(95)	(95)	(381)	(286)
Environmental Health	825	845	706	(139)
Env, Property And Recreation	7,579	7,549	8,935	1,386
Planning And Development	2,725	2,725	3,028	303
Head of Development Manager	0	0	(56)	(56)
Head Of Economic Development	796	796	728	(68)
Head Of Performance And Policy	1,524	1,521	1,305	(216)
Solicitor To The Council And Monitoring Officer	491	491	563	72
Corporate Management Costs	631	677	642	(35)
<b>Net Service Expenditure</b>	<b>20,812</b>	<b>20,812</b>	<b>22,253</b>	<b>1,441</b>
Capital Charges and net interest	442	442	463	21
Revenue Contribution to Capital	343	343	334	(9)
Levies and Grants	0	0	0	0
Contribution to Reserves	164	164	182	18
<b>Net Expenditure</b>	<b>21,761</b>	<b>21,761</b>	<b>23,232</b>	<b>1,471</b>
Funded by:				
Grant Funding	(2,806)	(2,806)	(2,876)	(70)
Business Rates	(9,589)	(9,589)	(9,823)	(234)
Council Tax	(9,366)	(9,366)	(9,168)	198
<b>Total Financing</b>	<b>(21,761)</b>	<b>(21,761)</b>	<b>(21,867)</b>	<b>(106)</b>
<b>Outturn reported</b>	<b>0</b>	<b>0</b>	<b>1,365</b>	<b>1,365</b>



## **Housing Revenue Account (HRA)**

The outturn on the HRA is showing a surplus of £652,000, compared to a budgeted deficit of £1.56m, a reduction of £2.2m.

There were various movements that affected the outturn, including a £3.3m overspend on repairs and maintenance, and £1m on Supervision and Management. These overspends were in relation to the cost of meeting the requirements of the social housing regulator, such as additional and interim staff and new systems. Void costs were also higher than budgeted, a new contractor is now in place and officers are closely monitoring works.

These overspends were offset by a reduction in the depreciation charge, following the separation of land and buildings in the asset register, as land is not subject to depreciation.

Capital works on existing properties were below budgeted levels, this was in order that a stock condition survey could be carried out on all stock. The results of this survey are now being reviewed and will enable officers to target those properties most in need, with a number of contracts already in place for the Major Works Programme of 2025/26 these works are already in progress. It is anticipated that slippage will be incorporated into the programme of

works for future years in order to ensure that we catch-up on any works that are overdue.

The HRA currently maintains 5,267 properties, an Asset Management Strategy is currently being written, which will include a detailed repair and maintenance schedule for each property at a component level.

The HRA reserve balance at 31 March 2024 was £3m, (£2.4m in 2023/24). Our reserves policy (since 2024) was to have revenue reserves of 10% of rent revenue (£3.2m). While we have not yet reached this level we are going in the right direction and work is ongoing to ensure an adequate reserves level while also meeting the requirements of the Regulator.

The Major Repairs Reserve (MRR) stands at £5.1m (£4.5m in 2023/24), and is available to fund the capital Programme.

The total reserve balance for the HRA is £8.1m (£6.8m in 2023/24).

Council dwellings are revalued at the end of each financial year and all stock was revalued at 31 March 2025, this year the movement during the year resulted in a net valuation decrease of £12.6m (£6.4m decrease in March 2024).

## Housing Revenue Account Outturn 2024/25

	Original Budget 2024/25 A	Revised Budget 2024/25 B £'000	Final Outturn 2024/25 C £'000	Variance C-B £'000
<b>Income</b>	(33,054)	(33,054)	(33,974)	(920)
Supervision and Management	7,135	7,135	8,201	1,066
Repairs and Maintenance	7,100	7,100	10,415	3,315
Other	20,379	20,379	14,706	(5,673)
<b>Net Expenditure</b>	1,560	1,560	(652)	(2,212)
Capital Works - Decent Homes	4,906	4,906	3,470	(1,436)
<i>Capital works financed by:</i>				
Revenue Contribution	0	0	0	0
Major Repairs Allowance (from Self-Financing Determination)	(4,906)	(4,906)	(3,470)	1,436
<b>Outturn reported</b>	1,560	1,560	(652)	(2,212)

## Capital Expenditure

Capital expenditure is investment in the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment. It also covers intangible assets, for example the purchase of computer software, which will benefit the Council over a number of years.

Major projects during 2024/25 included:

- Newtown Works Phase 1 - works are still on-going from last year with a further spend totalling £5.9m which is fully funded from the £14.7m Levelling Up Funding.
- Elwick Studios purchase - £2.2m for temporary accommodation.
- Park Mall - £3.9m purchase of the freehold to enable the redevelopment of the site.
- Henwood - £3.2m spend on the zero carbon “Zedpods” for short-stay accommodation, funded by £460,000 of external grants.
- Decarbonisation - £4.8m for EON to undertake surveys and retrofit 727 units of the Council's housing stock to obtain an Energy Performance Certificate (EPC) rating of Band C to comply with new legislation. This was funded by £2.5m Government funding.
- Street Purchase scheme - 2024/25 saw the purchase of twenty-six units added to the HRA portfolio costing around £7.8m. Capital receipts totalling £4.5m from the sale of RTB (right to buy) properties supported these purchases.
- Local Authority Homes Funding (LAHF) - £3.3m on the purchase of twelve properties for housing

Ukrainian and Afghanistan refugees, which was fully funded by Government and other external grants.

- Spend on existing housing stock amounted to £6m ensuring they are maintained reducing responsive repairs and working towards 100% Decent Homes Standard.

In the financial year 2024/2025, the outturn for the capital programme was:

## Summary of Capital Spending and Financing

	2024/25	
	£'000	£'000
<i>Capital investment</i>		
General Fund capital expenditure	18,461	
Right of Use Assets	5,033	
HRA capital expenditure	31,194	
Total expenditure		54,688
<i>Sources of finance</i>		
Prudential borrowing	26,106	26,106
Capital receipts		
- 1-4-1 capital receipts	4,598	
- General capital receipts (HRA)	1,830	
- General capital receipts (GF)	819	7,247
Grants and contributions		
- External grants and contributions	14,155	14,155
Contribution to/(from) Major Repairs Reserve	6,095	6,095
Direct revenue contributions		
- Repairs and Renewals Reserve	425	
- General Fund financing	274	
- HRA Revenue contributions	0	
- Developer contributions	386	1,085
Total financing		54,688

## **Treasury Management**

### *Borrowing*

As of 31 March 2025, the Council had a mixture of long and short-term borrowing totalling £262.8m. Of this amount, £163.4m relates to the Housing Revenue Account (HRA), including £89.6m outstanding from the 2013 acquisition of the Council's social housing stock from the Government. The remaining borrowing is attributed to the General Fund and has been used to finance capital projects.

### *Investments*

As of 31 March 2025, the Council held strategic investments with a fair value of £28.9m, as detailed in Note 22: Financial Instruments. During the 2024/25 financial year, the UBS Multi-Asset Fund, in which the Council had invested £3m was closed by the fund manager. At the time of closure, the investment's value had declined to £2.3m, resulting in a capital loss of £670,000.

The Council continued to maintain a diversified investment portfolio, with long-term strategic investments remaining in place. These investments are assessed on two key factors: the capital value of the underlying assets and the interest income they generate.

In 2024/25, the capital value of most strategic funds remained below the original investment amount, with the exception of the CCLA Property Fund, which recorded a capital gain of £327,000. Despite the overall loss position, there was a modest improvement in capital values compared

to 2023/24, and further recovery is anticipated.

These strategic investments are intended as long-term holdings and will continue to be managed in consultation with the Council's Treasury Management Advisors.

## **Pensions**

As part of the Conditions of Employment, the Council must offer staff retirement benefits under statutory requirements.

At 31 March 2025, 92.6% of staff were part of the full pension scheme, contributing between 5.5% and 12.5% of salary. 3% of staff were opted into the 50/50 section of the scheme contributing between 2.25% and 6.25%, and the remaining 4.4% of staff opted out of the scheme. The council's employer contribution as set by the actuary was 19.8%

Payments into the pension scheme and investment assets are held and managed by the Kent County Council Pension Fund for all contributing member authorities. For further information, see note 31.

## **Council owned Companies**

The Council has two wholly owned active subsidiaries:

1. A Better Choice for Property Ltd, which itself owns a subsidiary, A Better Choice for Property Development Ltd, making the Council the ultimate sole shareholder.
2. Ashford Cinema Ltd

In addition, the Council entered a Joint Venture with Canterbury City Council in December 2024, forming Stour Environmental Credit Ltd, with each authority holding a 50% ownership stake.



The Council also holds a 65% controlling interest in Ashford International Development Company Ltd.

With the exception of Stour Environmental Credit Ltd, all of the above

entities are considered material for financial reporting purposes. As such, group accounts have been prepared in accordance with IFRS 10. Further details can be found in Note 16.

# Statement of Responsibilities for the Statement of Accounts

## The Authority's Responsibilities

Under law the Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this authority, the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts.

## The Responsibilities of the Chief Finance Officer (CFO)

The Chief Finance Officer is responsible, in law, for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'). There is a responsibility of the CFO to observe the CIPFA statement on the role of the CFO in public service organisations.

In preparing this Statement of Accounts, the CFO has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Codes of Practice.

### The CFO has also:

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

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**I certify that the Statement of Accounts between pages 15 and 112 present a true and fair view of the financial position of Ashford Borough Council at 31 March 2025 and its income and expenditure for the year ended on that date.**



**Ben Lockwood**  
Chief Finance Officer  
30 June 2025

# Core Financial Statements

## Group and Council Comprehensive Income and Expenditure Statement

ABC 2023/24				Group 2023/24	ABC 2024/25				Group 2024/25
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Net Expenditure £'000
30,688	(26,966)	3,722		3,722	29,431	(26,333)	3,098		3,098
401	(105)	296		296	357	(90)	267		267
9,762	(5,649)	4,113		4,113	12,216	(6,090)	6,126		6,126
904	(343)	561		561	1,011	(417)	594		594
2,815	(3,582)	(767)		(767)	7,937	(10,996)	(3,059)		(3,059)
25,302	(12,983)	12,319		12,319	37,767	(11,452)	26,315		26,315
3,175	(1,473)	1,702		1,702	3,207	(1,704)	1,503		1,503
1,272	0	1,272		1,272	761	(100)	661		661
1,878	(960)	918		(3,348)	1,786	(615)	1,171		(6,317)
(49)	0	(49)		(49)	673	(719)	(46)		(46)
1,683	(162)	1,521		1,521	1,438	(98)	1,340		1,340
773	(272)	501		501	529	(202)	327		327
33,775	(34,739)	(964)		(964)	41,894	(37,564)	4,330		4,330
1,495	0	1,495		1,495	1,358	0	1,358		1,358
113,874	(87,234)	26,640		22,374	140,365	(96,380)	43,985		36,497
		2,932		2,932			3,191		3,191
		(1,868)		(1,868)			(2,117)		(2,117)
		0		0			0		961
		1,064		1,064			1,074		2,035
		10,111		10,111			11,108		11,114
		0		0			(323)		(323)
		163		163			256		3,122
		(4,690)		(2,784)			(4,773)		(4,773)
		0		2,787			0		2,288
		616		616			188		188
		6,200		10,893			6,456		11,616
		0		(195)			0		52
		(11,548)		(11,548)			(12,239)		(12,239)
		(5,001)		(5,001)			(4,566)		(4,566)
		(5,031)		(5,031)			(5,828)		(5,828)
		(2,757)		(2,757)			(2,876)		(2,876)
		(16,593)		(16,593)			(10,530)		(10,530)
		(40,930)		(41,125)			(36,039)		(35,987)
		(7,026)		(6,795)			15,476		14,161
		(8,428)		(8,428)			(3,732)		(3,732)
		0		0			(292)		(292)
		2,403		2,403			(159)		(159)
		(641)		(641)			185		185
		(6,666)		(6,666)			(3,998)		(3,998)
		(13,692)		(13,461)			11,478		10,163
				(6,795)					14,161
				(6,801)					14,154
				6					7
				(6,666)					(3,998)
				(6,666)					(3,998)
				0					0

## **Group and Council Comprehensive Income and Expenditure Statement- continued**

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 or raise fees and charges to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.



## Council Movement in Reserves Statement

2024/25	General Fund Balance Restated £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Grants Unapplied Account £'000	Total Usable Reserves (excluding company) £'000	Unusable Reserves (Note 27) (excluding company) Restated £'000
Balance at 31 March 2024 Restated	(34,943)	(2,356)	(3,302)	(4,492)	(7,049)	(52,142)	(372,098)
<i>Movements in Reserves during 2024/25</i>							
Surplus or deficit on the provision of services	10,900	4,576				15,476	
Other Comprehensive Income & Expenditure							(3,998)
Surplus or deficit on provision of services attributable to NCI							
Total Comprehensive Income & Expenditure	10,900	4,576	0	0	0	15,476	(3,998)
<b>Adjustments between accounting and funding basis under regulations</b>							
Sources of Finance	5,576	4,141	7,247	6,095	4,825	27,884	(27,884)
Sums set-a-side for capital purposes	3,270	1,146		0		4,416	(4,416)
Revenue expenditure charged to capital under statute	(7,839)	0				(7,839)	7,839
Removal of items not chargeable to Fund Balances							
- Capital adjustment account	(17,037)	(14,545)	0	(6,829)		(38,411)	38,411
- Capital grants unapplied account	814	0			(814)	0	
- Capital receipts reserve (for HRA, see note 6)	366	3,743	(4,109)			0	0
- Deferred capital receipts reserve	0		(22)			(22)	22
- Pensions reserve	1,593	287				1,880	(1,880)
- Collection fund adjustment account	(205)					(205)	205
- Pooled Investment Adjustment Account	989					989	(989)
Increase or decrease during 2024/25	(1,573)	(652)	3,116	(734)	4,011	4,168	7,310
Balance at 31 March 2025	(36,516)	(3,008)	(186)	(5,226)	(3,038)	(47,974)	(364,788)

## Group Movement in Reserves Statement

2024/25	Total Usable Reserves £'000	Total Unusable Reserves £'000	Council Total Reserves £'000	Group Reserves £'000	Non-controlling Interest £'000	Total Group Reserves £'000
Balance at 31 March 2024 Restated	(52,142)	(372,098)	(424,240)	(1,069)	(2,015)	(427,324)
<i>Movements in Reserves during 2024/25</i>						
Surplus or deficit on the provision of services	15,476		15,476	(1,315)		14,161
Other Comprehensive Income & Expenditure		(3,998)	(3,998)			(3,998)
Surplus or deficit on provision of services attributable to NCI					7	7
Total Comprehensive Income & Expenditure	15,476	(3,998)	11,478	(1,315)	7	10,170
<b>Adjustments between accounting and funding basis under regulations</b>						
Sources of Finance	27,884	(27,884)				
Sums set-a-side for capital purposes	4,416	(4,416)				
Revenue expenditure charged to capital under statute	(7,839)	7,839				
Removal of items not chargeable to Fund Balances						
- Capital adjustment account	(38,411)	38,411				
- Deferred capital receipts reserve	(22)	22				
- Pensions reserve	1,880	(1,880)				
- Collection fund adjustment account	(205)	205				
- Adjustments between group accounts and authority accounts	(1,315)		(1,315)	1,315		0
- Pooled Investment Adjustment Account	989	(989)				
Net increase or decrease	2,853	7,310	10,163	(0)	7	10,170
Balance at 31 March 2025	(49,289)	(364,788)	(414,077)	(1,069)	(2,008)	(417,154)

The Movement in Reserves Statement (MiRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It does this by analysing the increase or decrease in the net worth of the authority, such as:

- movements in the current or fair value of its assets.
- movements between reserves to increase or reduce the resources available to the authority according to statutory provisions.

