

# **WOKINGHAM**

## **Borough Council**

# **Statement of Accounts**

**For the Year Ended 31 March 2025**

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# 1. NARRATIVE REPORT

The information and numbers presented in the narrative report are in relation to Wokingham Borough Council.

## **Organisational Structure**

Wokingham Borough Council delivers a wide range of services for the residents and businesses in Wokingham including education, environmental health, highways, housing, leisure, libraries, planning, social care, transport and waste collection and disposal. The Council is made up of 54 elected Councillors representing 18 wards across the borough, one of whom is elected as Leader. The Leader appoints up to 10 Councillors who make up the Executive which is responsible for the development and implementation of policy on behalf of the Council. Decisions made by the Executive are scrutinised by a number of Overview and Scrutiny Committees.

Officers are employees of the Council, and give advice to elected Councillors, implement decisions and manage the day-to-day delivery of services. The Corporate Leadership Team is made up of the Chief Executive, and other senior employees, as shown in note 14. The Directors report to the Chief Executive and have responsibility for delivering services.

## **Financial Context**

Heading into the 2025/26 financial year, the financial standing of the Council remains robust but with a number of significant local and national challenges ahead. This position has been maintained despite the Borough facing some of the most acute challenges in many years; the pandemic, cost of living/inflation rises, migration, the impacts of Brexit and more recently, significant demand pressures in Special Educational Needs and Disabilities (SEND).

The Council has established its financial resilience position, despite years of austerity resulting in minimal real terms increases and often real terms decreases in Government funding.

Further challenges currently outside of the main General Fund also continue to build, significantly the DSG deficit as with many councils continues to increase and requires national intervention to develop a longer-term sustainable position.

Heading into 2025/26, the Council will see continued financial pressures from increasing demand in the care services, persistent inflation and uncertainty around interest rates. Despite this, a balanced budget was presented to Council for approval in February 2025. Work has started and will continue during the year to look at budget pressures beyond 2025/26 to meet the financial challenges faced by all local authorities at this time.

## General Fund Service Expenditure 2024/25

The Council approved a revenue budget of £190.3m (£171.6m expenditure plus £18.7m depreciation) at its meeting on 22 February 2024. The following table analyses Wokingham Borough Council's actual outturn compared to its budgeted net expenditure by directorate, at 31 March 2025, and this was reported to the Council's Executive on 19 June 2025. The actual spend for 2024/25 was £190.6m, which was an adverse variance to budget of c£0.3m (c0.2%).

For more information, see the Council's revenue monitoring outturn report:

<https://wokingham.moderngov.co.uk/ieListDocuments.aspx?CId=129&MId=5327&Ver=4>

Directorate	End of year position		
	Approved budget	Actual spend	(Favourable) / adverse variance
	£,000	£,000	£,000
Adult Social Care	71,968	72,249	281
Chief Executive	13,143	13,018	(125)
Children's Services	51,254	51,234	(20)
Place & Growth	47,780	47,899	119
Resources & Assets	6,238	6,234	(4)
<b>Net Expenditure Total</b>	<b>190,383</b>	<b>190,634</b>	<b>251</b>

Material areas of favourable / adverse variances include:

- Adult Social Care - Overspend of c£0.28m for the year. This is mainly due to increased placement costs and a scarcity of placements, particularly in Older People's Nursing, Residential and Domiciliary Care leading to a small overspend in the service. Through the financial year significant work has been undertaken to find efficiencies to support the current position across all parts of the service.
- Chief Executive - Underspend of c£0.13m for the year. The underspend on the Chief Executive directorate is predominantly because of in-year restructures across the Directorate resulting in vacancies and delayed recruitment. The Registrar's service has overachieved its income budgets by £0.04m which is in line with the saving already included in the 25/26 budget.
- Children's Services – Underspend of c£0.02m for the year. Home to School Transport inflation has been slightly below forecast in contrast to the continuation of increased complexity and higher cost of placing Children in Care. Ongoing pressure is being seen from Unaccompanied Asylum Seeking Children and whilst one-off grants are providing mitigation currently this will result in a growth pressure in the future. Building a Permanent Social Worker Workforce is continuing to exceed expectations in reducing costs and improving outcomes for children.

- Place and Growth - Overspend of c£0.12m. Highways and Transport is the largest contributor to the overspend as a result of challenges around meeting saving targets for network maintenance and implementing parking initiatives. This is partially offset by favourable income achieved in relation to Planning, Countryside's and Waste.
- Resources and Assets - The directorate shows an underspend of c£0.04m for the year. A delay to savings from Asset rationalisation and Contract savings being delivered through departmental budgets have been offset by savings in borrowing costs because of the reduced capital programme and the lower interest rates. In addition, the income from property portfolio rentals was greater than forecast due to low levels of voids and concessions.

The figures in the table above are reported on a management reporting basis at the time the outturn report was presented to Executive. These will be different to the figures presented in the cost of services within the financial statements in this document. The differences will relate to statutory accounting adjustments, transfers to reserves and items of income / expenditure which are required to be shown outside of costs of services on the Comprehensive Income and Expenditure Statement (CIES) such as Financing and Investment Income and Expenditure (Note 9).

## Capital Expenditure in 2024/25

The Council continues to invest in its asset base to improve services to residents and to support the financial sustainability of the organisation. Capital expenditure in the year totalled £79.0m (2023/24 £73.1m) as set out in report to the Council's Executive on 19 June 2025.

See the capital programme outturn report for more information:

<https://wokingham.moderngov.co.uk/ieListDocuments.aspx?CId=129&MId=5327&Ver=4>

The figures in the table below are reported on a management reporting basis at the time the outturn report was presented to Executive. With regards to the financial statements in this report, the impact of capital expenditure will be shown in the Council long term assets.

During 2024/25 the Council has invested in the following key areas.

