

## **Tunbridge Wells Commons Conservators**

### **Finance report for the year ended 31 March 2025**

#### **Accounts**

Net income for the year was £13,800, £34,840 above budgeted net expenditure of £21,040 and £21,369 lower than last year's net income of £35,169. Last year's figures have been restated to exclude depreciation, with fixed assets now shown at cost, and planning agreement income, which is now shown in separate reserves.

Of the positive budget variance, £15,976 consists of additional income, including interest receipts, receipts from the Lund Fund and sales of new and refurbished benches. On the expenditure side, £11,470 arises under Maintenance of Commons, where expenditure on Trees, Paths and Tracks exceeded budget but other categories were generally underspent.

As noted last quarter, benches have now been given their own category under both income and expenditure. Benches income comprises £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 of 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 March 2025, supported by copies of relevant bank statements, is provided for approval and signing.

#### **Adequacy of funds**

As previously reported to the Conservators, adequacy of funds is now measured by comparing the accumulated General Reserve at the balance sheet date with a figure representing 30% of the Precept for the full year. The recommended minimum level is 25%, representing Precept income for three months. As shown at the foot of the balance sheet, the General Reserve at 31 March of £101,326 exceeded the 30% of Precept figure by £36,622.

#### **Reserves**

The balance sheet includes separate reserves relating to s106 planning contributions of £7,851 for Union House and £38,844 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**

As previously reported, after discussions with the new internal auditors it has been decided to cease accounting for depreciation on fixed assets. All depreciation previously accounted for during the current year and all previous years has been reversed out and reserves figures have been restated accordingly.

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 reflect more accurately the entity's financial

position. However, smaller authorities such as TWCC generally prepare accounts on a receipts and payments basis and show fixed assets at cost, while the AGAR (Annual Governance and Accountability Return) cannot be made to balance without including depreciation as a reconciling item.

Similarly, we no longer show payments of insurance premiums and car tax as prepayments, to be amortised over the year, but record 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 VAT reclaim**

Last quarter, we reported that TWCC had submitted a VAT126 claim to recover approximately £45,000 of past VAT incurred, under provisions relating to local authorities and similar bodies. Our initial claim has been rejected and at present we are weighing up the cost of making an appeal, after taking more detailed professional advice, against the likelihood of making a recovery.

David Miller  
Treasurer  
15 April 2025