## Council Movement in Reserves Statement

2023/24	General Fund Balance Restated	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Grants Unapplied Account	Total Usable Reserves (excluding company)	Unusable Reserves (Note 27) (excluding company) Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023 - Restated	(35,957)	(2,043)	(4,305)	(5,230)	(1,623)	(49,158)	(361,389)
<i>Movements in Reserves during 2023/24</i>							
Surplus or deficit on the provision of services	(4,851)	(2,175)				(7,026)	
Other Comprehensive Income & Expenditure							(6,666)
Surplus or deficit on provision of services attributable to NCI							
Total Comprehensive Income & Expenditure	(4,851)	(2,175)	0	0	0	(7,026)	(6,666)
<b>Adjustments between accounting and funding basis under regulations</b>							
Sources of Finance	4,821	5,699	3,859	3,470	646	18,495	(18,495)
Sums set-a-side for capital purposes	4,623	1,039		3,850		9,512	(9,512)
Revenue expenditure charged to capital under statute	(1,543)	0				(1,543)	1,543
Removal of items not chargeable to Fund Balances							
- Capital adjustment account	(11,563)	(7,197)	0	(6,582)		(25,342)	25,341
- Capital grants unapplied account	6,072	0			(6,072)	0	
- Capital receipts reserve (for HRA, see note 5)	824	2,011	(2,835)			0	0
- Deferred capital receipts reserve	0		(21)			(21)	21
- Pensions reserve	1,632	310				1,942	(1,942)
- Collection fund adjustment account	946					946	(946)
- Pooled Investment Adjustment Account	53					53	(53)
Increase or decrease during 2023/24	1,014	(313)	1,003	738	(5,426)	(2,984)	(10,709)
Balance at 31 March 2024 restated	(34,943)	(2,356)	(3,302)	(4,492)	(7,049)	(52,142)	(372,098)

## Group Movement in Reserves Statement

2023/24	Total Usable Reserves	Total Unusable Reserves	Council Total Reserves	Group Reserves	Non- controlling Interest	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023 Restated	(49,158)	(361,389)	(410,547)	(1,069)	(2,021)	(413,637)
<i>Movements in Reserves during 2023/24</i>						
Surplus or deficit on the provision of services	(7,026)		(7,026)	231		(6,795)
Other Comprehensive Income & Expenditure		(6,666)	(6,666)			(6,666)
Surplus or deficit on provision of services attributable to NCI					6	6
Total Comprehensive Income & Expenditure	(7,026)	(6,666)	(13,692)	231	6	(13,455)
<b>Adjustments between accounting and funding basis under regulations</b>						
Sources of Finance	18,495	(18,495)				
Sums set-a-side for capital purposes	9,512	(9,512)				
Revenue expenditure charged to capital under statute	(1,543)	1,543				
Removal of items not chargeable to Fund Balances						
- Capital adjustment account	(25,342)	25,341				
- Deferred capital receipts reserve	(21)	21				
- Pensions reserve	1,942	(1,942)				
- Collection fund adjustment account	946	(946)				
- Adjustments between group accounts and authority accounts	231		231	(231)		0
- Pooled Investment Adjustment Account	53	(53)				
Net increase or decrease	(2,753)	(10,709)	(13,461)	0	6	(13,455)
Balance at 31 March 2024	(51,911)	(372,098)	(424,008)	(1,069)	(2,015)	(427,091)



## Group and Council Balance Sheet

Restated							
ABC	Group	ABC	Group			ABC	Group
1 April 2024		31 March 2024				31 March 2025	
£'000		£'000	£'000	Notes		£'000	£'000
611,174	611,174	636,931	636,931	Property, Plant & Equipment	14	646,335	646,348
6,109	6,109	7,108	7,108	Heritage Assets	17	7,408	7,408
0	52,721	0	53,883	Investment Property	16	0	60,228
371	371	395	395	Intangible Assets		273	273
33,611	32,619	32,689	30,277	Long Term Investments	22	30,793	28,395
47,545	1,076	49,221	1,241	Long Term Debtors	24	44,224	2,469
0	1	0	0	Deferred Tax Asset		0	0
700,193	704,070	726,344	729,835	<b>Long Term Assets</b>		729,033	745,121
16,843	16,858	16,712	16,441	Short Term Debtors	24	22,370	17,653
6,825	7,639	5,440	6,058	Cash and Cash Equivalents	41	4,598	5,162
23,668	24,497	22,152	22,499	<b>Current Assets</b>		26,968	22,832
0	0	(1,401)	(1,401)	Bank Overdraft	26	0	0
0	0	(459)	(459)	Short Term Provision	29	0	0
(118,503)	(118,503)	(96,646)	(96,646)	Short Term Borrowing	22	(91,748)	(91,748)
(27,899)	(28,964)	(37,091)	(37,725)	Short Term Creditors	26	(39,398)	(41,773)
(1,039)	(1,039)	(1,026)	(1,026)	PFI Current Liabilities	22	(963)	(963)
(147,441)	(148,506)	(136,623)	(137,257)	<b>Current Liabilities</b>		(132,109)	(134,484)
0	0	0	0	Long Term Creditors	26	(2,405)	(2,405)
(3,048)	(3,048)	(2,557)	(2,557)	Long-term Provisions	29	(1,959)	(1,959)
(120,664)	(120,664)	(145,857)	(145,857)	Long Term Borrowing	22	(171,050)	(184,510)
(9,131)	(9,131)	(9,706)	(9,706)	Grants receipts in advance - capital	25	(8,544)	(8,544)
(1,678)	(1,678)	(1,770)	(1,770)	Grants receipts in advance - revenue	25	(2,617)	(2,617)
(15,586)	(15,586)	(13,003)	(13,003)	Pension Liability	31	(11,308)	(11,308)
(15,648)	(15,648)	(14,622)	(14,622)	PFI Liability	22	(13,247)	(13,247)
(118)	(118)	(118)	(118)	Finance Lease Liability	28	0	0
0	(553)	0	(353)	Deferred Tax Liability		0	(340)
(165,873)	(166,426)	(187,633)	(187,986)	<b>Long Term Liabilities</b>		(211,130)	(224,930)
410,547	413,635	424,240	427,091	<b>Net Assets</b>		412,762	408,539
				<b>Financing (see MiRS)</b>			
(49,158)	(47,049)	(52,142)	(54,386)	Usable Reserves		(47,974)	(45,457)
(361,389)	(366,587)	(372,098)	(372,705)	Unusable Reserves	27	(364,788)	(363,082)
(410,547)	(413,635)	(424,240)	(427,091)			(412,762)	(408,539)

The Balance Sheet summarises the Authority's financial position as at 31 March. The 'top half' contains the Council's assets and liabilities held or accrued. As Local Authorities do not have equity, the 'bottom half' is comprised of reserves that shows the position of an authority's net worth, they fall into two categories:

- usable reserves, which include the revenue and resources available to meet future expenditure, such as the General Fund Balance and the Capital Receipts Reserve
- unusable reserves, which include unrealised gains and loss or adjustment accounts, such as the Revaluation Reserve or the Pension Reserve.

## Group and Council Cash Flow Statement

ABC	Group Restated			ABC	Group
2023/24	2023/24			2024/25	2024/25
£'000	£'000		Notes	£'000	£'000
(7,026)	(9,650)	Net (surplus) or deficit on the Provision of services		15,476	17,547
(24,742)	(22,016)	Adjustment to the Net surplus or deficit on the provision of services for non-cash movements	36	(40,203)	(50,107)
8,928	12,448	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities	37	4,945	10,880
(22,840)	(19,218)	Net cash flows from operating activities		(19,782)	(21,680)
25,524	23,683	Investing activities	39	38,373	39,076
(2,297)	(3,886)	Financing activities	40	(19,149)	(17,899)
23,227	19,797	Net movements in year excluding non-cash items		(558)	(503)
4,428	5,237	Cash and cash equivalents at the beginning of the reporting period		4,040	4,658
(387)	(579)	Net increase or (decrease) in cash and cash equivalents		558	503
4,040	4,658	Cash and cash equivalents at the end of the reporting period	41	4,598	5,162

The Cash and Cash equivalents at the end of the reporting period 2024/25 for ABC and Group include an overdraft of nil (£1.4m 23/24).

The Cash Flow Statement summarises the flows of cash into and out of the authority's bank accounts over the financial year. It separates the flows into:

- those that have occurred as a result of the authority's operations
- those arising from the authority's investing activities (including cash flows related to noncurrent assets), and
- those attributable to financing decisions.

# Notes to the Core Financial Statements

## 1. Accounting Policies

### General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year ending 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which are prepared in accordance with proper accounting practices. These practices primarily comprise the 'Code of Practice on Local Authority Accounting in the United Kingdom 2024/25' (the Code), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1. Accounting Concepts and Conventions

The Going Concern basis has been selected for the preparation of these accounts based on the assumption that the Council will operate for the foreseeable future.

Qualitative characteristics are the attributes that make the information provided within this Statement of Accounts, useful to users. The International Accounting Standards Board (IASB) Framework sets out the two fundamental, qualitative characteristics and four enhancing, qualitative characteristics of financial statements, which have been adopted by the Code:

- Fundamental
  - relevance
  - faithful representation
- Enhancing
  - comparability
  - verifiability
  - timeliness
  - understandability

The Code also includes consideration of materiality as a qualitative characteristic and the Framework considers it as part of the fundamental characteristic of relevance.

### 2. Accruals of Income and Expenditure

With the exception of the Cash Flow Statement, including its notes, and the Collection Fund, the Statement of Accounts is presented on an accruals basis.

The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Statement of Accounts for the year in which those effects are

experienced, and not in the year in which the cash is actually received or paid. In particular: fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services; interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

As per IFRS 15 revenue arising from a contract where the counterparty is a service recipient. A service recipient is defined as a party that has contracted with the Council to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration. The Code requires revenue from contracts with service recipients to be recognised in accordance with the following five steps:

- Identification of a contract with a service recipient
- Identification of any performance obligations within the contract
- Calculation of a transaction price
- Allocation of the transaction price to the performance obligation
- Recognition of revenue when the performance obligation is satisfied.

The Council has assessed the different categories of income from service recipients where there is a contract in place and where there is a performance obligation on the Council to deliver goods or services. Most of the services delivered to service recipients are statutory services and performance obligations are satisfied throughout the year in exchange for income received. There would therefore be no material effect on the Council's financial statements of separately identifying income from these contracts that has been received but the performance obligation has not been satisfied. Revenue is recognised at the point that the service is delivered. The total income from fees and charges is disclosed in Note 7 of the financial statements, 'Expenditure and Income Analysed by Nature'. Income from non-exchange transactions (including Government grants and contributions, Council Tax and Non-Domestic Rates) is separately disclosed in the financial statements and does not fall within the disclosure requirements of IFRS 15.

Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. There is a de minimis limit for manual accruals (not automatic accruals) which has been increased to £10,000 to aid faster closing, transactions below this limit are not accrued for as they are deemed not material to the understanding of these accounts.

### 3. **Estimation Techniques**

Estimation techniques are methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement basis selected for assets, liabilities, gains, losses and changes in reserves. Details of where these are used are contained in the relevant Note to the Accounts. Where a change in an estimation technique is material, an explanation of the change is provided and its effect on the results for the current period.

### 4. **Costs of Internal Support Services**

All costs of management and administration are fully allocated to services. The basis of allocation used for the main costs of management and administration are outlined below:

<b>Cost</b>	<b>Basis of Allocation</b>
Accounting and other services	Budgeted time spent by staff, as predicted by budget managers
Legal services	Actual time spent by staff, as recorded on time recording systems
Administrative Buildings	Per capita
IT support of corporate financial systems	Actual direct costs (hardware costs etc.) plus cost of estimated staff resources
Network / PC support	Per capita
Executive Support, Call Centre, Customer Contact Centre and Printing	Actual use, as recorded by monitoring systems
Internal Audit	Per audit plan
Payroll and Personnel Costs	Per capita
Debtors and Creditors	Per transaction

## 5. **Council Tax and National Non-Domestic Rates**

Revenue relating to council tax and business rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions. Revenue is recognised when it is probable that the economic benefits of the transaction will flow to the Council and the amount of revenue can be measured reliably.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year, which consists of:

- The Council's council tax precept and business rate share from the Collection Fund i.e. the amount billed for the year; and
- The Council's share of the actual council tax and business rates surplus or deficit on the fund at the preceding year-end that has not been distributed or recovered in the current year.

The latter is not required by regulation to be credited to the General Fund and so is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves on the General Fund balance.

The Council, as billing authority, recognises the creditor in its balance sheet for cash collected from taxpayers and businesses on behalf of major preceptors but not yet paid to them, or a debtor for cash paid to major preceptors.

## 6. **Charges to Revenue**

Service and Support Service accounts are debited with amounts to record the cost of holding non-current assets used in the provision of services.

These amounts include the annual provision for depreciation, certain revaluation gains/losses and impairment losses and the amortisation of intangible assets. The amounts are subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account so that they do not impact on the amounts required from local taxation.

Capital charges made to the Housing Revenue Account are the amounts as determined by statutory provision.

External interest payable is debited in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement and amounts set aside from revenue for the repayment of external loans, are charged to the General Fund Balance in the Movement in Reserves Statement.



7. **Revenue Expenditure Funded from Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as Property Plant and Equipment. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and have a direct impact upon Council Tax. These items are generally grants and expenditure on property not owned by the Council.

Such expenditure is charged to Cost of Services in the Comprehensive Income and Expenditure Statement but subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

8. **Government Grants and Contributions**

Grants received are credited to the Comprehensive Income and Expenditure Statement when the income is recognised and, once conditions have been met. Revenue Grants specific to a particular service will be shown against the service expenditure section. General Revenue Grants, in the form of Revenue Support Grant, and Capital Grants are credited and disclosed separately in the Taxation and Non-specific Grant Income section in the Comprehensive Income and Expenditure Statement.

Capital Grants and Capital Contributions will subsequently be transferred through the Movement in Reserves Statement to the Capital Adjustment Account or the Grants Unapplied Account, if expenditure has not been incurred.

If conditions have not been met, grants will be held as a creditor (Grants received in advance) on the Balance Sheet until conditions are met or grants are repaid.

9. **VAT**

VAT is accounted for separately and is not included in the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature. Input VAT, which is not recoverable from HM Revenue and Customs, will be charged to Service Revenue Accounts, or added to capital expenditure as appropriate. The Council's partial exemption status is reviewed on an annual basis.

VAT is accounted for separately and is not included in the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature. Input VAT, which is not recoverable from HM Revenue and Customs, will be charged to Service Revenue Accounts, or added to capital expenditure as appropriate. The Council's partial exemption status is reviewed on an annual basis.

10. **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. The goodwill arising from acquisitions of subsidiaries is included in intangible assets, tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is tested for impairment at least annually. Should the test indicate that the net realisable value of the subsidiary is less than current carrying value, an impairment loss will be recognised immediately in the Comprehensive Income and Expenditure Account. Subsequent reversals of impairment losses for goodwill are not recognised.

11. **Heritage Assets**

Heritage assets are carried at valuation (e.g. insurance valuation) rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon.

Valuations are determined by the insurance valuation or where not available, the historical cost. Although there are no prescribed minimum periods for review, the assets will be reviewed in line with the insurance policy and material changes will be incorporated into the accounts. A de-minimis level has been set at £10,000 for heritage assets based on the method of valuation above.

12. **Assets Held for Sale (Current Assets)**

These assets have been declared surplus to the Council's operational requirements, are being actively marketed for disposal and have an estimated sale date within twelve months of the Balance Sheet date. They are reported on the Balance Sheet, at the lower of the carrying amount or the fair value (market value) of the asset, less the costs to sell the asset. Assets held for sale are not subject to depreciation. Potential 'Right-to-buy' sales are not accounted for until the date of sale, as they are not actively marketed in any conventional way.

13. **Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will benefit the Council for more than one financial year.

An intangible asset is initially measured at cost but will be revalued where the fair value of the asset differs significantly from its carrying value. The depreciable amount is amortised over its useful economic life to the relevant service section in the Comprehensive Income and Expenditure Statement, but subsequently reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

#### 14. **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The cost of items of inventory which take a substantial period of time to complete includes attributable borrowing costs.

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provisions are made for any slow-moving, obsolete or defective inventories.

#### 15. **Investment Assets**

These assets are held solely to earn rentals and/or capital appreciation. The property cannot be used for any other purpose to be classed as an investment asset.

They are held initially at cost and subsequently at fair value, being the price that would be received to sell such an asset.

Properties are not depreciated but are revalued annually according to market conditions at the year-end.

#### 16. **Property, plant and equipment**

##### 16.1. **Recognition**

All expenditure on the acquisition, creation, or enhancement of these assets is capitalised on an accruals basis. These assets are depreciated on a straight-line basis.

##### 16.2. **Recognition Definition**

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

The category is split into seven subcategories.

- Council Dwellings;
- Other Land and Buildings;
- Vehicles, Plant, Furniture and Equipment;
- Infrastructure Assets;
- Community Assets;
- Surplus Assets;
- Assets Under Construction.

The Accounting policy for each type of asset is detailed below:

**16.3. Council dwellings**

These assets are held on the Balance Sheet at current value but discounted to allow for the Existing Use Value for Social Housing (EUV-SH).

An annual valuation is carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institute of Chartered Surveyors (RICS) as at 31 March. Material changes will be reflected in the accounts if they arise after the valuation.

**16.4. Other Land and Buildings**

These assets are held on the Balance Sheet initially at cost, however the Council has a policy of revaluing its property assets on a rolling programme such that the intervals between valuations do not exceed 5 years. Additionally, assets with a value more than £250,000 are revalued on an annual basis.

The valuations are carried out by Wilks Head and Eve LLP (WHE) external qualified (RICS) valuers. WHE have provided the valuation report as at 31 March 2025.

Valuations are based on the market value for existing use or, where a market value cannot be determined as the property is of a specialist nature, the depreciated replacement cost is used.

IFRS requires the consideration of componentisation for material items of property, plant and equipment, where they are of a material financial nature or have significantly differing life expectancies. The Council has set a minimum asset value of £1,000,000 and a component size of at least 10% of the value.

**16.5. Vehicles, Plant, Furniture and Equipment**

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

**16.6. Infrastructure Assets**

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

**16.7. Community Assets**

These are defined as assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and allotments. These assets are held on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

**16.8. Assets under Construction**

This covers assets currently not yet ready for operational purposes. The Council does not depreciate nor revalue assets under construction. These assets are held at cost on the Balance Sheet.

#### 16.9. **Surplus Assets**

These assets are not being used to deliver services and are held at fair value which is the price that would be receivable if sold.

#### 16.10. **Valuations**

Increases in valuations are matched by credits to the Revaluation Reserve to recognise revaluation gains. However, where the increased valuation follows a previous reduction in the carrying value below its historic cost, gains would be credited to the service expenditure in the Comprehensive Income and Expenditure Statement to reverse the loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

On revaluation, accumulated depreciation is written out.

#### 16.11. **Depreciation**

Depreciation on assets with a finite useful life, in line with International Accounting Standard (IAS) 16, is calculated on a straight-line basis according to the following policy:

- All assets with a finite useful life are depreciated on a straight-line basis over the asset life. The life of buildings is reviewed as part of the asset revaluation. The life of vehicles, plant and equipment is generally taken to be five years, unless evidence exists to support a longer or shorter life
- Newly acquired assets and enhancements are depreciated in year one, assets in the course of construction are not depreciated until they are ready for use, starting in the following year
- In accordance with recognised accounting practice, land owned by this Council is not depreciated.

Council Dwellings and other HRA land and property are depreciated in line with proper accounting practices.

#### 16.12. **Impairment of Non-current Assets**

A review for impairment of non-current assets, whether carried at historical cost or valuation, is carried out at year-end to ascertain whether events or changes in circumstances, indicate that the carrying amount of the asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in the asset's fair value during the period;
- evidence of obsolescence or physical damage to the asset;
- a significant adverse change in the statutory or other regulatory environment in which the authority operates;
- a commitment by the authority to undertake a significant reorganisation.

In the event that an impairment is identified, the value will either be written off to the Revaluation Reserve where sufficient reserve levels for that asset exist or written off to Service Expenditure through the Comprehensive Income and Expenditure Statement where the carrying value falls below the historic value of the asset. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer making the impairment.

If the impairment is identified on an investment property, the value is written out to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement.

#### 16.13. **Gains or Losses on Disposal of Property Plant and Equipment**

When an asset is disposed of or de-commissioned, the carrying value of the asset and any receipts from the sale, together with the costs of disposal, are shown on the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement which, therefore, bears a net gain or loss on disposal.