	<b>Expenditure 2024-2025 £'000</b>
Adult Social Care	8,656
Children's Services and Schools	10,543
Environment	5,397
Housing, Local Economy and Regeneration	31,856
Internal Services	2,816
Roads and Transport	19,701
<b>Total</b>	<b>78,969</b>

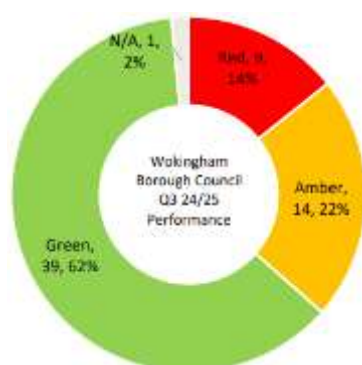
The Council's capital expenditure was financed through a mixture of capital receipts, developer contributions, third party contributions and grant income, contributions from revenue, a mix of internal and external borrowing. In addition, the Council also financed previous year's capital

expenditure through minimum revenue provision and HRA debt repayment. See Note 27 for further analysis of capital expenditure.

## Wider Council Performance

The Council's wider performance can be read about in the quarterly performance management report. The highlights of quarter 3 (2023/24) for the Council include:

- Containing the overspend on the revenue account, particularly with regards to Children's Services
- Local Plan Reg.19 publication and consultation concluded
- Full Council agreed to adopt the Communities Vision
- The Council adopted a new People Strategy at Executive in October 2024
- Bridges Inspection outcome in November – GOOD
- Bluebell House continues to be a success with increasing occupancy



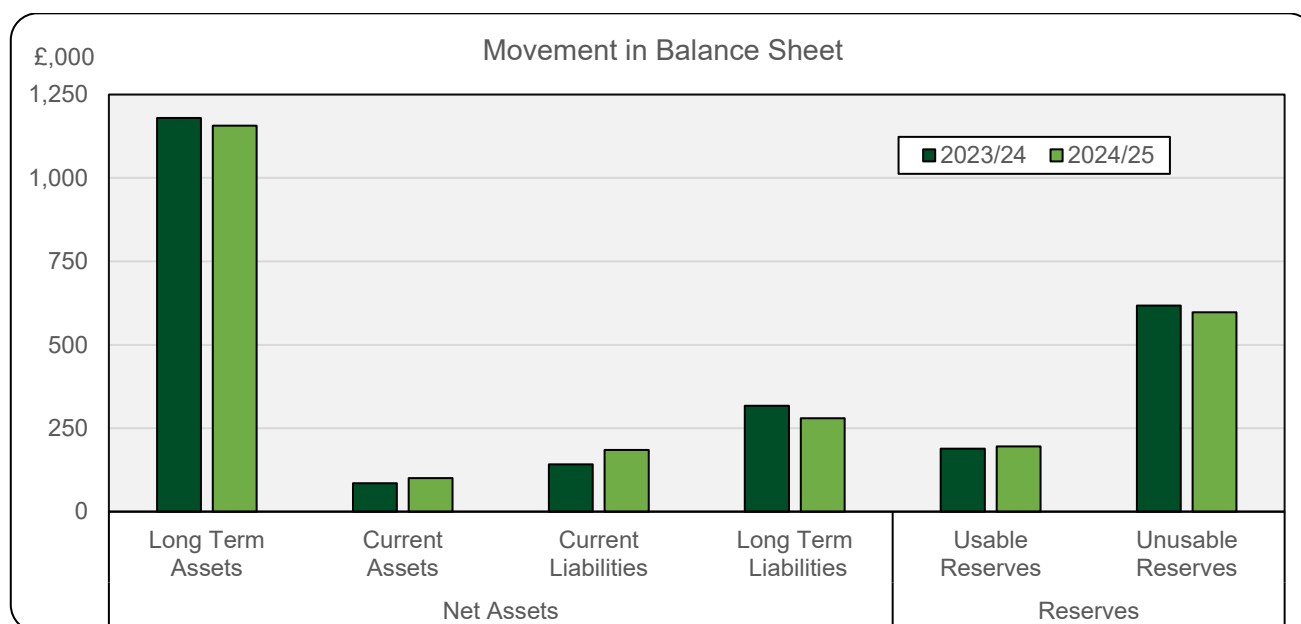
Quarter 3 KPIs show sustained performance for most KPIs despite significant continued challenges to delivery. This includes continuing high levels of demand and increased complexity of need. The number of red KPIs has increased from 3 to 9. There are 14 amber KPIs and 39 green.

Further information can be found on the Council's website.

<https://wokingham.moderngov.co.uk/documents/g5082/Public%20reports%20pack%2005th-Mar-2025%2019.00%20Overview%20and%20Scrutiny%20Management%20Committee.pdf?T=10>

## Balance Sheet

The Balance Sheet summarises the council's financial position at 31 March 2025 and reports the assets, liabilities and reserves which show what the council owns and how much it owes. The net assets of the Council have decreased from £805.5m at 31 March 2024 to £792.7m at 31 March 2025. A breakdown of the key parts of the balance sheet is shown below;



Overall, there has been a small reduction in the net assets on the balance sheet. Whilst some areas have had favourable movements such as short term debtors, inventories and reducing pension liabilities, areas such as asset disposals, increases in short term creditors and short term borrowing have reduced the overall net assets of the Council. Further detailed information is available in the balance sheet and associated notes to the accounts.

## Pension Fund

The Council records costs related to its pension schemes when they are earned by employees. However, the charge that the Council is required to make to the General Fund is based on the cash payable in the year. In accordance with International Accounting Standard (IAS) 19, the Council's balance sheet recognises a liability of £67.0m at 31 March 2025 (£99.3m at 31 March 2024). The pension fund actuary provides the Council with a valuation each year, it is common for large variances between years due to a number of assumptions calculated over a long period of time. Actuarial gains on pension assets / liabilities of £24.2m were recognised in the Comprehensive Income and Expenditure Statement for 2024/25. In 2023/24, actuarial gains of £17.5m were reported.

More information about the costs and accounting treatment for the Council's pension schemes is set out below and in Note 19.

## Treasury Management

Long term borrowing reduced from £119.6m to £115.2m during the year and short term borrowing increased from £71.1m to £86.3m. This planned increase was to support the funding of the capital programme and included a reallocation from long term borrowing to short term.

