

Tunbridge Wells Commons Conservators

Finance report for the nine months ended 31 December 2024

Accounts

Net income and expenditure for the nine months was £89,821, £48,977 above budget and £10,360 higher than for the same period last year (as restated to exclude planning agreement income, now shown in separate reserves).

As was the case last quarter, the bulk of the positive budget variance arises under the heading of Maintenance of Commons, with grass cutting affected by adverse weather conditions. Recent storms created an increased need for tree works, invoices for which are still coming in.

Income includes £8,000 for benches, now given their own heading under both income and expenditure. This consists of £3,000 previously included under other income, £2,000 received from Friends of TWCC and £3,000 transferred from a separate legacy reserve after it was allocated to the provision for four identified refurbished benches. Expenditure on parts and labour for new and refurbished benches is shown under Maintenance of Commons as incurred.

Bank reconciliation

A reconciliation as at 31 December 2024, supported by copies of relevant bank statements, is provided for approval and signing.

Adequacy of funds

As reported to the Conservators in November, adequacy of funds is now measured by comparing the accumulated General Reserve at the balance sheet date with a figure representing 30% of the full Precept for the year. The recommended minimum level is three months, i.e. 25%. As shown at the foot of the balance sheet, the General Reserve at 31 December of £175,641 exceeded the 30% of Precept figure by a comfortable £110,937.

Reserves

The balance sheet shows separate reserves relating to s106 planning contributions of £7,851 for Union House and £44,244 relating to Eridge Road, to be applied to relevant expenditure. Of the Union House balance, £5,000 has been informally 'ring fenced' for essential drainage works, leaving £2,851 for other expenditure.

Changes in accounting policies

Following on from our initial meeting with the new internal auditors, as reported to the Conservators last month, it has been decided to cease accounting for depreciation on fixed assets. Depreciation has continued to be shown in these accounts but will be reversed out for this and previous years in the year end accounts.

For commercial entities it is standard practice to write off the cost of an asset to reserves as depreciation over its useful life in order to give a 'true and fair' view of the entity's financial position. However, for a smaller authority such as TWCC, it is normal practice to prepare accounts on a receipts and payments basis and to show fixed assets at cost. Indeed, the

AGAR (Annual Governance and Accountability Return) cannot be made to balance without including depreciation as a reconciling item, leading to an audit qualification.

In similar vein we are no longer showing payments of insurance premiums and car tax as prepayments, to be amortised over four quarters, but are recording them as an expense when incurred. This treatment already applies to Precept income, recorded as received every six months instead of spread evenly over the year. We will, however, continue to accrue for invoices received and paid shortly after a quarter end as a way of maintaining comparability.

Potential reclaims

We recently became aware that local authorities and similar bodies can recover VAT on purchases by making a VAT126 claim. This does not depend on being registered for VAT and making chargeable supplies as would be the case for a commercial entity. A claim for just over £45,000 has been submitted, but it remains to be seen whether all or some of it will be allowed, depending on whether TWCC is a qualifying body and on the adequacy of some of the older supporting invoices.

We are also investigating whether TWCC qualifies for, or is already receiving, the Small Business Employment Allowance against Employer's National Insurance contributions, currently worth £5,000 pa and rising to £10,500 pa from April. TWBC, who provide our payroll service, have been approached in the first instance.

David Miller
Treasurer
21 January 2025