Where the receipt is in excess of £10,000, it is appropriated to the Capital Receipts Reserve, via the Movement in Reserves Statement, where it can be used for any approved capital purpose, e.g. for new capital investment. The carrying value of the disposed asset is appropriated to the Capital Adjustment Account from the Movement on Reserves Statement. Costs of disposal are accounted for within the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement.

#### 17. **Leases**

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. A definition of a lease includes hire purchase arrangements.

### **17.1. Finance Leases**

As lessee, the Council shall recognise finance leases as assets and liabilities at amounts equal to the fair value of the property or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge (interest) and the reduction of the outstanding liability. The finance charge is calculated to produce a constant periodic rate of interest on the remaining balance of the liability.

The Council recognises an asset under a finance lease in the Balance Sheet at an amount equal to the net investment of the lease.

Assets recognised under a finance lease are depreciated; the depreciation policy for leased assets is consistent with the policy for other property, plant and equipment. Where it is not certain that ownership of the asset will transfer at the end of the lease, the asset is depreciated over the shorter of the lease term and its useful economic life. After initial recognition, assets recognised under a finance lease are subject to accounting policies in the same way as any other asset.

As lessor, the Council derecognises the asset and show this as a long-term debtor. Lease rentals receivable are apportioned between a charge for the acquisition of capital (applied to write down the lease debtor) and finance income – which is credited to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement. The Code required this income to be treated as a capital receipt, it is therefore reversed out via the Movement in Reserves Statement to the Capital Receipts Reserve. For finance leases that existed at 31st March 2010, regulations allow these capital receipts to remain credited to the Comprehensive Income and Expenditure Statement.

### **17.2. Right of use assets**

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024.

The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



## **Current Assets and Liabilities**

### **17.3. Short term Debtors and Creditors**

With exceptions set out above (policy no 2), the Revenue and Capital accounts of the Council are maintained on an accruals basis in accordance with the Code and other relevant IASs. That is, sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year.

### **17.4. Impairment Allowance for Bad and Doubtful Debts**

The figure shown in the Statement of Accounts for Debtors is adjusted for bad debts. This amount is to provide for debts that are unlikely to be collected in future years. The percentage used to reduce the Debtors figure is based on historical evidence of collection and management judgements.

### **18. Contingent Assets and Contingent Liabilities**

Contingent assets are not recognised in the Statement of Accounts. They are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities are not recognised in the accounting statements. They are disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability, the nature of the liability is disclosed together with 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. Short term and long-term Provisions**

The Council sets aside provisions for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the provision must be the best estimate of the likely liability or loss. When utilised, the payment is charged to Provisions and not to Service Expenditure.

## 20. **Reserves**

The Council holds Usable and Unusable Reserves. Usable Reserves give the Council discretion to meet expenditure without having a direct impact on Council Tax. In contrast, Unusable Reserves do not give the Council such discretion and are kept to manage the accounting processes for non-current assets, financial instruments and employee benefits.

Usable Reserves are created when the Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. No expenditure is charged directly to a reserve but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement; this is then offset by a reserve appropriation within the Movement in Reserves Statement. The exception is amounts required for the repayment of external loans and for financing capital expenditure from revenue sources. Where this applies, amounts are appropriated from the General Fund Balance in the Movement in Reserves Statement.

The General Fund Balance acts as a working contingency to meet unforeseen and unforeseeable costs including those relating to emergencies. Earmarked reserves, such as the repairs and renewals reserve, are for specific purposes. The Capital Receipts Reserve can only be used for certain statutory purposes such as financing capital expenditure.

The Major Repairs Reserve is a provision required by statute to be set up in relation to the Housing Revenue Account.

## 21. **Employee Benefits**

Three categories of employee benefits exist, under IAS 19 and IPSAS 25 Employee Benefits, as detailed below:

### 21.1. **Benefits payable during employment**

- Short-term employee benefits arise during a financial year or are those due to be settled within 12 months of the year-end. They include wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense for services in the year employees render service to the Council.
- Benefits earned by current employees but payable twelve months or more after the end of the reporting period such as, long-service leave or jubilee payments and long-term disability benefits.

Where considered of a material nature these are accrued.

## **21.2. Termination benefits including Exit Packages**

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. These are often lump-sum payments, but also include enhancement of retirement benefits and salary until the end of a specified notice period, if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee, the costs of redundancy are accrued to the year that the notice is served, but other costs will be charged to the year they are incurred. These costs are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement where the Council is committed to the termination of employment.

## **21.3. Post-employment benefits**

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Code requires the Council to account for this benefit at the time employees earn their future entitlement. The amount charged to the Comprehensive Income and Expenditure Statement for employee's pensions is in accordance with IAS19 Retirement Benefits, subject to the interpretations set out in the Code. This is accounted for in the following ways:

- Pension liabilities, attributable to the Council, are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees etc.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return
- The assets of the pension fund attributable to the Council are included on the Balance Sheet at their fair value:
  - Quoted securities – current bid price;
  - Unquoted securities – professional estimate;
  - Unitised securities – current bid price;
  - Property – market value
- The change in net pensions liability is analysed into five components:
  - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service where employees worked

- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs
- Net interest on the net defined benefit liability (asset) – the change during the period in the net liability (asset) that arises from the passage of time. This is debited/ (credited) to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement
- Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or actions that reduce the expected future service or actuarial benefits of employees - debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs
- Actuarial Gains and Losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the assumptions have been updated - debited to the Comprehensive Income and Expenditure Statement.

Under IAS 19, the Council recognises as an asset or liability, the surplus/deficit in pension costs calculated in accordance with the standard. This surplus/deficit is the excess/shortfall of the value of assets when compared to the present value of the pension liabilities. Where the contributions paid into the Pension Fund do not match the change in the Council's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from the Pension Reserve together with any actuarial gains/losses. The difference between the recognised net pension liability and the amounts attributed to this Council in Kent County Pension Fund are shown in the Balance Sheet as Pensions Liability and this is offset by the Pensions Reserve (an adverse balance).

The Local Government Pension Scheme, applicable to this Council, is administered locally by Kent County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets over the average future working life of its employees.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Pension Fund was at 31 March 2022 and changes to contribution rates as a result of that valuation took effect on 1 April 2023. The next formal valuation will be at 31 March 2025 and changes to contribution rates as a result of that valuation took effect on 1 April 2026.

## **22. Financial Instruments**

The Code has significant disclosure requirements relating to Financial Instruments (e.g. loans and investments). They relate to the identification of the various types of Financial Instruments, gains and losses arising from transactions during the year, comparative valuation statements, and the assessment of risks associated with holding Financial Instruments.

Detailed disclosure of the Council's holding of Financial Instruments is included in Note 22.

### **22.1. Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure classification in the Comprehensive Income and Expenditure Statement for interest payable, are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The reconciliation of amounts charged to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed in the Movement in Reserves Statement by a transfer to or from Unusable Reserves (Financial Instruments Adjustment Account).

### **22.2. Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

#### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the 'Financing and Investment' and 'Income and Expenditure' sections in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure section in the CIES.

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services, although they are reversed out through a statutory override.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis. The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement.

### **Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)**

It is the policy of the Council that certain equity assets will be designated as Financial Assets Measured at Fair Value through other Comprehensive Income. Designation is considered when the investment would normally fall into the Fair Value through Profit of Loss classification, the investment meets the definition of an equity instrument and is not held for trading.

Any designation is determined so that a reliable accounting policy is maintained for the investment reflecting the long-term strategical nature of each investment. Designation is irrevocable so that gain/losses in movements in fair value are not recognised in usable reserves until the investment matures or is sold.

### 22.3. **Financial Instrument Risk**

The Code requires Authorities to estimate the “Fair Value” of their Financial Instruments and compare them with the carrying amounts which appear on the Balance Sheet. The Fair Value estimate will include the future discounted cash flows associated with the Councils’ Financial Instruments as at 31 March and should reflect prevailing interest rates as at that date.

The Code identifies the following three types of risk associated with Financial Instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The Code requires Authorities to produce a sensitivity analysis, detailing the impact of a 1% interest rate change. A full assessment of these risks, including the sensitivity analysis, is included in Note 23.

These disclosure requirements are equally applicable to outstanding debtors, see Note 24 for an analysis of debtors. In addition to this, a provision for impairment is also included in the Statement.

### 23. **Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value and are shown on the Balance Sheet at their nominal value; these include investments that can be accessed immediately without incurring a penalty, such as call accounts. Cash and cash equivalents are shown net of any bank overdraft that forms part of the Council’s cash management.



## 24. **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available Property Plant and Equipment needed to provide the services, passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as the ownership of the Property Plant and Equipment will pass to the Council at the end of the contract at no charge, the Council carries the Property Plant and Equipment used under the contract on the Balance Sheet.

The original recognition of these Property Plant and Equipment was balanced by the recognition of a liability, for the amounts due to the scheme operator to pay for the assets, net of any capital contributions made.

The stock is recognised at current value less the EUV-SH factor and additions are measured at cost, as per the contractor model. Lifecycle costs are accounted for when they occur.

Property Plant and Equipment recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators will be analysed into the following elements:

- Fair value of the services received during the year;
- Finance charge – an interest charge on the balance sheet liability;
- Payment towards the liability.

## 25. **Group Accounts**

Group Accounts are prepared in accordance with IFRS 10 (consolidated financial statements) and IFRS 12 (disclosure of interest in other entities), where it is considered that the Council has a material interest in subsidiaries.

Where applicable the following principles will be followed:

### *Basis of Consolidation*

Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council and a relevant subsidiary. Any gains and losses arising from a subsidiary will be fully reflected in the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement within the Group column.

### *Accounting Policies*

Group Accounts will be prepared using consistent accounting policies where possible; where there are conflicting policies with IFRS requirements, then the requirements of the Code of practice for Local Authority accounting will be adopted for consolidation purposes.

Where Intra-group charges occur, they will be removed during consolidation of the accounts.

The decision to group account is determined by Qualitative and Quantitative materiality, therefore when considering whether to group, not only the values are relevant, the interest to all stakeholders is also taken into account.

**26. Exceptional Items and Prior Year Adjustments**

Exceptional items are included in the cost of the service to which they relate, or on the face of the Comprehensive Income and Expenditure Account, if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

Prior year adjustments arise as a result of a change in accounting policies or to correct a material error. When either of the circumstances applies, the Council will show the extent of the adjustment in a table, reconciling the adjusted opening and closing balances and/or comparative amounts shown for a prior period.

**27. Events after the Balance Sheet Date**

Where an event occurs after the Balance Sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the Balance Sheet date, the amounts in the Statement of Accounts and any affected disclosures should be adjusted.

Where an event occurs after the Balance Sheet date and is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts should not be adjusted but a disclosure made, including:

- the nature of the event;
- an estimate of the financial effect.

Events after the Balance Sheet date should be reflected up to the date when the Statement of Accounts is authorised for issue, as per the approved policies by the council.

## **2. Accounting Standards that have been issued but not adopted**

The Code requires disclosure of the impact (where material), of changes to accounting standards which have been issued but not yet adopted.

The accounting standards which have been issued but not yet adopted in the 2024/25 financial statements are listed below:

- The Effects of Changes in Foreign Exchange Rate (Amendments to IAS21) Issued in August 2023;
- Insurance contracts (IFRS17) issued in May 2017;
- Property, plant and equipment (adaptation and interpretation of IAS16);
- Intangible Asset (adaptation and interpretation of IAS38).

### **3. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has an interest in four subsidiary companies currently operating. Following an assessment, the Council consolidated, Ashford International Development Company Limited, A Better Choice for Property Limited, and its subsidiary, A Better Choice of Property Development and Ashford Cinema Ltd.

#### **4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

The items in the Authority's Balance Sheet at 31 March 2025, for which there is a significant risk of material adjustment in the forthcoming financial year, are shown in the following table:

Item	Uncertainties	Effect if Actual Results Differ from assumptions
Pension Liability of (£11.3m)	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. See note 31 for further details.</p>	<p>A 0.1% change in the discount rate would result in a change in the liability of £2m.</p> <p>A 1-year change in the mortality assumption would result in a £5.3m change in the pension liability.</p>
PPE - Property valuations	<p>Property valuations are regularly reviewed to ensure accurate reporting of the Council's non-current assets.</p> <p>External valuers conduct these valuations following the Council's Accounting Policies, utilizing the latest professional guidance.</p> <p>Valuations incorporate BCIS Average Cost indices and income levels for non-current assets, which may fluctuate over the year.</p> <p>The estimated remaining useful life of all operational assets is reassessed annually, based on advice from the external valuers.</p>	<p>If the valuations were made under different assumptions, there could be significant changes in the accounts.</p>

Item	Uncertainties	Effect if Actual Results Differ from assumptions
PPE Property Assets	Property valuations will need to be kept under regular review.	<p>If the valuations were made under different assumptions, there could be significant changes in the accounts.</p> <p>A 1% change in valuations would result in an overall movement in valuations of Council Dwellings £4.4m, Land and Buildings £1.5m and Surplus Assets £25,000.</p>

## 5. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used to provide services. This is in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices, is presented more fully in the Comprehensive Income and Expenditure Statement.

The tables below include outturns for adjustments for the whole authority, including HRA and General Fund:

2024/25 Expenditure and Funding Analysis	As reported for resource Management	Adjustment to arrive at the net amount chargeable to GF and HRA balances	Net Expenditure Chargeable to the GF and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000
Finance and IT	2,443	(1,313)	1,130	1,969	3,099
HR, Customer Services, Comms and Digitalisation	581	(263)	318	(51)	267
Housing	3,759	(121)	3,638	2,488	6,126
Environmental Health	(381)	1,038	657	(63)	594
Port Health	706	(3,333)	(2,627)	(432)	(3,059)
Environment, Property and Recreation	8,935	(4,338)	4,597	21,718	26,315
Planning and Development	3,028	(1,318)	1,710	(207)	1,503
Corporate Management Costs	(56)	803	747	(86)	661
Head of Economic Development	728	10	738	433	1,171
Head of Development	1,305	(1,305)	0	(46)	(46)
Head of Performance and Policy	563	792	1,355	(15)	1,340
Solicitor to The Council and Monitoring Officer	642	(234)	408	(81)	327
Local Authority Housing (HRA)	(652)	(7,635)	(8,287)	12,617	4,330
Non distributed costs	0	1,358	1,358	0	1,358
<b>Net Cost of Service</b>	<b>21,601</b>	<b>(15,859)</b>	<b>5,742</b>	<b>38,244</b>	<b>43,986</b>
Other Income & Expenditure	979	(8,944)	(7,967)	(20,542)	(28,509)
<b>(Surplus) or deficit</b>	<b>22,580</b>	<b>(24,803)</b>	<b>(2,225)</b>	<b>17,702</b>	<b>15,477</b>
Opening GF and HR Balance 31 March 2024 Restated			(37,299)		
Closing GF and HRA Balance 31 March 2025			(39,524)		



## Expenditure and Funding Analysis continued

2023/24 Expenditure and Funding Analysis	As reported for resource Management	Adjustment to arrive at the net amount chargeable to GF and HRA balances	Net Expenditure Chargeable to the GF and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000
Finance and IT	2,624	(1,344)	1,280	2,442	3,722
HR, Customer Services, Comms and Digitalisation	417	(80)	337	(41)	296
Housing	2,559	68	2,627	1,486	4,113
Environmental Health	714	(47)	667	(106)	561
Port Health	(245)	(338)	(583)	(184)	(767)
Environment, Property and Recreation	7,374	(2,517)	4,857	7,462	12,319
Planning and Development	2,888	(918)	1,970	(268)	1,702
Corporate Management Costs	939	436	1,375	(103)	1,272
Head of Economic Development	688	112	800	118	918
Head of Development	13	(13)	0	(49)	(49)
Head of Performance and Policy	1,635	(47)	1,588	(67)	1,521
Solicitor to The Council and Monitoring Officer	452	161	613	(112)	501
Local Authority Housing (HRA)	1,686	(15,259)	(13,573)	12,609	(964)
Non distributed costs	0	1,495	1,495	0	1,495
<b>Net Cost of Service</b>	<b>21,744</b>	<b>(18,291)</b>	<b>3,453</b>	<b>23,187</b>	<b>26,640</b>
Other Income & Expenditure	(866)	(1,885)	(2,753)	(30,913)	(33,666)
<b>(Surplus) or deficit</b>	<b>20,878</b>	<b>(20,176)</b>	<b>700</b>	<b>(7,726)</b>	<b>(7,026)</b>
Opening GF and HR Balance 31 March 2023 Restated			(37,999)		
Closing GF and HRA Balance 31 March 2024 Restated			(37,299)		

## 6. Note to the Expenditure and Funding Analysis

2024/25	Depreciation/ impairment reported at Service level £'000	Other adjustments in relation to management reporting £'000	Total to arrive at the amount charged to the GF and HRA £'000	Adjustments for capital purposes £'000	Net change for the Pension Adjustment £'000	Net change for Pooled Investments £'000	Net change for Collection Fund Section 31 Grant £'000	Total Adjustment between funding and accounting basis £'000
Finance and IT	(192)	(1,121)	(1,313)	1,997	(28)	0	0	1,969
HR, Customer Services, Comms and Digitalisation	(151)	(112)	(263)	151	(202)	0	0	(51)
Housing	0	(121)	(121)	2,641	(153)	0	0	2,488
Environmental Health	0	1,038	1,038	0	(63)	0	0	(63)
Port Health	(24)	(3,309)	(3,333)	24	(456)	0	0	(432)
Environment, Property and Recreation	(3,764)	(574)	(4,338)	22,067	(349)	0	0	21,718
Planning and Development	(40)	(1,278)	(1,318)	40	(247)	0	0	(207)
Corporate Management Costs	0	803	803	0	(86)	0	0	(86)
Head of Economic Development	(16)	26	10	476	(43)	0	0	433
Head of Development	0	(1,305)	(1,305)	0	(46)	0	0	(46)
Head of Performance and Policy	(36)	828	792	36	(51)	0	0	(15)
Solicitor to The Council and Monitoring Officer	(6)	(228)	(234)	6	(87)	0	0	(81)
Local Authority Housing (HRA)	(6,774)	(861)	(7,635)	12,942	(325)	0	0	12,617
Non distributed costs	0	1,358	1,358	0	0	0	0	0
<b>Net Cost of Service</b>	<b>(11,003)</b>	<b>(4,856)</b>	<b>(15,859)</b>	<b>40,380</b>	<b>(2,136)</b>	<b>0</b>	<b>0</b>	<b>38,244</b>
Other Income & Expenditure	0	(8,944)	(8,944)	(20,014)	256	(989)	205	(20,542)
<b>Total</b>	<b>(11,003)</b>	<b>(13,800)</b>	<b>(24,803)</b>	<b>20,366</b>	<b>(1,880)</b>	<b>(989)</b>	<b>205</b>	<b>17,702</b>