The Council maintains cash reserves arising from grants received in advance, General Fund and other reserves, and from cash flow management. Short-term investments at 31 March 2025 were



£0.1m (£0.2m at 31 March 2024). Cash and Cash Equivalents were £13.1m (£24.2m at 31 March 2024). This is a planned reduction to ensure cashflow is managed as part of the treasury management activities ensuring the Council considers borrowing requirements along with available cash balances to maximise value for money for the Council through generating returns on investment or avoiding borrowing externally at higher interest rates.

Further information regarding treasury management can be found in the Treasury Management outturn report reported to Executive on 19<sup>th</sup> June 2025.

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

The Council's Housing Revenue Account (HRA) achieved an operating surplus of £4.4m compared to a surplus of £1.6m in 2023/24. This was an improved position on the surplus in 2023/24 and is driven mainly from higher rental income and maintaining operational expenditure (staffing, repairs and maintenance) at similar levels to the previous year. In addition, there are a greater number of accounting gains from disposals of assets due to more properties sold under right to buy. The surplus is used to fund capital expenditure and to repay debt, and after removing statutory accounting adjustments resulted in an overall increase in the HRA balance of £0.03m.

HRA rental income was £18.9m in 2024/25, an increase on the £16.3m achieved in 2023/24. Expenditure on repairs and maintenance and housing management totalled £7.8m compared to £7.9m in 2023/24. Capital expenditure on existing housing stock totalled £6.0m in 2024/25, investing in planned & cyclical works and improvement works, an increase of £0.6m compared with the previous year.

## **Group Accounts**

The Council are in the seventh year of joint working with the Royal Borough of Windsor and Maidenhead (RBWM) through our company, Optalis. Jointly with the Royal Borough, WBC can control the operating, governance and financial policies of the organisation, and also able to appoint the board of directors of the company.

The Council's housing companies have continued to grow, with further development work increasing their net assets. Berry Brook Homes Ltd provides affordable, subsidised housing to rent in Wokingham Borough. Loddon Homes Ltd also provides social and affordable housing and is a for-profit registered provider. Wokingham Housing Limited is a housing developer providing high quality affordable, social and market homes for local people in Wokingham.

## **Key risks and opportunities**

The Council's corporate leadership team (CLT) is responsible for identifying and managing the Council's risks and opportunities. CLT is also responsible for identifying, analysing and profiling high-level strategic and cross-cutting risks on a regular basis. The Council's corporate risk register is considered by the Audit Committee. A wide range of policies, procedures, training and governance help control this risk, with further detail available in the documentation discussed at that meeting (link below). The other key risk is that the Council fails to deliver key investment priorities.



The risks are reviewed and quantified as part of the financial planning processes. This analysis is available within the Council's Medium Term Financial Plan (MTFP) approved at annual budget-setting Council in February each year and is available at:

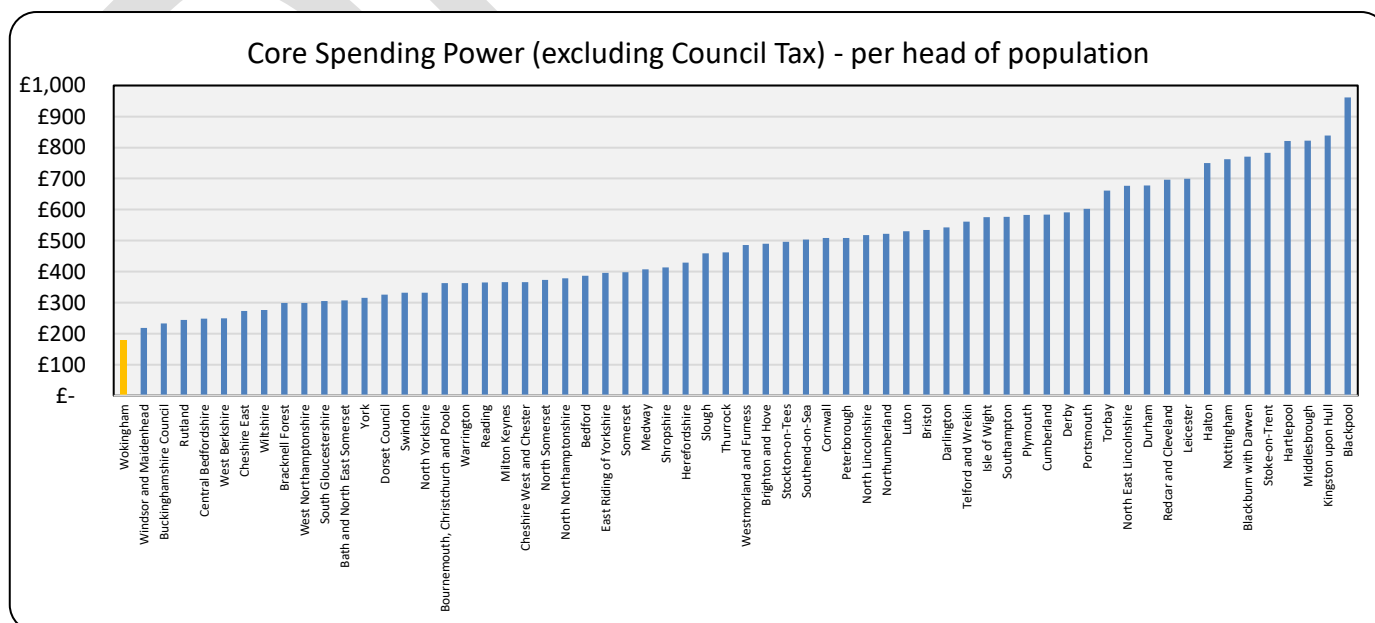
<https://wokingham.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=4971&Ver=4>

The Council continues to review opportunities for improvement and service development, most recently including the continuous improvement programme, looking to transform the way the Council operates and improve the availability of Council services through digital channels, enable residents to track the progress of their issue as it is resolved more efficiently by the Council, a greater focus on problem-solving and customer responsiveness, and a leaner, more effective and efficient Council costing significantly less to run.

## Future Financial Outlook

The overall financial climate continues to be challenging, uncertain and is expected to remain so for a number of years. Wokingham, as one of the lowest funded English unitary authorities, will face a particularly difficult challenge. The Council still await certainty of government funding through a multi-year local government funding settlement which has been previously been delayed for a number of years. The Government have committed to a reforming local authority funding from 2026/27 with the expectation that resources will be targeted more to areas of perceived deprivation which is likely to have a negative impact on Wokingham's funding levels. This uncertainty in funding comes at the same time as needing to meet the financial pressures from persistent inflation costs and extra pressures on statutory services such as housing, social care (Adults & Children's Services), waste collection and disposal, highways and overall population and demographic growth.

The Council retains an element of business rates income, which together with government grants and council tax form the core spending power. For Wokingham, more services are expected to be funded from council tax income and therefore other financial support from the government is at a lower level per head of population than all other unitary authorities as shown in the chart below. More detailed analysis of the financial context is available in the latest Medium Term Financial Plan (MTFP) which is available on the Council's website.



## **Regeneration, Investment, and Strategic developments**

Although the Council faces significant financial pressures, it is continuing with the final phase of Wokingham Town Centre regeneration to ensure that it remains an attractive location for businesses to locate, and for people to live in and visit for shopping and recreational purposes. In addition, the Council has identified four Strategic Development Locations (SDLs) where new housing, infrastructure and employment opportunities will be located. The Council have also agreed to the regeneration of Gorse Ride, providing much needed additional affordable housing in the borough. The Council's Medium Term Financial Plan (MTFP) provided for considerable investment in these areas in 2025/26 and beyond.

## **Accounting Developments for 2024/25**

The most significant accounting developments for 2024/25 were the implementation of IFRS 16, Leases. The Council are required to implement IFRS 16 from 1st April 2024. IFRS 16 is an International Financial Reporting Standard that sets out how leases are accounted for in financial statements. It primarily focuses on lessee accounting, requiring recognition of both a right-of-use asset and a lease liability on the balance sheet for most leases. This standard replaced the previous IAS 17 and aimed to increase transparency and comparability in lease accounting, ensuring financial commitments are recognised.

Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

There are no other significant accounting developments for 2024/25. A full list of the Council's accounting policies is at chapter 11 of these accounts.

## 2. ANNUAL GOVERNANCE STATEMENT 2024/25

*The annual governance will be considered at the July 2025 audit committee meeting and added to the statement of accounts once approved.*

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## 3. STATEMENT OF RESPONSIBILITIES

### The Council's responsibilities

The Council 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, that officer is the Deputy Chief Executive.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the statement of accounts.

### The Responsibilities of the Deputy Chief Executive

The Deputy Chief Executive, in his capacity as the S151 Officer, is responsible for the preparation of the Council's Statement of Accounts for the year ended 31 March 2025 in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) 2024/25 Code of Practice on Local Authority Accounting in United Kingdom (the Code).

In preparing this Statement of Accounts, the Deputy Chief Executive has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- complied with the Code of Practice.

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Wokingham Borough Council at the accounting date and its income and expenditure for the year ended 31 March 2025.

**Signature:**

**Signature:**

**Graham Ebers**  
**Deputy Chief Executive**  
**(s.151 officer)**

**Chair of the Audit Committee**

**Date:**

**Date:**

## **4. AUDIT OPINION**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOKINGHAM BOROUGH COUNCIL**

**To be added once the audit has been completed.**

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## 5. FINANCIAL STATEMENTS

The following financial statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MiRS), the Balance Sheet (BS) and the Cash Flow Statement (CFS).

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# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24				2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£,000	£,000	£,000		£,000	£,000	£,000
15,329	(773)	14,556	Chief Executive	15,857	(1,539)	14,318
65,197	(31,896)	33,301	Resources and Assets	50,139	(31,059)	19,080
76,339	(22,250)	54,089	Place and Growth	63,576	(23,306)	40,270
12,271	(17,061)	(4,790)	Housing Revenue Account	12,795	(20,623)	(7,828)
91,179	(26,673)	64,506	Adult Social Care	96,001	(26,815)	69,186
53,961	(5,779)	48,182	Children's Services	59,231	(9,054)	50,177
119,268	(110,987)	8,281	Children's Services - Schools Block	123,687	(106,164)	17,523
433,544	(215,419)	218,125	Cost of Services	421,286	(218,560)	202,726
		46,940	Other Operating Expenditure (Note 8)			64,869
		10,260	Financing and Investment Income and Expenditure (Note 9)			7,800
		223,605	Taxation and Non-specific Grant Income (Note 10)			(225,873)
		(51,720)	(Surplus) or Deficit on Provision of Services			49,522
		8,441	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets charged to the Revaluation Reserve			(12,460)
		(17,546)	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(24,196)
		(9,105)	Other Comprehensive Income and Expenditure			(36,656)
		42,615	Total Comprehensive Income and Expenditure			12,866



# GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24				2024/25		
Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000		Gross Expenditure £,000	Gross Income £,000	Net Expenditure £,000
15,329	(773)	14,556	Chief Executive	15,857	(1,539)	14,318
65,194	(33,715)	31,479	Resources and Assets	51,557	(33,464)	18,093
76,339	(22,250)	54,089	Place and Growth	63,576	(23,306)	40,270
12,271	(17,061)	(4,790)	Housing Revenue Account	12,795	(20,623)	(7,828)
91,179	(26,673)	64,506	Adult Social Care	96,001	(26,815)	69,186
53,961	(5,779)	48,182	Children's Services	59,231	(9,054)	50,177
119,268	(110,987)	8,281	Children's Services - Schools Block	123,687	(106,164)	17,523
<b>433,541</b>	<b>(217,238)</b>	<b>216,303</b>	<b>Cost of Services</b>	<b>422,704</b>	<b>(220,965)</b>	<b>201,739</b>
		46,941	Other Operating Expenditure			65,232
		10,991	Financing and Investment Income and Expenditure			8,649
		(222,355)	Taxation and Non-specific Grant Income			(225,614)
		<b>51,880</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>50,006</b>
		0	Corporation Tax			0
		30	Share of Joint Ventures accounted for on an equity basis			0
		<b>51,910</b>	<b>(Surplus) or Deficit for the year</b>			<b>50,006</b>
		5,647	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets charged to the Revaluation Reserve			(12,901)
		(17,546)	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(24,196)
		<b>(11,899)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(37,097)</b>
		<b>40,011</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>12,909</b>