## Note to the Expenditure and Funding Analysis continued

Restated								
2023/24	Depreciation/ impairment reported at Service level £'000	Other adjustments in relation to management reporting £'000	Total to arrive at the amount charged to the GF and HRA £'000	Adjustments for capital purposes £'000	Net change for the Pension Adjustment £'000	Net change for Pooled Investments £'000	Net change for Collection Fund Section 31 Grant £'000	Total Adjustment between funding and accounting basis £'000
Finance and IT	(61)	(1,283)	(1,344)	2,439	3	0	0	2,442
HR, Customer Services, Comms and Digitalisation	(107)	27	(80)	107	(148)	0	0	(41)
Housing	(59)	127	68	1,660	(174)	0	0	1,486
Environmental Health	0	(47)	(47)	0	(106)	0	0	(106)
Port Health	(36)	(302)	(338)	36	(220)	0	0	(184)
Environment, Property and Recreation	(2,515)	(2)	(2,517)	7,888	(426)	0	0	7,462
Planning and Development	(46)	(872)	(918)	46	(314)	0	0	(268)
Corporate Management Costs	0	436	436	0	(103)	0	0	(103)
Head of Economic Development	(10)	122	112	174	(56)	0	0	118
Head of Development	0	(13)	(13)	0	(49)	0	0	(49)
Head of Performance and Policy	0	(47)	(47)	0	(67)	0	0	(67)
Solicitor to The Council and Monitoring Officer	0	161	161	0	(112)	0	0	(112)
Local Authority Housing (HRA)	(6,583)	(8,676)	(15,259)	12,942	(333)	0	0	12,609
Non distributed costs	0	1,495	1,495	0	0	0	0	0
<b>Net Cost of Service</b>	<b>(9,417)</b>	<b>(8,874)</b>	<b>(18,291)</b>	<b>25,292</b>	<b>(2,105)</b>	<b>0</b>	<b>0</b>	<b>23,187</b>
Other Income & Expenditure	0	(1,885)	(1,885)	(30,078)	163	(53)	(946)	(30,913)
<b>Total</b>	<b>(9,417)</b>	<b>(10,759)</b>	<b>(20,176)</b>	<b>(4,786)</b>	<b>(1,942)</b>	<b>(53)</b>	<b>(946)</b>	<b>(7,726)</b>

## 7. Expenditure and Income Analysed by Nature

2023/24		2024/25
Totals per CI&ES		Totals per CI&ES
£'000		£'000
(54,279)	Fees, charges and other service income	(66,334)
(32,955)	Grants	(29,327)
<b>(87,234)</b>	<b>Total Income</b>	<b>(95,661)</b>
24,939	Employees	31,487
18,044	Premises	16,873
47,513	Supplies and Services	49,677
929	Transport	850
(1,081)	Support service recharges	(1,585)
23,522	Capital Charges	42,336
8	Transfers To/From Reserves	8
<b>113,874</b>	<b>Total Expenditure</b>	<b>139,646</b>
26,640	<b>Cost of Services</b>	43,985
2,932	Parish Council Precepts & Levies	3,191
0	Payments to housing capital receipts pool	0
(1,868)	Gain or loss on disposal of non-current assets	(2,117)
10,111	Interest payable and similar charges	11,108
616	Expected Credit Loss	188
163	Net interest on the net defined benefit liability (asset)	256
(4,690)	Interest receivable and similar income	(4,773)
0	(Surplus)/deficit on revaluation of Investments elected through FVPL	(323)
(11,548)	Council Tax income	(12,239)
(5,001)	Non-domestic rates	(4,566)
(5,031)	Section 31 Grant - Collection Fund	(5,828)
(2,757)	Non-ringfenced government grants	(2,876)
(16,593)	Capital grants and contributions	(10,530)
<b>(7,026)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>15,476</b>
(6,666)	<b>Other Comprehensive Income and Expenditure</b>	<b>(4,001)</b>
	Totals of Resources Allocations and Code adjustments	
<b>(13,692)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>11,475</b>

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

## 8. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year:

2023/24 £'000		2024/25 £'000
378	Allowances	393
4	Expenses	3
<u>382</u>		<u>396</u>

## 9. Officers' Remuneration

This note provides the details of Senior Officers' remuneration and the numbers of employees whose remuneration falls into the categories shown.

'Remuneration' or this purpose, means taxable pay, and includes the tax value of other benefits e.g. leased cars, and termination payments.

### Senior Employee Remuneration 2024/25

2024/25		Pay & expenses £'000	Benefits in kind £'000	Total £'000	Pension contributions £'000	Total remuneration £'000
Chief Executive	+	153	0	153	29	182
Deputy Chief Executive	+	120	0	120	23	143
Corporate Director Place, Space & Leisure		109	0	109	21	130
Corporate Director Housing, Customer, Technology and Finance	+	109	0	109	21	130
Corporate Director Health & Wellbeing		109	0	109	21	130
Solicitor to the Council & Monitoring Officer	+	73	11	84	11	95
Head of Economic Development		83	0	83	18	101
Head of Policy & Performance		82	0	82	18	100
		<u>838</u>	<u>11</u>	<u>849</u>	<u>162</u>	<u>1,011</u>

+ Officers that also fulfil statutory roles.

## Senior Employee Remuneration 2023/24 comparators

2023/24		Pay & expenses	Benefits in kind	Total	Pension contri-butions	Total remun-eration
		£'000	£'000	£'000	£'000	£'000
Chief Executive	+	146	0	146	28	174
Deputy Chief Executive	+	114	0	114	22	136
Corporate Director Place, Space & Leisure		100	0	100	19	119
Corporate Director Housing, Customer, Technology and Finance	+	100	0	100	19	119
Corporate Director Health & Wellbeing		97	0	97	18	115
Solicitor to the Council & Monitoring Officer	+	70	11	81	14	95
Head of Economic Development		75	0	75	14	89
Head of Policy & Performance		74	0	74	14	88
		<u>776</u>	<u>11</u>	<u>787</u>	<u>148</u>	<u>935</u>

+ Officers that also fulfil statutory roles.

## Other Employee Remuneration by Band

2023/24		2024/25
<i>nos</i>	Remuneration bands	<i>nos</i>
22	£50,000 - £54,999	17
19	£55,000 - £59,999	29
12	£60,000 - £64,999	17
12	£65,000 - £69,999	6
4	£70,000 - £74,999	12
1	£75,000 - £79,999	6
4	£80,000 - £84,999	1
0	£85,000 - £89,999	1
0	£90,000 - £94,999	3
1 *	£95,000 - £99,999	1 *
<u>75</u>		<u>93</u>

If figures are marked with an \* this indicates bands which include officers who have received redundancy payments within their remuneration for the year.

The bandings only include the remuneration of senior employees and relevant officers that have not been disclosed individually within the Senior Employee Remuneration table above.

## 10. Termination Benefits

The Authority terminated the contracts of eight employees in 2024/25 incurring liabilities of £167,122 (£219,390 in 2023/24).

2023/24			2024/25		
Voluntary	Compulsory	Exit package cost band (including special payments)	Voluntary	Compulsory	
<i>nos</i>	<i>nos</i>		<i>nos</i>	<i>nos</i>	
6	5	£0 - £19,999	1	3	
1		£20,000 - £39,999	2	1	
1	1	£40,000 - £59,999	1		
8	6	Total number included in bandings and in CIES	4	4	

## 11. External Audit Costs

In 2024/25, Ashford Borough Council paid the following fees relating to external audit and inspection:

2023/24		2024/25
£'000		£'000
178	Fees payable with regard to external Audit services carried out by the appointed Auditor for the year	194
46	Fees payable for the certification of grant claims and returns	49
224		243

## 12. Grant Income

The Authority credited the following material government grants and contributions to the Provision of Services in the Comprehensive Income and Expenditure Statement.

2023/24			2024/25	
£'000	£'000		£'000	£'000
		<i>Credited to Cost of Services</i>		
2,157		CLG: Homeless Initiatives including Refugee Project	1,923	
0		CLG: Major Sites Planning Grant	0	
90		DWP: Discretionary Housing Payments	119	
572		DWP: Benefit Administration Subsidy	292	
23,860		DWP: Benefits Subsidy	22,796	
41		Home Office: Community Safety	32	
3,239		DFT: Port Infrastructure Grant	1,627	
726		Covid Grant Paid as Principal	32	
0		Household Support Funds	743	
1,998	32,683	Other government grants	1,764	29,328
272	272	KCC: Recycling Credits	0	0
	32,955	Total credited to Cost of Services		29,328
		<i>Credited to Taxation and Non-specific Grant Income</i>		
		Non-ringfenced government grants:		
97		Rate Support Grant	113	
5,031		S31 Grant NNDR	5,828	
0		S31 Grant - Other	0	
998		Other non-specific government grants	1,316	
1,662		New Homes Bonus	1,447	
16,591		Capital grants and contributions	10,530	
	24,379			19,234
	57,334			48,562



### 13. General Fund Reserves

This note sets out the split of General Fund reserve balances to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

	Balance at 31 March 2024 Restated	2024/25		Balance at 31 March 2025
	£'000	Transfers In £'000	Transfers Out £'000	£'000
General fund general reserves	(3,265)	0	0	(3,265)
<u>Earmarked general fund reserves</u>				
MTFP Risk	(11,076)	(1,175)	3,919	(8,332)
Ashford Port Health	(2,706)	(2,337)	126	(4,917)
Collection Fund Risk	(1,000)	0	0	(1,000)
Strategic Investment and Property Risk	(3,000)	0	0	(3,000)
Climate Change Delivery Fund	(1,000)	0	100	(900)
Provide for Maintenance of Assets	(5,000)	(818)	553	(5,265)
Required by Statute Reserves and other ring fenced amounts	(5,453)	(223)	104	(5,572)
Developer Contributions	(2,443)	(1,920)	98	(4,265)
	<u>(31,678)</u>	<u>(6,473)</u>	4,900	<u>(33,251)</u>

	Balance at 31 March 2023 Restated	2023/24		Balance at 31 March 2024 Restated
	£'000	Transfers In £'000	Transfers Out £'000	£'000
General fund general reserves	(3,265)	0	0	(3,265)
<u>Earmarked general fund reserves</u>				
MTFP Risk	(12,664)	(864)	2,452	(11,076)
Collection Fund Risk	(1,000)	0	0	(1,000)
Strategic Investment and Property Risk	(3,000)	0	0	(3,000)
Climate Change Delivery Fund	(1,080)	(100)	180	(1,000)
Provide for Maintenance of Assets	(5,173)	(797)	970	(5,000)
Required by Statute Reserves and other ring fenced amounts	(8,371)	(503)	715	(8,159)
Developer Contributions	(1,404)	(1,138)	99	(2,443)
	<u>(32,692)</u>	<u>(3,402)</u>	4,416	<u>(31,678)</u>

#### The Purpose of the Earmarked Reserves

The Council has established a number of earmarked reserves for specific purposes. These reserves broadly fall into the following classifications:

**General Fund** – Minimum level of reserve equal to 15% of the Net Operational Budget excluding contributions to and from reserves.

**MTFP Risk** – to cover the risk identified within the last reported MTFP based on no savings being developed. This risk will be reviews as savings are delivered and as new risks emerge/diminish.

**Ashford Port Heath** – to cover risks associated with the operation of the Port Health Service including business interruption. This was shown under Required by Statute Reserves and other ring-fenced amount in 2023/24 but is now a stand-alone reserve.

**Strategic Investment and Property Risk** – to recognise risk associated with Strategic Investment to cover possible losses in the event of forced sale (Potential Credit Loss). This also supports in year pressures arising through voids within the commercial property portfolio.

**Maintenance of Assets** – to provide for the maintenance of the Council's assets, including the Aspire fleet. In addition to this a number of leases require the Council to put aside money to cover future maintenance liabilities.

**Climate Change Delivery Fund** – Will be used to support projects that support the reduction of Carbon within the Borough.

**Collection Fund Risk** – to mitigate the risk of fluctuating cashflows as a result of support schemes being awarded by Government which are then reimbursed through S31 Grants. To support movements in actual levels of income received as a result of economic downturn which are then recovered from preceptors in subsequent years.

**Ring Fenced Reserves** – are funds the Council hold which have limitations on use.

## 14. Property, Plant and Equipment

Property, Plant & Equipment 2024/25	Council dwellings	Other land & buildings	Vehicles, plant, furniture & equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Right of use assets	Total property, plant & equipment	PFI assets included in Property, plant & equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost or Valuation</i>										
1 April 2024	435,630	171,963	12,893	2,823	4,568	3,291	13,703		644,871	27,093
Additions	17,313	7,364	1,523	26	117	0	15,474	5,033	46,850	57
Revaluation recognised in the Revaluation Reserve	(3,012)	(5,554)	0	0	0	(12)	0	739	(7,839)	2,144
Revaluation recognised in the Provision of Services	(12,276)	(15,096)	0	0	0	24	0	(514)	(27,862)	(44)
Derecognition - disposals	(2,015)	(27)	(125)	0	0	0	0	0	(2,167)	(86)
Transfer between classes of Assets	8,139	3,628	7	0	0	(1,994)	(9,898)	118	0	0
31 March 2025	443,779	162,278	14,298	2,849	4,685	1,309	19,279	5,376	653,853	29,164
<i>Accumulated Depreciation and Impairment</i>										
1 April 2024	0	(4,665)	(2,958)	(73)	(229)	(15)	0	0	(7,940)	0
Depreciation charge	(6,192)	(2,782)	(1,276)	(116)	0	0	0	(637)	(11,003)	(553)
Depreciation written out - Revaluation Reserve	8,774	2,497	0	0	0	0	0	0	11,271	551
Derecognition - disposals	29	0	126	0	0	0	0	0	155	2
31 March 2025	2,611	(4,950)	(4,108)	(189)	(229)	(15)	0	(637)	(7,517)	0
<i>Net book value</i>										
31 March 2025	446,390	157,328	10,190	2,660	4,456	1,294	19,279	4,739	646,335	29,164
31 March 2024	435,630	167,298	9,935	2,750	4,339	3,276	13,703	0	636,931	33,116

## Property, Plant and Equipment continued

Property, Plant & Equipment 2023/24	Council dwellings	Other land & buildings	Vehicles, plant, furniture & equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Total property, plant & equipment	PFI assets included in Property, plant & equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost or Valuation</i>									
1 April 2023 Restated	430,351	161,681	5,970	2,496	1,716	6,457	9,148	617,819	33,258
Additions	13,112	10,020	6,952	327	0	0	10,157	40,568	21
Revaluation recognised in the Revaluation Reserve	(3,989)	1,247	0	0	0	(316)	0	(3,058)	393
Revaluation recognised in the Provision of Services	(5,523)	(6,261)	0	0	0	(171)	0	(11,955)	(556)
Derecognition - disposals	(843)	(153)	(29)	0	0	0	0	(1,025)	0
Transfer between classes of Assets	0	5,429	0	0	2,852	(2,679)	(5,602)	0	0
31 March 2024	433,108	171,963	12,893	2,823	4,568	3,291	13,703	642,349	33,116
<i>Accumulated Depreciation and Impairment</i>									
1 April 2023 Restated	1	(3,906)	(2,438)	(58)	(229)	(15)	0	(6,645)	0
Depreciation charge	(6,061)	(2,674)	(547)	(15)	0	0	0	(9,297)	(556)
Depreciation written out - Revaluation Reserve	8,574	1,912	0	0	0	0	0	10,486	556
Impairment written out - Provision of Service									
Derecognition - disposals	8	3	27	0	0	0	0	38	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0	0
31 March 2024	2,522	(4,665)	(2,958)	(73)	(229)	(15)	0	(5,418)	0
<i>Net book value</i>									
31 March 2024	435,630	167,298	9,935	2,750	4,339	3,276	13,703	636,931	33,116
31 March 2023 Restated	430,352	157,775	3,532	2,438	1,487	6,442	9,148	611,175	33,258

The following table shows an analysis of the Net Book Value of revalued assets by the year of valuation and the historic cost values of the various asset classes, which were established at 1st April 2007 when the current capital accounting requirements came into force.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Machinery	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Right of Use Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	0	11,303	9,483	2,660	4,456	6	18,067		45,975
31 March 2025	441,257	139,881	707			2,444		4,739	589,027
31 March 2024		754							754
31 March 2023		422							422
31 March 2022									0
31 March 2021		2,418				56			2,475
<b>Total</b>	<b>441,257</b>	<b>154,778</b>	<b>10,190</b>	<b>2,660</b>	<b>4,456</b>	<b>2,506</b>	<b>18,067</b>	<b>4,739</b>	<b>638,653</b>

## Revaluations

The Council adopts revaluations on a rolling cycle programme where property assets are revalued at least every 5 years, with council dwellings and assets over the de-minimis level £250,000 being valued annually. The valuations as at 31 March 2025 were carried out externally by Wilks Head & Eve qualified RICS valuers.

The basis for valuation is set out in the Statement of Accounting Policies. In 2020/21 all assets were revalued.

## Right of use assets

2023/24 £'000		2024/25 £'000
	<i>Right of use assets analysed by nature:</i>	
0	Land and Buildings	4,231
0	Vehicles, plant and equipment	508
<u>0</u>		<u>4,739</u>
	<i>Lease liability for the right of use assets</i>	
0	Within one year	(111)
0	Over one year	(1,912)
<u>0</u>		<u>(2,023)</u>

## Surplus Assets

No purchases of surplus land or buildings have occurred during 2024/25. Many sites/buildings have been transferred to Land and Building as works have commenced.

The surplus assets have been valued using IFRS13 fair value level 2 as significant observable inputs using land prices in the Local Authority area.