## MOVEMENT IN RESERVES STATEMENT

	General Fund (GF) Balance	Earmarked GF Reserves	Housing Revenue Account (HRA)	Schools & Dedicated Schools Grant Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total WBC Usable Reserves	WBC Unusable Reserves	Total WBC Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Balance at 31st March, 2024 brought forward</b>	(9,482)	(133,823)	(1,032)	(6,618)	(1,582)	(341)	(35,396)	(188,273)	(617,271)	(805,544)
<b>Movement during the year</b> (Surplus) or Deficit on the Provision of Services	53,899	0	(4,377)	0	0	0	0	49,522	0	49,522
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(36,656)	(36,656)
<b>Total Comprehensive Income and Expenditure</b>	<b>53,899</b>	<b>0</b>	<b>(4,377)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,522</b>	<b>(36,656)</b>	<b>12,866</b>
Adjustments between Accounting Basis & Funding Basis under Regulations (note 5)	(46,454)	0	3,748	0	(1,582)	46	(17,045)	(61,287)	61,287	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>7,445</b>	<b>0</b>	<b>(629)</b>	<b>0</b>	<b>(1,582)</b>	<b>46</b>	<b>(17,045)</b>	<b>(11,765)</b>	<b>24,631</b>	<b>12,866</b>
Transfers (to) / from Earmarked Reserves (Note 6)	(9,089)	8,657	600	4,687	0	0	199	5,054	(5,054)	0
<b>(Increase) / Decrease in year</b>	<b>(1,644)</b>	<b>8,656</b>	<b>(29)</b>	<b>4,687</b>	<b>(1,582)</b>	<b>46</b>	<b>(16,846)</b>	<b>(6,711)</b>	<b>19,577</b>	<b>12,866</b>
<b>Balance at 31st March 2025 carried forward</b>	<b>(11,125)</b>	<b>(125,166)</b>	<b>(1,061)</b>	<b>(1,931)</b>	<b>(3,164)</b>	<b>(295)</b>	<b>(52,242)</b>	<b>(194,984)</b>	<b>(597,694)</b>	<b>(792,678)</b>

# MOVEMENT IN RESERVES STATEMENT

	General Fund (GF) Balance	Earmarked GF Reserves	Housing Revenue Account (HRA)	Schools & Dedicated Schools Grant Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total WBC Usable Reserves	WBC Unusable Reserves	Total WBC Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Balance at 31st March, 2023 brought forward</b>	(9,611)	(128,011)	(1,073)	(6,633)	(2,218)	(490)	(35,707)	(183,743)	(664,418)	(848,160)
<b>Movement during the year</b>										
(Surplus) or Deficit on the Provision of Services	53,319	0	(1,599)	0	0	0	0	51,720	0	51,720
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(9,105)	(9,105)
<b>Total Comprehensive Income and Expenditure</b>	<b>53,319</b>	<b>0</b>	<b>(1,599)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51,720</b>	<b>(9,105)</b>	<b>42,615</b>
Adjustments between Accounting Basis & Funding Basis under Regulations (note 5)	(60,387)	0	1,641	0	637	148	310	(57,651)	57,651	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(7,068)</b>	<b>0</b>	<b>41</b>	<b>0</b>	<b>637</b>	<b>148</b>	<b>310</b>	<b>(5,932)</b>	<b>48,546</b>	<b>42,615</b>
Transfers (to) / from Earmarked Reserves (Note 6)	7,197	(5,812)	0	15	0	0	0	1,400	(1,400)	0
<b>(Increase) / Decrease in year</b>	<b>129</b>	<b>(5,812)</b>	<b>41</b>	<b>15</b>	<b>637</b>	<b>148</b>	<b>310</b>	<b>(4,532)</b>	<b>47,146</b>	<b>42,615</b>
<b>Balance at 31st March 2024 carried forward</b>	<b>(9,482)</b>	<b>(133,823)</b>	<b>(1,032)</b>	<b>(6,618)</b>	<b>(1,582)</b>	<b>(341)</b>	<b>(35,396)</b>	<b>(188,273)</b>	<b>(617,271)</b>	<b>(805,544)</b>

# GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund (GF) Balance	Earmarked GF Reserves	Housing Revenue Account (HRA)	Schools & DSG Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Reserves of Subsidiary, Associates and Joint Ventures	Total Reserve
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance at 31st March 2024 carried forward	(9,482)	(133,823)	(1,032)	(6,618)	(1,582)	(341)	(35,396)	(188,273)	(617,271)	(805,544)	(40,238)	(845,781)
<b>Movement during the year</b>												
Surplus or (Deficit) on the Provision of Services	52,521	0	(4,377)	0	0	0	0	48,144	0	48,144	1,862	50,006
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(36,656)	(36,656)	(441)	(37,097)
<b>Total Comprehensive Income and Expenditure</b>	<b>52,521</b>	<b>0</b>	<b>(4,377)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,144</b>	<b>(36,656)</b>	<b>11,488</b>	<b>1,421</b>	<b>12,909</b>
Adjustments between group accounts and authority accounts	1,378	0	0	0	0	0	0	1,378	0	1,378	(1,378)	0
Adjustments between accounting basis and funding basis under regulations	(46,454)	0	3,748	0	(1,582)	46	(17,045)	(61,287)	61,287	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>7,445</b>	<b>0</b>	<b>(629)</b>	<b>0</b>	<b>(1,582)</b>	<b>46</b>	<b>(17,045)</b>	<b>(11,765)</b>	<b>24,631</b>	<b>12,866</b>	<b>43</b>	<b>12,909</b>
Transfers (to) / from Earmarked Reserves	(9,089)	8,657	600	4,687	0	0	199	5,054	(5,054)	0	0	0
<b>Balance at 31st March 2025 carried forward</b>	<b>(11,125)</b>	<b>(125,166)</b>	<b>(1,061)</b>	<b>(1,931)</b>	<b>(3,164)</b>	<b>(295)</b>	<b>(52,242)</b>	<b>(194,984)</b>	<b>(597,694)</b>	<b>(792,678)</b>	<b>(40,195)</b>	<b>(832,872)</b>

# GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund (GF) Balance	Earmarked GF Reserves	Housing Revenue Account (HRA)	Schools & DSG Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Reserves of Subsidiary, Associates and Joint Ventures	Total Reserve
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance at 31st March 2023 carried forward	(9,611)	(128,011)	(1,073)	(6,633)	(2,218)	(490)	(35,707)	(183,743)	(664,419)	(848,159)	(37,633)	(885,792)
<b>Movement during the year</b>												
Surplus or (Deficit) on the Provision of Services	52,380	0	(1,599)	0	0	0	0	50,782	0	50,782	1,128	51,910
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	0	(9,105)	(9,105)	(2,794)	(11,899)
<b>Total Comprehensive Income and Expenditure</b>	<b>52,380</b>	<b>0</b>	<b>(1,599)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,782</b>	<b>(9,105)</b>	<b>41,677</b>	<b>(1,666)</b>	<b>40,011</b>
Adjustments between group accounts and authority accounts	939	0	0	0	0	0	0	939	0	939	(939)	0
Adjustments between accounting basis and funding basis under regulations	(60,387)	0	1,641	0	637	148	310	(57,651)	57,651	0	0	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(7,068)</b>	<b>0</b>	<b>41</b>	<b>0</b>	<b>637</b>	<b>148</b>	<b>310</b>	<b>(5,932)</b>	<b>48,546</b>	<b>42,615</b>	<b>(2,605)</b>	<b>40,011</b>
Transfers (to) / from Earmarked Reserves	7,197	(5,812)	0	15	0	0	0	1,400	(1,400)	0		0
<b>Balance at 31st March 2024 carried forward</b>	<b>(9,482)</b>	<b>(133,823)</b>	<b>(1,032)</b>	<b>(6,618)</b>	<b>(1,582)</b>	<b>(341)</b>	<b>(35,396)</b>	<b>(188,273)</b>	<b>(617,271)</b>	<b>(805,544)</b>	<b>(40,238)</b>	<b>(845,781)</b>

# BALANCE SHEET

WBC 31st March 2024 £,000	Group 31st March 2024 £,000		Notes	WBC 31st March 2025 £,000	Group 31st March 2025 £,000
1,122,659	1,175,845	Property, Plant & Equipment	24	1,097,854	1,152,468
0	0	Right of Use Assets	28	2,314	2,314
31,188	31,188	Investment Property	25	30,893	30,893
4,516	4,516	Intangible Assets	26	5,025	5,025
0	0	Long Term Investments	36	0	0
21,041	1,918	Long Term Debtors	30	20,921	1,918
0	33	Investments in Joint Ventures		0	33
<b>1,179,405</b>	<b>1,213,501</b>	<b>Long Term Assets</b>		<b>1,157,007</b>	<b>1,192,651</b>
176	176	Short Term Investments	36	125	125
10,537	10,537	Inventories	49	17,224	17,224
203	203	Assets Held for Sale	35	426	426
46,653	46,469	Short Term Debtors	30	64,901	64,593
27,254	29,724	Cash and Cash Equivalents	41	17,743	19,499
<b>84,824</b>	<b>87,109</b>	<b>Current Assets</b>		<b>100,419</b>	<b>101,867</b>
(3,013)	(3,013)	Cash and Cash Equivalents	41	(4,604)	(4,604)
(71,121)	(71,121)	Short Term Borrowing	36	(86,253)	(86,245)
(59,666)	(59,236)	Short Term Creditors	31	(85,633)	(85,276)
(7,530)	(7,530)	Provisions	32	(8,274)	(8,274)
<b>(141,329)</b>	<b>(140,899)</b>	<b>Current Liabilities</b>		<b>(184,764)</b>	<b>(184,399)</b>
(119,606)	(119,531)	Long Term Borrowing	36	(115,174)	(115,117)
(3,352)	(2)	Long Term Creditors	31	(2,682)	(2)
(6,089)	(6,089)	PFI and Finance Lease Liabilities	36	(6,509)	(6,509)
(99,331)	(99,331)	Pensions Liability	19	(67,038)	(67,038)
(88,977)	(88,977)	Capital Grants Receipts in Advance	20	(88,581)	(88,581)
<b>(317,355)</b>	<b>(313,929)</b>	<b>Long Term Liabilities</b>		<b>(279,984)</b>	<b>(277,247)</b>
<b>805,544</b>	<b>845,781</b>	<b>Net Assets</b>		<b>792,678</b>	<b>832,872</b>
(188,273)	(226,577)	Usable Reserves	22	(194,984)	(233,245)
(617,271)	(619,171)	Unusable Reserves	23	(597,694)	(599,594)
<b>(805,544)</b>	<b>(845,748)</b>	<b>Total Reserves</b>		<b>(792,678)</b>	<b>(832,839)</b>
0	(33)	Council's Share of Joint Venture Reserves		0	(33)
<b>(805,544)</b>	<b>(845,781)</b>	<b>Total Reserves excluding Minority Interest</b>		<b>(792,678)</b>	<b>(832,872)</b>