2023/24		2024/25
£'000		£'000
62	Bockhanger Site	62
668	Torrington Road Ex-Allotment Site	0
558	Land at Coneybeare, Torrington Road	0
446	Land at Blinds Groom Lane	448
336	Mecca	360
424	Cudworth Road	424
782	Ninn Lane	0
<u>3,276</u>		<u>1,294</u>

Movement of Surplus Assets	1st April	Additions & disposals	Transfer between classes of assets	Revaluation gains/ losses	31st March
	£'000	£'000	£'000	£'000	£'000
2024/25	3,276	0	(2,008)	26	1,294
2023/24	6,443	0	(2,679)	(488)	3,276
2022/23	4,064	1,705		674	6,443

## **Asset Valuation**

A valuation exercise and impairment review was completed by external qualified (RICS) valuers, Wilks Head and Eve LLP, in accordance with the relevant guidance. Valuation movements are reviewed and challenged where significant movement has occurred.

## **Depreciation**

The useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings – the useful life of 50 years (previously used the Major Repairs Allowance as a proxy for depreciation between 25-60 years)
- Other Land and Buildings – the useful life estimated by a qualified valuer between 15-60 years
- Vehicles, Plant, Furniture & Equipment – subject to professional view on life between 5-15 years.
- Infrastructure – the useful life estimated between 15-60 years

## **15. Revaluation Gains and Impairments**

There have been valuation movements of the HRA Dwellings. Please see the HRA supplementary statement, note 7 on page 107.

General Fund assets were revalued as at 31st March 2025. Overall, there have been downward revaluations of £3,022,122 recognised through the Revaluation Reserve and downwards revaluation movements of £15,249,799 written out through the CIES.

The assets were valued as at 31 March 2025.

## **16. Investment Properties (Group Accounts)**

Investment properties are wholly owned with the A Better Choice for Property Ltd and 65% owned with Ashford International Development Company Ltd (AIDC). Property valuations were made by an independent valuer Sibley Pares Ltd, external qualified (RICS) valuers and are reflected in the group statement and the tables below.

The accuracy of the fair value measurement is classified by 'fair value levels' which are shown under financial instruments at note 22, the valuation of the property portfolio is assessed at level 3.

For the A Better Choice for Property Development Ltd and AIDC Ltd the works are valued as inventory as the Company is planning to dispose of the assets once

completed, the total is therefore shown separately from the Property Company investment properties.

The cashflow statement has the movements to reflect these purchases.

Group Position		Group Position
2023/24		2024/25
£'000		£'000
22,388	Property Portfolio - (A Better Choice for Property Ltd.)	22,177
11,540	Inventory - (A Better Choice for Property Development Ltd.)	11,884
19,954	Inventory - (Ashford International Development Company Ltd.)	26,167
<u>53,882</u>		<u>60,228</u>

Movements in Investment Property (A Better Choice for Property Ltd. and its subsidiary)	1st April	Additions & disposals	Revaluation gains/ losses	31st March
	£'000	£'000	£'000	£'000
2024/25	33,928	88	44	34,061
2023/24	36,564	151	(2,787)	33,928
2022/23	35,092	1,208	264	36,564
2021/22	33,357	506	1,229	35,092
2020/21	28,224	4,422	711	33,357

Movements in Investment Property (Ashford International Development Company Ltd)	1st April	Additions & disposals	Revaluation gains/ losses	31st March
	£'000	£'000	£'000	£'000
2024/25	19,954	6,213		26,167
2023/24	13,302	6,652		19,954
2022/23	10,228	3,074		13,302

## 17. Heritage Assets

Heritage assets have been identified and disclosed in these accounts. The following assets are disclosed in the Balance Sheet:

2023/24		2024/25
£'000		£'000
5,996	Windmills at Woodchurch & Willesborough	6,296
750	Hubert Fountain (Victoria Park)	750
266	Mayor's regalia, including mace and badges	266
96	Queen Marie Statue	96
<u>7,108</u>		<u>7,408</u>

During 2024/25 insurance valuations on the above assets were sought and this resulted in the Windmills at Woodchurch and Willesborough increasing by £299,775.



## 18. Capital Expenditure and Capital Financing

This year the Capital Financing Requirement has increased, mainly due to purchase of Elwick Studios, freehold at Park Mall, HRA decarbonisation and Henwood.

2023/24		2024/25
£'000		£'000
285,635	<i>Opening Capital Financing Requirement</i>	300,579
	<i>Capital investment:</i>	
40,568	Property, Plant and Equipment	41,817
145	Intangible Assets	0
1,862	Loans to subsidiaries	276
0	Right of Use Assets Recognised in Year	5,033
1,543	Revenue Expenditure funded from Capital under Statute	7,839
44,118		54,965
	<i>Sources of Finance:</i>	
(3,859)	Capital Receipts	(7,247)
(10,520)	Government grants and contributions (received in year)	(9,717)
(646)	Government grants and contributions (brought forward)	(4,825)
(3,470)	Major Repairs Reserve	(6,095)
(18,495)		(27,884)
	Sums set aside from revenue and subsidiaries	
(1,167)	- Repayment of subsidiary loans	(295)
(2,868)	- Direct revenue contributions	(699)
(1,039)	- Repayment of HRA debt - PFI scheme	(1,146)
(3,850)	- Repayment of HRA debt	0
(1,755)	- Minimum revenue provision (MRP)	(2,574)
(10,679)		(4,714)
300,579	<i>Closing Capital Financing Requirement</i>	322,945
	<i>Explanation of movements in year</i>	
22,755	Increase in underlying need to borrowing (unsupported by government financial assistance)	26,381
(7,812)	Provision for the repayment of debt	(4,014)
14,942		22,367

## 19. Capital Receipts

During the year the Council received £4.1m in capital receipts and used £7.2m to fund capital expenditure. At 31 March 2025, the Council had capital receipt reserves of £186,000.

2023/24		2024/25
£'000		£'000
(4,305)	Balance at 1 April	(3,302)
(2,847)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,073)
(27)	Other Capital Receipts not arising from the disposal of a non-current asset	(100)
3,859	Use of the Capital Receipts Reserve to finance new Capital Expenditure	7,247
18	Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	42
(21)	Transfer from the Deferred Capital Receipts Reserve upon the receipt of cash	(22)
21	Capital receipts to treated as revenue income	22
1,003	Movement in year	3,116
(3,302)	Balance at 31 March	(186)

## 20. Capital Grants

During the year the Council received £10.2m in capital grants of which £9.3m funded Capital Expenditure in year. At 31 March 2025, the Council had capital grant reserves of £3m.

2023/24		2024/25
£'000		£'000
(1,623)	Balance at 1 April	(7,049)
646	Application of grants to capital financing transferred to the Capital Adjustment Account	4,825
(10,520)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied in year	(9,717)
10,520	Capital grants and contributions applied in year credited to the Comprehensive Income and Expenditure Statement	9,717
(6,072)	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(944)
0	Other Adjustments	130
(5,426)	Movement in year	4,011
(7,049)	Balance at 31 March	(3,038)

## 21. Capital Commitments

At 31 March 2025, the Council had an approved capital programme for the next three years totalling £349m. The value of capital contractual commitments is £73.9m as detailed below:

31-Mar-24		31-Mar-25
£'000		£'000
67,023	Newtown Works	64,027
	<i>Housing Revenue Account - Major Projects</i>	
10,825	Decarbonisation Programme	8,059
46	Heathside	1,317
0	Abbey Way (Waltham Close)	268
0	Mill View	145
0	Four Winds Egerton (Henshaw Place)	86

## 22. Financial Instruments

### Equity instruments elected to fair value through other comprehensive income (FVOCI) or profit and loss (FVPL)

The tables below identify investments that have recognised through FVPL and FVOCI and detail the annual movements in their fair value.

### Equity instruments elected to fair value through other comprehensive income (FVOCI)

	Market Value as at 31/03/2024	(Sale) / Purchase of shares during the year	Change in Market Value during the year recognised in FVOCI	Market Value as at 31/03/2025	Investment Interest	
					2024/25	2023/24
<i><b>Elected Fair value OCI</b></i>	£'000	£'000	£'000	£'000	£'000	£'000
A Better Choice for Property Ltd*	331	0	172	503	0	0
Ashford International Development Company	1,372	0	(13)	1,359	0	0
Ashford Cinema Ltd.	1	0	0	1	0	0
<b>Total</b>	<b>1,704</b>	<b>0</b>	<b>159</b>	<b>1,863</b>	<b>0</b>	<b>0</b>

## Equity instruments elected to fair value through Profit and Loss (FVPL)

	Market Value as at 31/03/2024	(Sale) / Purchase of shares during the year	Change in Market Value during the year recognised in FVPL	Market Value as at 31/03/2025	Investment Interest	
					2024/25	2023/24
<i><b>Not elected, fair value through profit and loss</b></i>	£'000	£'000	£'000	£'000	£'000	£'000
Aegon Diversified Monthly Income Fund	5,065	0	(36)	5,029	293	312
CCLA Diversified Income Fund	2,942	0	(159)	2,783	104	85
CCLA Local Authorities' Property Fund	11,114	0	214	11,327	636	582
Goldman Sachs	56	(56)	0	0	0	0
Ninety One Diversified Income Fund	2,235	0	(15)	2,220	111	104
Payden and Regal	2,968	0	12	2,980	136	120
Schroder Income Maximiser Fund	3,093	0	213	3,306	229	218
UBS Global Income Fund	1,248	0	28	1,276	117	108
UBS Multi-Asset Income Fund	2,265	(2,265)	0	0	27	144
<b>Total</b>	<b>30,986</b>	<b>(2,322)</b>	<b>257</b>	<b>28,922</b>	<b>1,654</b>	<b>1,673</b>

## Financial Instruments

Long-term 31 March 2024 £'000	Current 31 March 2024 £'000		Long-term 31 March 2025 £'000	Current 31 March 2025 £'000
		<b>Investments</b>		
		<i>Investments</i>		
30,986	5,440	FVPL	28,922	4,598
1,703	0	FVOCI*	1,862	0
<u>32,689</u>	<u>5,440</u>	Total Investments	<u>30,784</u>	<u>4,598</u>
		<b>Debtors</b>		
49,220	7,902	Amortised cost	44,223	6,261
<u>81,909</u>	<u>13,342</u>	<b>Total assets</b>	<u>75,007</u>	<u>10,859</u>
		<b>Borrowings</b>		
(145,857)	(96,646)	Amortised cost	(171,050)	(91,748)
		<b>Other Long-term Liabilities</b>		
(14,622)	(1,026)	Amortised cost	(13,247)	(963)
		<b>Creditors</b>		
(118)	(23,041)	Financial liabilities	0	(18,591)
<u>(160,597)</u>	<u>(120,713)</u>	<b>Total liabilities</b>	<u>(184,297)</u>	<u>(111,302)</u>

Financial assets carried at contract amounts include loans to the Council's property and development companies, A Better Choice for Property Ltd, and its subsidiary A Better Choice for Property Development Ltd amounting to £33m as at 31 March 2025. These loans are secured against charges on the properties and land acquired by the Companies.

## Financial Instruments – Gains and losses

2023/24		2024/25
£'000		£'000
10,335	Interest payable	11,110
(4,866)	Interest and Investment Income	(4,515)
(52)	Downward/upward revaluation of financial assets (FVPL)	(257)
(2,403)	Downward/upward revaluation of financial assets (FVOCI)*	159
3,014	Net gains/loss for the year	6,497

## Fair Values of Assets and Liabilities

Not all of the Financial Instruments are carried in the Balance Sheet at fair value. In particular, long-term loans, receivables and financial liabilities are carried at amortised cost.

Balance Sheet and fair values are shown in the tables below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities
- Level 2 – fair value is calculated from inputs other than those quoted prices that are observable for the asset or liability
- Level 3 – fair value of instruments is estimated by using unobservable inputs to the extent that relevant observable inputs are not available. Unobservable inputs are developed using the best information available in the circumstances, which may include the ABC's own data, taking into account all information about market participation assumptions that is reliably available (Level 3 as defined by IFRS 13).

Balance Sheet	Fair Value		Fair Value Level	Balance Sheet	Fair Value
31 March 2024				31 March 2025	
£'000	£'000			£'000	£'000
<b>Financial assets held at fair value:</b>					
5,984	5,984	Money market funds	1	4,906	4,906
19,370	19,370	Equity funds	1	17,595	17,595
11,565	11,565	Property fund	1	11,327	11,327
2,675	2,675	Shares in A Better Choice for Property Ltd.	3	503	503
1,384	1,384	Shares in Ashford International Development Co Ltd	3	1,359	1,359
0	0	Shares in Ashford Cinema Ltd	3	1	1
40,977	40,977	Subtotal where fair value is applicable		35,690	35,690
<b>Financial assets held at amortised cost:</b>					
7,620	*	Short-term debtors		6,261	*
47,545	*	Long-term debtors		44,223	*
96,142				86,174	

Balance Sheet	Fair Value		Fair Value Level	Balance Sheet	Fair Value
31 March 2024				31 March 2025	
£'000	£'000			£'000	£'000
<b>Financial Liabilities held at Amortised Cost:</b>					
(145,857)	(130,763)	Long Term loans from PWLB	2	(171,050)	(130,763)
(15,648)	(17,072)	PFI Liabilities	3	(14,210)	*
(118)	(315)	Lease Payables	3	0	*
(161,623)	(148,150)	Subtotal where fair value is applicable		(185,260)	(130,763)
(23,041)	*	Short-term creditors		(18,591)	*
(96,646)	*	Short-term borrowing		(91,748)	*
(281,310)				(295,599)	

\* The fair value of trade and other receivables (e.g. debtors) is taken to be the invoiced or billed amount.

Fair values have been determined with reference to Arlingclose or Bloomberg where applicable.

The fair value of shares in the Council's wholly owned subsidiary 'A Better Choice for Property Ltd. are equal to the total group equity of the company, as the Council is the sole shareholder.



Long term debtors are carried at amortised cost. Included within the £49.4m for long term debtors is £27.8m (after excluding short term debtors) in respect of loans for the Council's subsidiary A Better Choice for Property Ltd. In total the ABCFP loans have an amortised cost of £35m and a fair value of £12.8m as at 31 March 2025.

Short term debtors and creditors are carried at cost, as this is a fair approximation of their value.

**Reconciliation of liabilities arising from financing activities for the year ended 31st March**

	Long term borrowings	Short-term borrowings	Lease liabilities	Total
	£'000	£'000	£'000	£'000
<b>1 April 2024</b>	<b>(145,857)</b>	<b>(96,646)</b>	<b>(118)</b>	<b>(242,621)</b>
<b>Cash flows:</b>				
- Repayment		158,807		158,807
- Proceeds	(30,000)	(149,000)		(179,000)
<b>Non-cash:</b>				
- Accruals		(102)		(102)
- Reclassification	4,807	(4,807)	118	118
<b>31 March 2025</b>	<b>(171,050)</b>	<b>(91,748)</b>	<b>0</b>	<b>(262,798)</b>

## 23. Nature and Extent of Risks Arising from Financial Instruments

Risk management in this area is carried out by a central treasury team and supported by specialist external advisor. Policies approved by the Council in the Annual Treasury Management Strategy provides written principles for risk management and has adopted the CIPFA Treasury Management Code of Practice and has set Treasury Management indicators to control key Financial Instrument risks in accordance with CIPFA's Prudential Code.

The Council's investment portfolio as at 31 March 2025 was as follows:

### Credit Risk

<i>Counter party</i>	<i>Maturity date</i>	<i>Amount</i> <i>£'000</i>	<i>Credit rating</i>
<i>Deposits/investments with other financial institutions</i>			
Payden Money Market Fund	3 Days Notice	2,968	AAA
Ninety One Diversified Income Fund	2 Days Notice	2,236	N/A
UBS Global Income Equity Fund	2 Days Notice	1,248	N/A
Aegon Diversified Monthly Income Fund	2 Days Notice	5,065	N/A
Schroder Income Maximiser Fund	2 Days Notice	3,093	N/A
CCLA Diversified Income Fund	2 Days Notice	2,942	N/A
CCLA LAMIT Property Fund	Variable	11,114	N/A
Investment In A Better Choice for Property Ltd	Variable	503	N/A
Investment In Ashford International Development Company Ltd	Variable	1,359	N/A
Black Rock Money Market Fund	Instant	950	AAA
BNP Paribas Money Market Fund	Instant	1,000	AAA
CCLA Public Sector Disposit Fund	Instant	1,006	AAA
HSBC Money Market Fund	Instant	950	AAA
Invesco Money Market Fund	Instant	1,000	AAA

Credit ratings are assigned to each investment using information from ratings agencies, or where formal ratings are not provided ratings are applied, where possible, based on the characteristics of the investment, such as money market funds. AAA, AA, A and BBB are considered investment grade products with AAA being the highest level, any investments below BBB would be considered non-investment grade and would not be entered into directly, unless it was the Council's banking provider.

The Code requires the Council to estimate the potential maximum exposure to credit risk, based on experience of defaults and collection rates over recent years. However, as the Council has not experienced any defaults on investments, the Council is unable to quantify its exposure with any degree of accuracy.

Credit risk arises from investments; some of the Council's customers commercial rent and trade debtors, excluding Council Tax and Business Rate debts.

The Council has not experienced any losses from default by counterparties in the past in relation to investments.

The Council's investments are such that it does not expect any default losses by any of its counterparties in relation to investments. However, there could be capital

losses if funds close, or the Council disinvests where the capital position is negative and these will be funded from reserves.

The table below compares the percentage of the Council's investment portfolio that was invested at each credit level at the beginning and at the end of the year.

31 March 2024		31 March 2025
%		%
20	AAA	22
71	Unrated pooled Funds	73
9	Unrated Company	5

The overdue amount of sundry debtors held within the Council's systems can be analysed by age as follows:

31 March 2024		31 March 2025
£'000		£'000
710	Less than 30 days	841
40	31 days to 90 days	17
313	91 days to 364 days	29
329	More than 1 year	60
<u>1,392</u>		<u>946</u>
(714)	Impairment allowance	(905)

## Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loan Board (PWLB), there is no significant risk that it will be unable to raise funds to meet its commitments. Instead, the risk is that the Council may have to re-invest a significant proportion of its investments at a time of unfavourable interest rates.

The PWLB has tightened its lending criteria in recent years and has made it clear that it will not support lending that is for the purpose of 'Debt for Yield' investments. The Council does not anticipate the changes to impact on any future borrowing need or be restricted from accessing the facility.

All trade and other payable creditors are due to be paid in less than one year.

## **Market Risk interest rates/prices/exchange rates**

The council is exposed to interest rate risk on some of its borrowing and if interest rates had been 1% higher or lower during the year, this would have resulted in an increase or decrease in variable investment income of £299,000 and an increase or decrease in variable loan payments of £605,000. The Council's long-term borrowing is fixed rate and therefore a material movement is not anticipated. In relation to the movement in investment this is an indicative figure as the movement in the long-term strategic investment are not directly linked to base rate movements.

## **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI or FVPL), either on a 12-month or lifetime basis.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has considered its financial assets and considers any losses that would need to be set aside would be immaterial to the accounts.

The most significant asset considered is the loans that have been made to the Council's subsidiary A Better Choice for Property Ltd. which total £33m and these loans are secured against the assets of the business. The Council has considered the history of the loan repayments made by the company and although there have been some loan defaults these have been reported to the Council accordingly. The defaults relate to A Better Choice for Property Development Ltd. (a subsidiary of ABCFPL), and a review of the loans to bring them more in line with commercial practices and prevent further defaults has been agreed. Pending refinancing the council has also assessed the entity as low risk as it has sufficient cash flows to meet its liabilities, the cash flows of the company have been shared with the Council as sole shareholder of the Company for review.

## 24. Debtors

These amounts were due to the Council from Long term Debtors:

2023/24		2024/25
£'000		£'000
47,753	Loans to subsidiaries	42,199
1,468	Other Long Term Debtors	2,025
<u>49,221</u>	Balance at 31st March	<u>44,224</u>

### Movement in Long term Debtors

2023/24		2024/25
£'000		£'000
2,815	Loans advanced in year	1,689
(1,524)	Loans repaid in year	(2,390)
385	Transfer to Short term Debtors	(4,296)
<u>1,676</u>	Movement in the year	<u>(4,997)</u>

These amounts were due to the Council from Short term Debtors:

31 March 2024			31 March 2025	
£'000	£'000		£'000	£'000
282		Central government bodies:	620	
510	792	- Elections	2,822	3,442
		- VAT		
2,440		Other entities and individuals:	2,354	
(1,188)	1,252	- Housing Tenants	(1,082)	1,272
7,217		Less : Impairment Allowance	6,582	
(920)	6,297	- Local Taxpayers/ratepayers	(1,154)	5,428
2,327		Less : Impairment Allowance	1,910	
(578)	1,749	- Housing Benefit overpayments and Subsidy	(578)	1,332
6,818		Less : Impairment Allowance	6,398	
(714)	6,104	- Sundry debtors and accruals	(905)	5,493
518		Less : Impairment Allowance	5,403	
0	518	- Other	0	5,403
		Less : Impairment Allowance		
	<u>16,712</u>	Balance at 31st March		<u>22,370</u>

## Movement in Short term Debtors

2023/24		2024/25
£'000		£'000
0	Benefit Subsidy owed by government	(417)
0	Other amounts owed by government	2,650
507	Amounts owed by housing tenants	(86)
1,365	Amounts owed by local taxpayers/ratepayers	(634)
175	Movement in payments in advance	433
(1,799)	Amounts owed by Sundry Debtors	(647)
7	Change in Impairment Allowance	63
(386)	Transfer from Long term Debtors	4,296
(131)	Movement in the year	5,658

## 25. Grants receipts in advance

These are grants and contributions received but which as yet have not been applied to revenue and capital projects. Those with conditions are treated as receipts in advance under long term liabilities and those without conditions are treated as a reserve.

2023/24		2024/25
£'000		£'000
	<b>Grants receipts in advance capital</b>	
(9,706)	Miscellaneous grants	(8,544)
	<b>Grants receipts in advance revenue</b>	
(1,770)	Miscellaneous grants	(2,617)
(11,476)		(11,161)

## 26. Creditors

These amounts were due to be paid by the Council for Long term Creditors at 31 March 2025

31 March 2024		31 March 2025
£'000		£'000
0	Contract Liabilities	(259)
0	LT Creditors ROUA Liability	(1,912)
0	Sundry Creditors	(234)
0	Balance at 31st March	(2,405)

### Movement in Long Term Creditors

2023/24		2024/25
£'000		£'000
0	Contract Liabilities	(259)
0	LT Creditors ROUA Liability	(1,912)
0	Amounts owed to Sundry Creditors	(234)
0	Movement in the year	(2,405)

These amounts were due to be paid by the Council for Short Term Creditors at 31 March 2025

31 March 2024		31 March 2025
£'000		£'000
(1,401)	Bank Overdraft	0
(271)	Central government bodies	(338)
	Other entities and individuals:	
(823)	- Housing Tenants	(905)
(297)	- Local Taxpayers	(326)
(565)	- Business Rate Payers	(1,114)
(3,267)	- Business Rates Pool	(1,382)
(2,633)	- Developer contributions	(2,514)
0	- ST Creditors ROUA Liability	(111)
(29,235)	- Sundry Creditors	(32,708)
(38,492)		(39,398)

## Movement in Short Term Creditors

2023/24 £'000		2024/25 £'000
(1,401)	Bank Overdraft	0
0	NNDR liability	(1,434)
(44)	Other amounts owed to government	1,367
(13)	Amounts owed by housing tenants	(82)
25	Amounts owed by local taxpayers	(29)
59	Amounts owed by Business Rate payers	(549)
(1,261)	Amounts owed to East Kent Cluster (Business Rate Pilot)	1,885
(464)	Change in Developer contributions	119
0	Change in ST Creditors ROUA Liability	(111)
(9,891)	Amounts owed to Sundry Creditors	(2,072)
<u>(12,990)</u>	<u>Movement in the year</u>	<u>(906)</u>



## 27. Unusable Reserves

This category of reserves is held for statutory and accounting purposes, i.e. they are not available for the Council to finance expenditure. They are held for the following purpose:

- *Revaluation Reserve (see note (a))* - Store of gains on revaluation of Property Plant and Equipment not yet realised through sales
- *Pooled Investment Financial Instruments* – this represents the reversal of movements in the fair value on investments recorded through profit and loss, which are then reversed through statutory override
- *Capital Adjustment Account - (see note (b))* Store of capital resources set aside to meet past expenditure
- *Financial Instruments Revaluation Reserve* – This is the reserve representing the fair value of investment recognised through other comprehensive income
- *Deferred Capital Receipts* - Recognises that amounts included in long term Debtors will produce capital receipts in the future
- *Pensions Reserve* - Balancing account to allow inclusion of Pensions Liability in the Balance Sheet
- *Collection Fund Adjustment Account* - Holds the balance owing to/from the Council at Balance Sheet date
- *Accumulated Absences Reserve* - The Accumulated Absences Account absorbs the differences between leave accrued but not taken.

Unusable Reserves	Revaluation balances				Adjustment accounts					Non-controlling Interest	Total Unusable Reserves (Group)
	Revaluation Reserve *	Pooled Investment Financial Instruments	Financial Instrument Revaluation reserve	Capital Adjustment Account * Restated	Deferred Capital Receipts	Pensions Reserve	Collection Fund Adj Acc	Accum -ulated Absences	Total Unusable Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
2024/25											
Balance at 31 March 2024 Restated	(245,672)	2,046	764	(139,864)	(1,326)	13,003	(1,268)	219	(372,098)	(2,015)	(374,856)
<i>Movements in Reserves during the year</i>											
Non-controlling interest at acquisition	0	0	0	0	0	0	0	0	0	0	
Surplus or deficit on the provision of services (accounting basis)	0	0	0	0	0	0	0	0	0	6	2,787
Other comprehensive income & expenditure	(4,024)	0	(159)	0	0	185			(3,998)	0	(3,998)
Total comprehensive income & expenditure	(4,024)	0	(159)	0	0	185	0	0	(3,998)	6	(1,211)
Adj between accounting and funding basis				13,950	22	(1,880)	205	0	12,297	0	12,297
Net movement before transfers to other reserves	(4,024)	0	(159)	13,950	22	(1,695)	205	0	8,299	6	11,086
Transfers to/from other Unusable reserves	5,429	(989)		(5,429)	0				(989)	0	(989)
Increase or decrease during the year	1,405	(989)	(159)	8,521	22	(1,695)	205	0	7,310	6	10,097
Balance at 31 March 2025	(244,267)	1,057	605	(131,343)	(1,304)	11,308	(1,063)	219	(364,788)	(2,009)	(364,759)
* Analysed in tables (a) and (b)											

Unusable Reserves		Revaluation balances				Adjustment accounts				Non-controlling Interest	Total Unusable Reserves (Group)
2023/24	Revaluation Reserve *	Pooled Investment Financial Instruments	Financial Instrument Revaluation reserve	Capital Adjustment Account * Restated	Deferred Capital Receipts	Pensions Reserve	Collection Fund Adj Acc	Accum -ulated Absences	Total Unusable Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Balance at 31 March 2023 Restated	(241,972)	2,099	(1,639)	(134,013)	(1,347)	15,586	(322)	219	(361,389)	(2,021)	(364,568)
<i>Movements in Reserves during the year</i>											
Non-controlling interest at acquisition	0	0	0	0	0	0	0	0	0	0	
Surplus or deficit on the provision of services (accounting basis)	0	0	0	0	0	0	0	0	0	6	2,787
Other comprehensive income & expenditure	(8,428)	0	2,403	0	0	(641)			(6,666)	0	(6,666)
Total comprehensive income & expenditure	(8,428)	0	2,403	0	0	(641)	0	0	(6,666)	6	(3,879)
Adj between accounting and funding basis				(1,123)	21	(1,942)	(946)	0	(3,990)	0	(3,990)
Net movement before transfers to other reserves	(8,428)	0	2,403	(1,123)	21	(2,583)	(946)	0	(10,656)	6	(7,869)
Transfers to/from other Unusable reserves	4,728	(53)		(4,728)	0				(53)	0	(53)
Increase or decrease during the year	(3,700)	(53)	2,403	(5,851)	21	(2,583)	(946)	0	(10,709)	6	(7,922)
Balance at 31 March 2024 restated	(245,672)	2,046	764	(139,864)	(1,326)	13,003	(1,268)	219	(372,098)	(2,015)	(372,490)
* Analysed in tables (a) and (b)											

(a) Revaluation Reserve:

2023/24 £'000			2024/25 £'000
	<i>Comprehensive Income and Expenditure Statement</i>		
2,058	Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,539	
	PFI Revaluation increases/(decreases) recognised in the Revaluation Reserve	(292)	
(10,486)	Depreciation and downward revaluations written out to the Revaluation Reserve	(11,271)	
(8,428)	(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services		(4,024)
	<i>Transfers to/from Capital Adjustment Account</i>		
4,320	Difference between fair value depreciation and historical cost depreciation	4,438	
0	PFI		
406	Accumulated gains on assets sold or scrapped	990	
	Amount written off to the Capital Adjustment Account		5,428
(3,702)	Increase or decrease during year		1,404

(b) Capital Adjustment Account

2023/24 £'000		2024/25 £'000
(18,498)	Sources of Finance	(27,884)
(9,512)	Sums set-a-side for capital purposes	(4,416)
1,543	Revenue expenditure met from capital under statute	7,839
22,977	Removal of items not chargeable to Fund Balances	38,409
(3,490)	<i>Total accounting adjustments between funding basis under statute</i>	13,947
(4,726)	Adjustment with Revaluation Reserve	(5,428)
(8,216)	Increase or decrease during year	8,519

(c) Collection fund Adjustment Account Split between Council Tax and Business Rates (NNDR)

2023/24			2024/25		
Business Rates £'000	Council Tax £'000		Business Rates £'000	Council Tax £'000	
(480)	158	Opening Balance	(1,427)	161	
480	(158)	Reversal of Previous Year's Balance	1,427	(161)	
(52)		Ashford Share of Renewable Energy	(30)		
(1,375)	161	Ashford's Share of in year (surplus) / deficit	(978)	(55)	
(1,427)	161	Closing Balance	(1,009)	(55)	

## 28. Leases

### Council as a Lessor - Finance Leases

The Council has leased the Ashford Indoor Bowls Centre to the Ashford Indoor Bowls Centre Ltd; the lease is for the majority of the asset's life and therefore is to be treated as a finance lease. The remaining life of this lease is 31 years. The table below shows the income due on this lease:

	Principal receivable £'000	Interest £'000	Total lease payment £'000
Within 1 year	22	20	42
2 - 5 years	94	74	168
Later than 5 years	776	232	1,008
	<u>893</u>	<u>325</u>	<u>1,218</u>

This balance is held within the long-term debtor's line on the Balance Sheet.

### Council as a Lessor - Operating Leases

The Council leases out property under operating leases for different purposes. These include sports facilities, shops, and community assets. The income from these leases, over remaining life of the contracts, calculated at current levels, is detailed in the tables below.

The Council owns the Park Mall Shopping Complex. The expected future income from the current shop leases is detailed below:

2023/24 £'000		2024/25 £'000
153	Within 1 year	149
425	2 - 5 years	0
83	Later than 5 years	0
<u>661</u>		<u>149</u>

The Council owns International House, which is Town Centre office space. The future income receivable for these leases is detailed below:

2023/24		2024/25
£'000		£'000
650	Within 1 year	575
1,619	2 - 5 years	1,120
55	Later than 5 years	27
<u>2,324</u>		<u>1,722</u>

The Council also owns various smaller leases including industrial units, estate shops, and other small units. Future income receivable from these units are detailed in the table below:

2023/24		2024/25
£'000		£'000
1,617	Within 1 year	1,523
3,593	2 - 5 years	3,066
1,414	Later than 5 years	1,455
<u>6,624</u>		<u>6,044</u>

The Council owns Elwick Place which is an entertainment complex featuring a cinema, hotel and a mixture of commercial units.

2023/24		2024/25
£'000		£'000
567	Within 1 year	355
3,040	2 - 5 years	2,789
9,573	Later than 5 years	9,130
<u>13,180</u>		<u>12,274</u>

## 29. Provisions

2023/24		2024/25
£'000		£'000
(1,753)	Business Rates Appeals	(966)
(188)	Municipal Mutual Insurance	(188)
(459)	Equans Provision	0
(616)	Expected Credit Loss	(805)
<u>(3,016)</u>		<u>(1,959)</u>

The reasons for movement in provisions are:

2023/24		2024/25
£'000		£'000
	<b>Short term provisions</b>	
(459)	Increase/decrease of provision made in year	459
	<b>Long term provisions</b>	
(404)	Increase/decrease of provision made in year	(791)
895	Amounts used in year	1,389
<u>32</u>	<b>Movement in the year</b>	<u>1,057</u>

### Municipal Mutual Insurance

In 1992 the company failed and went into solvent “run-off”. If a solvent “run-off” is not achieved the Council is liable to repay sums paid out on its behalf to settle claims. The maximum amount liable to clawback is the total claim payments of £803,754 less £50,000. A provision of 25% of the claim payment was therefore set aside.

### Business Rates Appeals

The Council is required to calculate a provision for successful appeals made against NNDR debts based on disputes over rateable value, which includes an estimate based on appeals currently lodged against 2024/25 and prior years. The Council includes only its share (40%) of the total appeals provision calculated within the Council’s own balance sheet. The full provision of circa £2.4m (2023/24 £4.4m) can be seen within the separate Collection Fund section.

### Equans provision

Equans was the housing repairs contractor retained by the Council to keep the housing stock in good shape. On 1 December 2023 the contract with the company ended. The provision in the 23/24 accounts covered invoices which were in dispute. A final settlement has now been agreed with the supplier therefor the amount has been removed from the provision.

### Expected Credit Loss

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI or FVPL), either on a 12-month or lifetime basis. The calculation of the Council's expected credit loss was completed by the Council's financial advisers Arlingclose, which looked at the loans between the Council and its subsidiaries.

### **30. PFI and Similar Contracts**

#### **Stanhope PFI**

On the 13 April 2007 the Council entered into a design, build, finance, and operate contract with the Chrysalis Consortium (the Contractor) for the provision of the regeneration of the Stanhope Estate and housing management services for the duration of the contract. The contract was for 30 years.

The total value of the contract (assuming an annual inflationary increase of 2.5%) was £140m, which included construction costs of £28m net of a capital contribution by the authority. The contract was benchmarked and reduced to £127m in 2011/12. A further benchmarking exercise in 2016/17 showed that the PFI was performing consistently within its peer group, therefore no changes were made to the calculations. A benchmarking exercise was also carried out in 2020/21, again this showed that the PFI was performing consistently within its peer group, therefore no changes were made to the calculations.

Details of the PFI assets held on the Balance Sheet are included in note 14.

Under the terms of the contract the Council is required to make the following payments to the Contractor:

- An annual unitary charge net of deductions for performance
- Capital contributions to infrastructure costs
- Pass through costs e.g. Disabled Facilities Grants.

These payments will be met from:

- The Council's existing revenue budget for the services, rental income and housing subsidy
- PFI Special Grant from Central Government.

The payments to the Provider will be subject to indexation RPIX and may vary by virtue of certain provisions within the contract. These primarily relate to the following:

- Performance and availability deductions
- changes in law which affect the costs of the service
- variations to the contract which are approved by the Council
- benchmarking of non-property related costs at agreed intervals (a benchmarking exercise was completed in 2020/21, with the next expected in 2025/26).



## Analysis of minimum forecast Unitary Charge assuming 0% inflation

	Service cost	Life Cycle Costs	Repayment of liability	Interest cost	Total payment
	£'000		£'000	£'000	£'000
Within 1 year	2,158	1,015	963	772	4,909
2 - 5 years	8,276	5,034	3,545	2,562	19,416
6 - 10 years	10,553	4,243	7,701	1,254	23,752
11 - 15 years	4,483	3,200	2,001	(112)	9,572
	<u>25,470</u>	<u>13,492</u>	<u>14,210</u>	<u>4,476</u>	<u>57,649</u>

The PFI contract transfers risks from the Council to the contractor, as the Council retains ownership of the assets the risk to the Council in event of a contractor default is low. The Council monitors performance of the contractor against a range of Key Performance Indicators and can deduct money from the unitary payment in the event that these measures are not achieved. A ratchet mechanism in the contract allows penalties to increase in the event of continued performance issues.