# CASH FLOW STATEMENT

	Notes	WBC 2023/24 £,000	Group 2023/24 £,000	WBC 2024/25 £,000	Group 2024/25 £,000
Net Surplus or (Deficit) on the Provision of Services		(51,720)	(51,910)	(49,522)	(50,006)
Adjustments to Net Surplus or Deficit on the Provision of Services for Non-cash Movements	38	87,797	87,874	88,271	90,567
Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing or Financing Activities					
• Proceeds from disposal of property, plant and equipment, investment property and intangible assets and other capital receipts		(1,834)	(1,835)	(3,647)	(4,355)
• Capital grants and contributions		(57,493)	(57,493)	(45,346)	(45,346)
<b>Net Cash Flows from Operating Activities</b>		<b>(23,250)</b>	<b>(23,363)</b>	<b>(10,244)</b>	<b>(9,140)</b>
Investing Activities	39	(318)	(1,650)	(15,037)	(16,865)
Financing Activities	40	10,405	10,453	14,179	14,189
<b>Net Increase or (Decrease) in Cash and Cash Equivalents</b>		<b>(13,163)</b>	<b>(14,560)</b>	<b>(11,102)</b>	<b>(11,816)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		37,404	41,271	24,241	26,711
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>41</b>	<b>24,241</b>	<b>26,711</b>	<b>13,139</b>	<b>14,895</b>



## 6. NOTES TO THE ACCOUNTS

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## NOTE 01 EXPENDITURE AND FUNDING ANALYSIS

This note shows the link between the net expenditure chargeable to the general fund and HRA balances and the net expenditure in the comprehensive income and expenditure statement.

2023/24			
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£,000	£,000	£,000	
13,329	1,227	<b>14,556</b>	Chief Executive
9,603	23,698	<b>33,301</b>	Resources and Assets
38,590	15,499	<b>54,089</b>	Place and Growth
(3,149)	(1,641)	<b>(4,790)</b>	Housing Revenue Account
63,084	1,422	<b>64,506</b>	Adult Social Care
41,829	6,353	<b>48,182</b>	Children's Services
13,490	(5,209)	<b>8,281</b>	Children's Services - Schools Block
<b>176,775</b>	<b>41,349</b>	<b>218,125</b>	<b>Net Cost of Services</b>
(176,605)	10,200	<b>(166,405)</b>	Other Income & Expenditure
<b>170</b>	<b>51,550</b>	<b>51,720</b>	<b>Surplus/Deficit on provision of services</b>
(10,684)			Opening General Fund and HRA balance
170			(Surplus) / Deficit on General Fund and HRA Balance in Year
<b>(10,514)</b>			Closing General Fund and HRA balance at 31 March*

2024/25		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£,000	£,000	£,000
13,824	494	<b>14,318</b>
5,754	13,326	<b>19,080</b>
41,487	(1,217)	<b>40,270</b>
(5,436)	(2,392)	<b>(7,828)</b>
68,535	651	<b>69,186</b>
42,160	8,017	<b>50,177</b>
(467)	17,990	<b>17,523</b>
<b>165,857</b>	<b>36,869</b>	<b>202,726</b>
(167,529)	14,325	<b>(153,204)</b>
<b>(1,672)</b>	<b>51,194</b>	<b>49,522</b>
(10,514)		
(1,672)		
<b>(12,186)</b>		

\* A breakdown between the general fund and HRA balance is available in the movement in reserves statement.

The adjustments between accounting and funding basis column in the table above is analysed further on the table below.

2023/24				
Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments	
£,000	£,000	£,000	£,000	
1,949	(801)	79	1,227	Chief Executive
27,859	(990)	(3,172)	23,697	Resources and Assets
15,615	(1,185)	1,069	15,499	Place and Growth
(1,569)	(86)	14	(1,641)	Housing Revenue Account
2,348	(1,021)	95	1,422	Adult Social Care
9,954	(1,496)	(2,105)	6,353	Children's Services
0	(2,216)	(2,992)	(5,208)	Children's Services - Schools Block
<b>56,156</b>	<b>(7,795)</b>	<b>(7,012)</b>	<b>41,349</b>	<b>Net Cost of Services</b>
43,446	0	0	43,446	Other Operating Expenditure
0	4,994	0	4,994	Financing and Investment Income and Expenditure
(57,811)	0	19,571	(38,240)	Taxation and Non-specific Grant Income
<b>(14,365)</b>	<b>4,994</b>	<b>19,571</b>	<b>10,200</b>	<b>Other Income &amp; Expenditure</b>
<b>41,791</b>	<b>(2,801)</b>	<b>12,559</b>	<b>51,550</b>	Difference between General Fund surplus and deficit and Comprehensive Income and Expenditure Statement Surplus or deficit on the Provision of services

2024/25			
Adjustment for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total Adjustments
£,000	£,000	£,000	£,000
1,622	(1,235)	107	494
12,494	(1,353)	2,185	13,326
(957)	(1,772)	1,512	(1,217)
(1,540)	(257)	(595)	(2,392)
2,727	(1,740)	(336)	651
11,505	(2,478)	(1,010)	8,017
0	(2,873)	20,863	17,990
<b>25,851</b>	<b>(11,708)</b>	<b>22,726</b>	<b>36,869</b>
58,868	0	0	58,868
0	3,612	0	3,612
(45,895)	0	(2,260)	(48,155)
<b>12,973</b>	<b>3,612</b>	<b>(2,260)</b>	<b>14,325</b>
<b>38,824</b>	<b>(8,096)</b>	<b>20,466</b>	<b>51,194</b>

## **NOTE 02      ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED, AND DISCLOSURE OF A CHANGE IN ACCOUNTING POLICY**

The Council should apply changes in accounting policy retrospectively unless transitional arrangements allow for alternative treatments, as well as disclosing accounting standards which have been issued, but not yet adopted in this year's accounts.

At the balance sheet date, the following amendments were made to the accounting policies as required in the code of practice:

- **IFRS 16 Leases** From 2024/25, implementation of IFRS 16 was mandatory for local authorities. Accounting policies have been updated to reflect the requirements of IFRS 16. The main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for under IAS 17 as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired). In contrast, operating leases were treated under IAS 17 as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

At the balance sheet date, the following amendments to existing accounting standards have been published but not included in the 2024/25 Code of Practice of Local Accounting in the United Kingdom:

- **IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable
- **IFRS 17 Insurance Contracts** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy

All these amendments to existing standards are unlikely to have a material impact on the Council's financial statements.

## **NOTE 03                      CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in chapter 11, 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 set out in the following paragraphs.