The value of assets held under the PFI contract can be found under Property Plant and Equipment (Note 14). The value of liabilities held under the PFI contract on the balance sheet is detailed below:

2023/24		2024/25
£'000		£'000
16,687	Balance as at 1st April	15,648
0	Opening balance adjustment	(286)
<u>16,687</u>	Adjusted opening balance	<u>15,362</u>
990	Finance Cost	843
(2,029)	Finance lease rental	(1,989)
0	In year liability revaluation	(6)
<u>15,648</u>	Balance as at 31 March	<u>14,210</u>

## Extra Care Housing PFI

During 2007/08, the Council entered into a partnership arrangement with Kent County Council and nine other district councils within Kent to provide new homes for vulnerable people. The overall scheme is being funded by Public Finance

Initiative credits over a 30-year period. In the event of the scheme ceasing the Council will be liable for:-

1. Contractor default, for example £4.125m in year 20
2. Force Majeure, for example £3.675m in year 20

### **Other Service Contracts**

The Council has a refuse collection and street cleansing contract, which was entered into on 27 March 2024, and covers three Councils. The equipment has been bought by all three Councils, can be used in any of the three areas, and therefore the Council does not have exclusive use of the assets. Ashford's value of the contract is estimated to be £6m per year for the next 8 years.

## **31. Defined Benefit Pension Schemes**

### **Transactions relating to retirement benefits**

The Council recognises the cost of retirement benefits in the Cost of Services, when employees earn these, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the difference is reversed out.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
	<b>Comprehensive Income &amp; Expenditure Statement</b>	
	<i>Service cost comprising:</i>	
2,637	- current service cost	3,411
246	- past service costs	56
124	Administration expenses	135
	<i>Financing and Investment Income and Expenditure</i>	
163	- net interest expense	256
3,170	<i>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	3,858
	<i>Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
	Remeasurement of the net defined benefit liability comprising:	
1,995	- return on plan assets (excluding the amount included in net interest expense)	2,575
0	- Other actuarial gains/(Losses) on assets	0
(2,149)	- actuarial gains and losses arising on changes in demographic assumptions	(411)
(947)	- actuarial gains and losses arising on changes in financial assumptions	(21,721)
(460)	- gains/losses on defined benefit obligation	(422)
(1,561)	<i>Total Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(19,979)
1,609	<i>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(16,121)
	<b>Movement in Reserves Statement</b>	
(3,170)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(3,858)
	Actual amount charged against the General Fund Balance for pensions in the year:	
5,112	Employers' contributions payable to scheme	5,735
1,942		1,877

## Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
(155,817)	Present value of the defined benefit obligation	(158,952)
142,814	Fair value of plan assets	147,644
(13,003)		(11,308)
	Other movements in the liability (asset)	
(13,003)	Net liability arising from defined benefit liability	(11,308)

The liability shows the Council's underlying long-term commitment to pay retirement benefits. Although the liability has a negative impact on the Council's equity position, statutory arrangements for the funding of the deficit mean that the financial position of the Council remains healthy.

The deficit on the Local Government Pension Scheme will be made good by increased contributions, as assessed by the scheme actuary.

## Assets and liabilities in relation to retirement benefits

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
137,105	Opening fair value of scheme assets	142,814
7,160	Interest income	7,322
	Remeasurement gain/(loss)	
(1,995)	- return on plan assets, excluding the amount included in net interest expense	(2,575)
	- other	
	Effect of changes in foreign exchange rates	
5,112	Contributions from employer	5,735
1,175	Contributions from employees into the scheme	1,447
(5,619)	Benefits paid - funded	(7,000)
	Benefits paid - unfunded	
0	Other actuarial gains/(losses)	0
0	Settlement Price Received/Paid	36
(124)	Administration expenses	(135)
142,814	Closing fair value of scheme assets	147,644

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
(152,691)	Opening balance at 1st April	(155,817)
(2,637)	Current service cost	(3,411)
(7,323)	Interest cost	(7,578)
(1,175)	Contributions from scheme participants	(1,447)
	Remeasurement (gains)/loss	
2,149	- actuarial gains/losses arising from changes in demographic assumptions	411
947	- actuarial gains/losses arising from changes in financial assumptions	21,721
	Liabilities assumed/(extinguished) on settlement	(33)
(246)	Past service cost	(56)
5,417	Benefits paid - funded	6,795
202	Benefits paid - unfunded	205
0	Changes in impact of asset ceiling	(20,164)
(460)	Experience loss/(gain) on defined benefit obligation	422
(155,817)	Closing balance at 31st March	(158,952)

## Reconciliation of Pension Asset Ceiling

2023/24 £'000	Reconciliation of Pension Asset Ceiling	2024/25 £'000
	Opening Impact of asset ceiling	0
0	Interest on Impact of Asset Ceiling	0
0	Actuarial Losses/(Gains)	0
0	Initial valuation of Asset Ceiling	(20,614)
0	Closing balance at 31st March	(20,614)

The actuary applied an asset ceiling which is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. This was based on the following assumptions:

- There is no prospect of the Employer having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.
- The Employer will participate in the Fund indefinitely and is open to new employees. It is assumed that new entrants continue to join the Fund such that a stable population is maintained.
- The present value of the cost of future accrual in respect of the expected period of participation is £148,905,000.
- The present value of primary contributions in respect of the expected period of participation is £229,404,000.

- The potential economic benefit from future contribution reductions is therefore nil.
- An additional liability of £9,821,000 is recognisable in respect of the Employer's obligation to pay future deficit contributions, thereby increasing or generating an irrecoverable surplus.

The Pension Fund's assets consist of the following categories, by value of the total assets held:

2023/24 £'000				2024/25 £'000
2,274	Cash and cash equivalents	4.0%		5,839
83,081	Equity instruments:	56.9%		84,075
10,464	- gilts	5.9%	8,752	
20,563	- other	14.9%	21,948	30,700
12,813	Property	8.2%		12,090
6,403	- infrastructure	5.0%		7,399
7,216	Target return portfolio	5.1%		7,541
142,814	Total assets			147,644

## Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Pension Fund's liabilities were assessed by Barnett Waddingham, an independent firm of actuaries. A full actuarial valuation is carried out every 3 years, the results of the last valuation are effective from 1 April 2022. The next actuarial valuation of the fund will be carried out as at 31 March 2025 and will set contributions for the period 1 April 2026 to 31 March 2029.

The significant assumptions used by the actuary have been:

2023/24		2024/25
	Assumed life expectations from age 65 are:	
	Retiring today	
20.8	- Men	20.7
23.3	- Women	23.3
	Retiring in 20 years	
22.0	- Men	22.0
24.7	- Women	24.7
	Additional assumptions	
	- Members will exchange half of their commutable pension for cash at retirement	
	- Active members will retire one year later than they are first able to do so without reduction	
2.95%	Rate of inflation - Consumer price index (CPI)	2.90%
3.95%	Rate of increase in salaries	3.90%
2.95%	Rate of increase in pensions	2.90%
4.90%	Rate for discounting scheme liabilities	5.80%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable changes to the assumptions made above, occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy may increase or decrease for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

2023/24		Local Government Pension Scheme	2024/25	
Increase in assumption £'000	Decrease in assumption £'000		Increase in assumption £'000	Decrease in assumption £'000
		Longevity (increase or decrease in 1 year)		
162,424	149,515	- Present value of total obligation	144,109	133,696
3,093	2,861	- Projected service cost	2,689	2,588
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)		
144,398	168,785	- Present value of total obligation	129,474	149,280
2,484	3,556	- Projected service cost	2,140	3,112
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)		
157,026	154,658	- Present value of total obligation	139,804	137,815
2,985	2,965	- Projected service cost	2,588	2,588
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)		
167,770	145,301	- Present value of total obligation	148,524	130,156
3,571	2,469	- Projected service cost	3,132	2,122

The projected pension expenses for the year ended 31 March 2024 are:

	Year to 31 Mar 2025 £'000
Service Cost	2,588
Net Interest on the defined liability (asset)	497
Administration Expenses	135
	<u>3,220</u>
Employer contributions	<u>5,345</u>

### **Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)**

Ashford Borough Council is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on Ashford Borough Council. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993.



The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

As a result, there may be a further liability to Ashford Borough Council's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on Ashford Borough Council and thus the obligation and liability shown in Ashford Borough Council's accounts.

**June 2025 update** - The Department for Work and Pensions (DWP) published an announcement on 5 June 2025 noting the plan to introduce new legislation in response to the Virgin Media vs NTL Trustees ruling. The legislation will allow affected pension schemes to retrospectively obtain written actuarial confirmation that historic changes to scheme rules met the required standards. The new legislation is hoped to provide clarity to affected schemes. No further information has been provided at this time.

## **32. Related Parties**

Under the Accounting Standard IAS24 'Related Party Transactions' the Council must declare any Related Party Transactions between the Council and elected Members, Senior Officers of the Council or any of their close relatives.

### **United Kingdom Central Government**

United Kingdom Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

### **Members and Senior Officers**

All Members and Senior Managers were written to requesting details of any relationships that could result in a related party transaction, for 2024/25. 55 forms out of 61 forms were returned with nothing significant declared.

There is a standing item on each Committee agenda requiring Members to declare any interest in any item to be discussed. The Democratic Services Manager keeps a record of all declarations made at meetings and a Register of Members' Interests, which is available for public inspection.

### **33. Interest in Companies**

The Council holds an interest in several companies, including a wholly owned subsidiary, A Better Choice for Property Ltd, and its own subsidiary, A Better Choice for Property Development Ltd. It also fully owns Ashford Cinema Ltd and holds a 65% share in Ashford International Development Company Ltd, with the remaining 35% shares held by Quinn Estates Kent Ltd.

During 2024/25, the Council entered into a joint venture with Canterbury City Council, establishing Stour Environmental Credits Ltd.

There are no significant restrictions on the Council's ability to access or use assets and settle liabilities of the Group.

#### **A Better Choice for Property Limited**

The property company has a Facilities Agreement with the Council that enables it to drawdown loans to the value of £150m. As at 31 March 2025 the Company had drawn down £39.7m of loans at market rates, with £33m of this amount remaining outstanding.

The Facilities Agreement does not provide liquidity issues for the Council as drawdowns by the Company can be matched against borrowing by the Council.

The Agreement includes certain financial covenants, which must be reported annually. One such covenant being the ratio of all outstanding loans under the facilities agreements to the market value of the properties not exceeding 1:1. On the 31 March 2025 this ratio was 0.96:1, indicating full compliance.

The Council, as sole shareholder of the Company, had acquired 1,039,549 shares as at 31<sup>st</sup> March 2025 with a nominal value of £1 per share.

The Company including its subsidiary, reported total equity of £502,575 as at 31 March 2025 reflecting a loss of £536,974 against its original investment value of £1,039,549. While A Better Choice for Property Ltd held equity of £2.6m, this was offset by £2.1m equity loss in its subsidiary for A Better Choice for Property Development Ltd, which included a £1.9m impairment.

#### **Ashford Cinema Ltd**

Ashford Cinema Ltd was incorporated in February 2024 and was set up to take assignment of the Cinema lease from the incumbent tenant and to continue to operate the Cinema with the support of professional consultants. The transfer of the lease and assets was completed on 23 April 2024.

#### **Ashford International Development Company Ltd (AIDC)**

AIDC was established to manage the Newtown Works Development, with the aim to transform the former Newtown Railway Works site into mixed-use development

comprising of both residential and commercial units. The Company has a £72m Facilities Agreement with the Council which has a trigger point when the development gets to RIBA Stage 4. As at 31<sup>st</sup> March 2025 the Company had drawdown £13.8m of loans under this facility, of which £11.8m remains outstanding.

#### Stour Environmental Credits Ltd

On 17 December 2024 the Council created a Joint Venture Company with Canterbury City Council with the aim to satisfy nutrient neutrality rules in the River Stour catchment area.

### 34. Events after the Balance Sheet Date

No events to be reported at the date of drafting these accounts.

### 35. Prior Period Adjustments

During the current year an adjustment was made between the Usable and Unusable Reserves, as a result of an incorrect accounting entry in respect of the derecognition of Property, plant and equipment for the Newtown works at ABC level. Both Usable and Unusable reserves have been adjusted by £6.5m in 2023/24 (£4.1m for 2022/23).

<b>ABC</b>						
	2022/23 Restated	2022/23 Original	Movement	2023/24 Restated	2023/24 Original	Movement
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Effect on Balance Sheet</b>						
<b>Usable reserves</b>						
General Fund Balance	(35,957)	(31,796)	4,161	(34,943)	(28,416)	6,527
<b>Unusable reseves</b>						
Capital adjustment account	(134,014)	(138,175)	(4,161)	(139,864)	(146,391)	(6,527)

### 36. Cash Flow Statement – Adjustment to Net Deficit on the Provision of Services for Non-Cash Movement

2023/24 £'000		2024/25 £'000
	<i>Adjustment for items that are operating activities</i>	
(9,297)	Depreciation	(11,003)
(11,955)	Impairment and downward valuations	(27,885)
(121)	Amortisation	(96)
(21,373)	Items relating to Capital Adjustment Account	(38,984)
(139)	Increase/(decrease) in impairment for bad debts	(319)
394	(Increase)/decrease in debtors	1,681
(5,954)	Increase/(decrease) in creditors	(4,699)
1,942	Movement in pension liability	1,880
(988)	Carrying amount of non-currents and Held for Sale sold or derecognised	(2,014)
32	Contributions to/from Provisions	1,057
1,291	Other non-cash items charged to the net surplus of deficit on the provision of services	206
53	(Increase)/decrease in FVPL investments	989
(24,742)	<i>Total non-cash adjustments of operating activities</i>	(40,203)

### 37. Cash Flow Statement - Adjustment to Net Deficit on the Provision of Services for Investing & Financing Activities

2023/24 £'000		2024/25 £'000
	<i>Adjustment for items that are investing and financing activities</i>	
2,856	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,131
6,072	Capital grants and contributions applied	814
8,928	<i>Total non-cash adjustments of investing and financing activities</i>	4,945

### 38. Cash Flow Statement – Interest

2023/24			2024/25		
ABC £'000	Group £'000		ABC £'000	Group £'000	
5,716	6,053	Interest paid	9,681	9,682	
(1,815)	(2,152)	Interest received	(1,269)	(1,271)	
(1,578)	(1,578)	Dividend received	(1,582)	(1,582)	
<u>2,323</u>	<u>2,323</u>		<u>6,830</u>	<u>6,829</u>	

### 39. Cash Flow Statement - Investing Activities

2023/24			2024/25		
ABC £'000	Group £'000		ABC £'000	Group £'000	
34,404	34,404	Purchase of property, plant and equipment, investment property and intangible assets	45,639	45,639	
48	48	Purchase of short-term and long-term investments	0	0	
(2,856)	(4,697)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,131)	(3,428)	
0	0	Proceeds from short-term and long-term investments	(2,321)	(2,321)	
(6,072)	(6,072)	Other receipts from investing activities	(814)	(814)	
<u>25,524</u>	<u>23,683</u>	<i>Net cash flows from investing activities</i>	<u>38,373</u>	<u>39,076</u>	

### 40. Cash Flow Statement - Financing Activities

2023/24			2024/25		
ABC £'000	Group £'000		ABC £'000	Group £'000	
(202,136)	(204,982)	Cash receipts of short- and long-term borrowing	(179,102)	(180,193)	
1,039	1,039	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	1,146	1,146	
198,800	200,105	Repayments of short- and long-term borrowing	158,807	161,148	
0	(48)	Issue of share capital	0	0	
<u>(2,297)</u>	<u>(3,886)</u>	<i>Net cash flows from financing activities</i>	<u>(19,149)</u>	<u>(17,899)</u>	

## 41. Cash Flow Statement - Makeup of Cash and Cash Equivalents

Restated		
31 March 2024		31 March 2025
£'000		£'000
80	Cash held by the Council	80
456	Bank Current Accounts	1,120
4,904	Bank Call Accounts	3,398
<u>5,440</u>	Cash and cash equivalents at the end of the reporting period	<u>4,598</u>

## Supplementary Single Entity Statements

### Housing Revenue Account

The Housing Revenue Account (HRA) is a record of the revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants; the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

2023/24 £'000		2024/25 £'000	£'000
	<i>Expenditure</i>		
7,999	Repairs and maintenance	10,523	
8,275	Supervision and management	11,024	
161	Rents, rates, taxes and other charges	182	
3,596	Special services	0	
6,583	Depreciation	19,388	
6,359	Impairment/Reversal of Charges of non-current assets	0	
133	Debt management costs	133	
(41)	Movement in the allowance for bad debts	(100)	
33,065	<i>Total Expenditure</i>		41,150
	<i>Income</i>		
(29,610)	Dwelling rents	(32,154)	
(7)	Non-dwelling rents	(7)	
(1,508)	Charges for services and facilities	(1,816)	
(59)	Leaseholder charges for services and facilities	0	
(555)	Contributions towards expenditure	(587)	
(3,000)	PFI Subsidy receivable	(3,000)	
(34,739)	<i>Total Income</i>		(37,564)
(1,674)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		3,586
711	HRA services' share of Corporate and Democratic Core		743
(86)	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		43
(1,049)	Net Cost for HRA Services		4,372
	<i>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</i>		
(1,176)	Gain or (loss) on sale of HRA non-current assets		(1,756)
	Other capital receipts		
5,108	Interest payable and similar charges		6,221
990	Interest payable on PFI contracts and Finance Leases		843
(376)	Interest and investment income		(1,001)
23	Net interest on the net defined benefit liability (asset)		38
(5,695)	Capital grants and contributions receivable		(4,141)
(2,175)	(Surplus) or deficit for the year on HRA services		4,576

## Movement on the HRA Statement

2023/24 £'000		2024/25 £'000
(2,042)	Balance on the HRA at the end of the previous year	(2,356)
(2,175)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	4,576
1,861	Adjustments between accounting basis and funding basis under statute	(5,228)
(314)	Net (increase) or decrease before transfers to or from reserves	(652)
(314)	(Increase) or decrease in year on the HRA (MIRS)	(652)
(2,356)	Balance on the HRA at the end of the current year	(3,008)

## Notes to the Housing Revenue Account

### 1. Number and type of Housing Stock, Balance Sheet Opening and Closing Values

31 March 2024 Units		31 March 2025 Units
5,239	Total Dwellings	5,267

31 March 2024 £'000		31 March 2025 £'000
464,111	Operational assets - dwellings, land and buildings	473,332
9,992	Assets Under Construction	15,059
474,103		488,390

### 2. Vacant Possession Value of Dwellings

The vacant possession value of dwellings within the Council's HRA as at 31 March 2025 was £1,256m (£1,256m as at 31 March 2024). The difference between this and the Balance Sheet value shows the cost of providing council housing at less than open market rents.

The valuation exercise was completed by an external valuer, Wilks Head and Eve LLP.



### 3. Vehicles, Plant and Machinery

31 March 2024		31 March 2025
£'000		£'000
369	Vehicles, Plant and Machinery	537
369		537

### 4. Major Repairs Reserve

2023/24	Movements in year	2024/25
£'000		£'000
(5,230)	Balance at the end of the previous year	(4,492)
(6,582)	Amount transferred to the Reserve during the year	(6,829)
3,850	Debits in respect of any repayment, made in the year, of the principal of any amount borrowed where the repayment was met by payment out of the reserve	0
3,470	Debits to the Reserve in respect of capital expenditure on HRA land, houses and other property	6,095
(4,492)	Balance at the end of the financial year	(5,226)

### 5. Summary of Capital Expenditure and Financing

2023/24		2024/25
£'000		£'000
	<i>Capital investment:</i>	
3,470	Expenditure on Existing Dwellings	6,095
13,799	Expenditure on New Stock Purchases	11,222
7,338	Expenditure on new developments (including Assets Under Construction)	13,668
195	Expenditure on Vehicles, Plant & Machinery	209
24,804		31,194
	<i>Sources of Finance:</i>	
(2,791)	Capital Receipts	(6,849)
(3,470)	Major Repairs Reserve	(6,095)
(6,065)	External Contributions - HCA Grants and S106	(6,221)
(12,477)	Borrowing	(12,029)
(24,804)		(31,194)

## 6. Capital Receipts from Disposal of Assets

2023/24		2024/25
£'000		£'000
(1,606)	Receipts from Right-to-buy sales	(3,632)
(43)	Receipts from Repayment of Discounts	(40)
(1)	Receipts from the sale of Housing land	0
(379)	Other non right-to-buy sales	(100)
(2,029)	Total receipts	(3,772)
18	Costs of disposal	29
(2,011)		(3,743)

## 7. Valuations

Land and Buildings are held individually and the total housing stock (including land and garages) had increases and decreases in valuation.

The net adjustments of these valuations as reported saw an increase to the Housing Revenue Account of £6,424,745 recognised in the Revaluation Reserve and £12,613,798 written out through the Consolidated Income and Expenditure Statement.

## 8. Pensions

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge the Council is required to make against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the Housing Revenue Account Balance. The following transactions have been made in the Income and Expenditure Account and the Statement Movement.

2023/24 £'000		2024/25 £'000
	Comprehensive Income & Expenditure Statement	
	<i>Cost of Services:</i>	
377	- current service cost	503
18	- administration expenses	20
23	- net interest expense cost	38
418	<i>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	561
418	<i>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	561
	Movement in Reserves Statement	
(418)	- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(561)
	- actual amount charged against the General Fund Balance for pensions in the year:	
728	employers' contributions payable to scheme	848

## 9. Rent Arrears

The balance on the bad debts provision at 31 March 2025 was £1,081,872 (£1,188,287 at 31 March 2024).

31 March 2024 £'000		31 March 2025 £'000
1,253	Gross arrears	1,772
(1,188)	Provision for Bad Debts	(1,081)

## Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund; it shows the transactions in relation to non-domestic rates, including distribution to government; and council tax, illustrating the way this has been distributed to precepting authorities and the General Fund.

2023/24			2024/25	
Business Rates	Council Tax		Business Rates	Council Tax
£'000	£'000		£'000	£'000
<i>Income</i>				
	(103,478)	- Council Tax		(110,483)
(51,332)		- Business Rates	(55,888)	
(51,332)	(103,478)	<i>Total Income</i>	(55,888)	(110,483)
<i>Expenditure</i>				
Precepts, Demand & Shares				
4,774	75,033	- Kent County Council	5,083	80,270
	11,891	- Kent Police Authority		12,764
530	4,269	- Kent and Medway Fire Authority	565	4,480
21,216	11,553	- Ashford Borough Council (including Parish Precepts)	22,592	12,029
26,520		- Central Government	28,241	
53,040	102,746		56,481	109,543
Charges to the Collection Fund				
214	101	- Write-Offs of uncollectable amounts	168	113
(64)	639	- Increase/(Decrease) in Bad Debt Provisions	461	454
(529)		- Increase/(Decrease) in Provision for Appeals	603	
116		- Disregarded amounts	105	
204		- Costs of Collection Allowance	207	
(4,808)		- Transitional Protection Payments	(1,812)	
34		- Interest on Appeals	99	
(4,833)	740		(169)	567
Contributions				
926	36	- Towards previous year's estimated Collection Fund Surplus/Deficit	567	(1,571)
49,133	103,522	<i>Total Expenditure</i>	56,879	108,539
(2,199)	44	Deficit/(Surplus) in Year	991	(1,944)
(1,238)	1,405	Balance at 1st April	(3,437)	1,449
(3,437)	1,449	Balance at 31st March	(2,446)	(495)
<i>Apportionment of Balance to Preceptors/Borough Council</i>				
(309)	1,062	- Kent County Council	(220)	(362)
	170	- Kent Police Authority		(58)
(34)	58	- Kent and Medway Fire Authority	(24)	(20)
(1,375)	159	- Ashford Borough Council	(978)	(55)
(1,719)		- Central Government	(1,224)	
(3,437)	1,449		(2,446)	(495)

# Notes to the Collection Fund

## 1. Collection Fund - Allocation of Arrears, Prepayments and Other Balances

for the year ended 31st March 2025

2024/25	2024/25					
	Ashford Borough Council	Kent County Council	Police & Crime Commissioner for Kent	Kent & Medway Fire and Rescue Service	Central Government	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Tax:</b>						
Council Tax Arrears (excl. costs)	1,127	7,477	1,194	419	0	10,217
Council Tax Overpayments and Prepayments	(326)	(2,162)	(345)	(121)	0	(2,954)
Council Tax Provision for Bad and Doubtful Debts	(433)	(2,869)	(458)	(161)	0	(3,921)
Council Tax Cash	(314)	(2,084)	(333)	(117)	0	(2,848)
Council Tax Collection Fund Surplus	(54)	(362)	(58)	(20)	0	(494)
	0	0	0	0	0	0
<b>Business Rates (NNDR):</b>						
NNDR Arrears (excl. costs)	1,718	373	0	41	2,073	4,205
NNDR Overpayments and Prepayments	(1,114)	(251)	0	(28)	(1,393)	(2,786)
NNDR Provision for Bad and Doubtful Debts	(493)	(111)	0	(12)	(616)	(1,232)
NNDR Provision for Alteration of Lists and Appeals	(966)	(217)	0	(24)	(1,208)	(2,415)
NNDR Cash	1,864	426	0	47	2,367	4,704
NNDR Collection Fund Surplus	(1,009)	(220)	0	(24)	(1,223)	(2,476)
	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0

for the year ended 31st March 2024

2023/24	2023/24					Total
	Ashford Borough Council	Kent County Council	Police & Crime Commissioner for Kent	Kent & Medway Fire and Rescue Service	Central Government	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Tax:</b>						
Council Tax Arrears (excl. costs)	1,035	6,796	1,081	379	0	9,291
Council Tax Overpayments and Prepayments	(297)	(1,951)	(310)	(109)	0	(2,667)
Council Tax Provision for Bad and Doubtful Debts	(386)	(2,536)	(403)	(142)	0	(3,467)
Council Tax Cash	(511)	(3,371)	(538)	(186)	0	(4,606)
Council Tax Collection Fund Surplus	159	1,062	170	58	0	1,449
	0	0	0	0	0	0
<b>Business Rates (NNDR):</b>						
NNDR Arrears (excl. costs)	1,200	259	0	29	1,440	2,928
NNDR Overpayments and Prepayments	(565)	(127)	0	(14)	(707)	(1,413)
NNDR Provision for Bad and Doubtful Debts	(308)	(69)	0	(8)	(385)	(770)
NNDR Provision for Alteration of Lists and Appeals	(1,753)	(394)	0	(44)	(2,191)	(4,382)
NNDR Cash	2,801	640	0	71	3,562	7,074
NNDR Collection Fund Surplus	(1,375)	(309)	0	(34)	(1,719)	(3,437)
	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0

## 2. NNDR Rateable Value

The Council collects business rates for its area, based on rateable values and multipliers set by central government (details below). The Council is a member of the Kent Business Rates Pool. The total amount for 2024/25, less certain reliefs and other deductions, is shared between Central Government (50%), Ashford Borough Council (40%), Kent County Council (9%) and the Kent Fire and Rescue Authority (1%).

2023/24		2024/25
£'000		£'000
	<i>Total Non-Domestic Rateable Values at:</i>	
138,808	- 1st April	144,388
144,388	- 31st March	145,163
<u>5,580</u>	Increase/(decrease) in year	<u>775</u>

2023/24		2024/25
p		p
	Uniform rate (multiplier) set by the government:	
49.9	For rateable values below £18,000	49.9
51.2	For rateable values £18,000 and above	54.6

## 3. Band D Council Tax

The band D level of council tax is the average level of tax charged as prescribed in legislation. When calculating the tax base, the number of properties is converted into band D equivalents and this is used when authorities set their council tax. If a property is within a parished area, an additional charge will be made for the Parish Council.

2023/24		2024/25
£		£
1,534.23	Kent County Council	1,610.82
243.15	Kent Police Authority	256.15
87.30	Kent and Medway Fire Authority	89.91
182.50	Ashford Borough Council	187.96
<u>2,047.18</u>	Council Tax - basic amount	<u>2,144.84</u>
53.55	(including Parish Precepts)	57.34
<u>2,100.73</u>	Council Tax - Borough average	<u>2,202.18</u>

#### 4. Council Tax Base

The number of chargeable dwellings in each valuation band (adjusted where discounts apply) converted into an equivalent number of Band D dwellings, was calculated as follows:

Band	2023/24			2024/25		
	<i>Estimated Number of properties (Net of exemptions, discounts &amp; reliefs) (a)</i>	<i>Multipliers (b)</i>	<i>Band D equivalents properties (a x b)</i>	<i>Estimated Number of properties (Net of exemptions, discounts &amp; reliefs) (c)</i>	<i>Multipliers (d)</i>	<i>Band D equivalents properties (c x d)</i>
A with disabled relief	3.00	5 /9	1.67	3.50	5 /9	1.94
A	3,556.50	6 /9	2,371.00	3,581.60	6 /9	2,387.75
B	12,207.60	7 /9	9,494.82	12,275.90	7 /9	9,547.90
C	12,455.30	8 /9	11,071.33	12,635.50	8 /9	11,231.56
D	9,401.90	9 /9	9,401.93	9,668.20	9 /9	9,668.18
E	6,473.50	11 /9	7,912.06	6,585.80	11 /9	8,049.25
F	5,600.80	13 /9	8,089.97	5,751.50	13 /9	8,307.72
G	3,271.80	15 /9	5,452.92	3,330.80	15 /9	5,551.25
H	184.80	18 /9	369.50	189.80	18 /9	379.50
Tax Base before Council Tax Support			54,165.19			55,125.05
Tax Base before Council Tax Support			54,165.19			55,125.05
Less Council Tax Support			(4,514.29)			(4,534.19)
Tax Base after Council Tax Support			49,650.90			50,590.86
Estimated Collection Rate			0.985			0.985
Council Tax Base			48,906.00			49,832.00



# **Independent Auditor's report to the Members of Ashford Borough Council**

# Glossary

**Actuary** – a business professional who advises on the measurement and management of risk and uncertainty. In Ashford's case Barnett Waddington undertake this work for the Local Government Pension Scheme.

**Agency Services** – services which are performed for another Authority or public body, where the principal Authority responsible for the service reimburses the agent Authority doing the work for the cost of the work carried out.

**Amortised** – the deduction of capital expenses over a specific period. Similar to depreciation, it is a method of measuring the consumption of the value of long-term assets like equipment or buildings and intangible assets e.g. software.

**Appointed Auditors** – external auditors of Local Authorities appointed by the Public Sector Audit Appointments Ltd, in Ashford's case, Grant Thornton carries out this function.

**Asset Ceiling** – Present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

**Budget** – a statement defining the Council's financial plans for the year of expenditure and income.

**Capital Expenditure** – spending on the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment, which will be used to provide services for a number of years. Under statutory determination expenditure on assets not belonging to the council can be treated as capital expenditure.

**Capital Financing** – funds used to pay for capital expenditure.

**Capital Receipts** – the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within the rules set down by the Government, but they cannot be used to finance revenue expenditure. Capital Receipts can be used for debt repayment.

**CIPFA** – The Chartered Institute of Public Finance and Accountancy is the leading professional accountancy body for public services in the UK. CIPFA has responsibility for setting good practice accounting standards for Local Government. And has approval from the Financial Reporting Advisory Board to issue the Accounting Code of Practice, which prescribes the content and format of the Statement of Accounts.

**Collection Fund** – The Collection Fund for English authorities is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection

Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and Central Government of council tax and national non-domestic rates.

**Componentisation** – An accounting term that covers the practice of splitting an asset into its component parts (e.g. Walls, Roof, Lift, Boiler) to determine the appropriate value and depreciation basis for each component.

**Contingent Liability** – a potential liability at the Balance Sheet date. If the liability cannot be estimated reasonably accurately, it must be disclosed as a note to the Statement of Accounts.

**Council Tax** – the main source of local taxation to Local Authorities. Council Tax is levied on all domestic households within the Council's area.

**Council Tax Support** – assistance provided to adults on low incomes to help them pay their Council Tax bill. A resident that qualify for this are entitled to a discount on their council tax bill.

**Credit Risk** - the possibility that other parties might fail to pay amounts due to the Council.

**Creditors** – money owed by the Council to others.

**Debtors** – money owed to the Council by others.

**Fair Value** - is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Financial Assets** – is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

**Force Majeure** – is a common clause in contracts which essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as war, strike, riot, crime, act of nature e.g. flooding,

earthquake, volcano, prevents one or both parties from fulfilling their obligations under the contract.

**General Fund** – the main revenue fund of the Authority. Day-to-day spending on services is met from the fund. Spending on the provision of social housing, however, must be charged to a separate Housing Revenue Account.

**Gross Expenditure** – the total cost of providing the Council's services before taking into account income from Government grants and fees and charges for services.

**Housing Benefit** – the allowance to persons on low income or unable to meet, in whole or part, their rent. Benefit paid to the Authority's own tenant is known as rent rebate and that paid to private sector tenants as rent allowance.

**Housing Revenue Account (HRA)** – account which sets out the expenditure and income arising from the provision of housing. The HRA is funded by specific housing grants and rents payable by the Council's tenants.

**Impairment** – An accounting term that covers the loss in value of an asset either through consumption of its economic life or a change in its usefulness. For example, fire damage.

**Internal Audit** – a specialist section of the Council that examines, evaluates and reports on the adequacy of internal control systems and the proper, economic, efficient and effective use of resources.

**International Financial Reporting Standards** – The accounting standards that have been produced and adopted to govern accounting and move to a globally similar basis.

**Liquidity Risk** - the possibility that the Council might not have funds available to meet its commitments

**Market Risk** - the possibility that losses may arise due to changes in interest rates and market prices.

**MRP** – Minimum Revenue Provision. This is the calculation that Councils make for the repayment of debt.

**National Non-Domestic Rate (NNDR)** – a levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. Since the localisation of Business rates was introduced, NNDR is collected

by Billing Authorities and distributed to Central Government, County and Fire Authorities on the basis of a pre-set formula.

**Net Expenditure** – gross expenditure minus specific service income and grants, but before deduction of Revenue Support Grant and reallocated NNDR receipts.

**Outturn** – actual income and expenditure in a financial year.

**Partial Exemption** – a VAT term which ensures that a Local Authority does not recover VAT on Inputs that relate to the generation of exempt income more than the 5% of the total VAT recovered.

**Pension Fund** – an employees' pension fund maintained by an Authority, or group of Authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Authority, the employee and investment income. Ashford participates in a pension fund that covers all Kent Authorities.

**Pooled Investments** – a pooled investment fund collects money from multiple investors and puts it in one managed portfolio.

**Principal Arrangement** – this is where the Council is administering grants on behalf of another body but has an element of control over the award, and therefore the cost and receipt of grant are reflected in the costs of service. Where no control over allocation exist then this is an Agency arrangement and costs would not be shown in the councils cost of service.

**Precept** – the levy made by precepting authorities on Billing Authorities, requiring the latter to collect income from Council taxpayers on their behalf. County councils, police authorities, fire and rescue authorities are major precepting authorities and Parish Councils are local precepting authorities.

**Private Finance Initiative (PFI)** – a Central Government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance. In 2018 the Government announced that new PFIs could no longer be created, however existing contracts would continue.

**Provisions** – amounts set aside for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the Provision must be the best estimate of the likely liability or loss.

**Reserves** – amounts set aside to meet general, rather than specific future expenditure. These include “other reserves”, to be spent on specific services or functions and “general reserves” or “balances”, which every Authority must maintain as a matter of prudence. Sums may be put into or taken from reserves at the Council's discretion. The Council

also maintains **unusable reserves** that are established by the code of practice to offset non-current assets.

**Revenue Expenditure** – the day-to-day running costs of providing services.

**Revenue Expenditure Funded from Capital under Statute** – expenditure that does not result in the creation of a Property Plant and Equipment but is classified as capital expenditure for Capital Control purposes.

**Revenue Support Grant (RSG)** – a grant paid by Central Government to aid Local Authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

**Specific Grants** – grants from Central Government which may only be used for a specific purpose.

**Stanhope Private Finance Initiative (PFI)** - The PFI agreement for the regeneration of the Stanhope Estate has been ongoing since 2007; the details are in note 30

**Treasury Management** – management of the Council's cash balances on a daily basis, to obtain the best return while maintaining an acceptable level of risk.

**Usable Reserves** – funds available to the Council and represent specific amounts set-aside for future policy purposes or earmarked purposes, including the General Fund and the Capital Receipts Reserve.

**Unusable Reserves** – These are non-cash reserves that are kept to manage the accounting processes for non-current assets, investments, retirement benefits, employee benefits and collection fund adjustments and do not represent usable resources for the Council.