### **Future Funding**

There remains a high degree of uncertainty about future levels of funding for local government. The Government have committed to reforming funding calculations for 2026/27 and will provide a multi-year funding settlement. A multi-year settlement is welcomed to help financial planning however there remains some uncertainty on the long-term impact on the Council's financial position as a result of any reset or recalculation in how and where government funding will be targeted in future financial settlements. There are also other areas outside the Councils control such as the war in Ukraine and the global economy. The Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired because of a need to close facilities and reduce levels of service provision.

### **Group Boundaries**

The Council had interests in seven companies at 31 March 2025. Depending on the Council's ability to influence control, different accounting treatments are applied. Details regarding these companies and their assessments are disclosed in note 46 to the financial statements.

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

The Council is deemed to jointly control the services provided under the Private Finance Initiative (PFI) contract with WRG (RE3 Ltd) for the disposal of waste. Control of the services is shared with Reading and Bracknell Forest Borough Councils. Wokingham Borough Council has reviewed the application of the control tests within IFRIC 12 to determine whether the assets within the contract should be on-balance sheet. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the assets (valued at approximately £4.974m at 31 March 2025) are recognised as Property, Plant and Equipment in the Council's Balance Sheet which amounts to a 37.2% share of the total value of the assets that will revert to the ownership of the RE3 partnership between the three council's at the end of the contract.

### **Investment Properties**

Properties that are held for solely to earn rental income and/or capital appreciation are, in terms of the Code of Practice, to be classified as investment properties. If such properties are used in any way for the provision of services as well as earning rental and/or capital appreciation they do not meet the criteria for classification for investment property and are, accordingly, classified as property, plant and equipment. Properties owned by the Council that are located within the Borough of Wokingham that earn rental income are classified as property, plant and equipment as these properties have an element of economic development or regeneration. Properties owned by the Council that meet the criteria and are located outside the Borough of Wokingham are classified as investment properties.

## **Schools Non-Current Assets**

The Council recognises Schools non-current assets in line with the appropriate accounting standards, and they are recognised on the Balance Sheet only if the future economic benefits or service potential associated with the schools will flow to the Council. The Council considers that the economic benefits or service potential of a school's assets normally flows to the Council where it has the ability to employ the staff and is able to set the admission criteria. There are currently five types of school within the Council as follows:

- Community Schools - The Council both appoints the staff and sets the admission criteria. The assets of these schools are, therefore, recognised on the Council's Balance Sheet.
- Voluntary controlled (VC) and Voluntary aided (VA) Schools - The Council both appoints the staff and sets the admissions criteria; however, the legal ownership of the school land and buildings belong to a charity, normally a religious body. The Council considers that it does not receive the economic benefit/service potential of the school, and the assets are not recognised on the Council's Balance Sheet.
- Academy Schools - The staff are appointed by the schools governing body, which also sets the admission criteria, therefore, the Council does not receive the economic benefit or service potential of these schools and does not recognise them on the Council's Balance Sheet. The transfer of school assets are recognised as a disposal from the Council's Balance Sheet on the date the school converts to Academy status. No impairment is recognised by the Council prior to the transfer.
- Foundation Trust Schools - Referred to as either a Foundation Trust School or a Foundation School. The ownership of schools in this category are held within a charitable trust, and the assets are not recognised on the Council's Balance Sheet.



## NOTE 04      ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Valuation of Land &amp; Buildings</b>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Investment properties are subject to changing market conditions, which can lead to some uncertainties within their valuations. These market conditions are monitored closely on a regular basis.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>Any changes in valuation will impact on the value of the Council assets held on balance sheet. Increases in asset value will lead to an increase in the revaluation reserve and future depreciation charges. Reductions in value will reduce the revaluation reserves and may result in losses posted to the income and expenditure statement.</p> <p>Any changes in fair value of investment properties will impact the value of the assets held on the Balance Sheet, and result in a gain or loss posted to the income and expenditure statement.</p>
<b>Pension Liability</b>	<p>Estimation of the net liability to pay pensions depends on several 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. The actuaries Barnett Waddingham LLP provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured and seen in note 19. For example, a 0.1% decrease or increase in the discount rate assumption would result in an increase or decrease in the pension liability of £5.4m.</p>
<b>PFI Liabilities</b>	<p>The value of PFI service charge payable under the contract disclosed in note 29 of the accounts is dependent upon assumptions regarding future inflation and tonnage rates.</p>	<p>A 1% increase in RPI would increase Wokingham's contract charge by £0.65m. Similarly, a 1% increase in tonnages would increase the service charge by £0.14m per annum.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Arrears</b>	At 31 March 2025, the Council had a balance of total short term debtors of £64.9m, of which Council tax debt was £4.1m, and Government and other public sector debtors were £4.3m.	The provision set aside for bad debt increases according to the age of the debt. If collection rates for debtors (excluding public sector debtors) were to deteriorate, a 1% increase in the amount of the impairment of doubtful debts would require an additional allowance for sundry debts from the revenue account of £29k and from the Collection Fund, for council tax, of £69k.
<b>Provisions</b>	The Council has made provision for holiday and flexi leave entitlement owing to staff at the end of the financial year. The estimate within the accounts has been based on an assumption of approximately 2% of payroll costs. For staff based in schools a formula based on CIPFA guidance has been used.	A 1% change (i.e., using 1% or 3%) in the estimate of accumulating absences would result in an increase or decrease of approximately £0.8m in the provision required for accumulating absences in relation to non-school staff.
	The Council has made a provision for dilapidation costs for buildings which may need to be returned to their original condition once their use is no longer required by the Council.	There may be other buildings which the Council has altered, needing significant work to return them to their original condition, which are not presently known.
	The Collection Fund includes provisions of £8.3m for appeals against business rates valuations as advised by MHCLG guidance.	The provision at 31 March 2025 has been calculated using information provided by a company specialising in business rate calculations including provisions for appeals. Their calculation has been reviewed and is estimated to be reasonable. The Council's share of this provision is £4.0m

## **NOTE 05 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Please see the tables on the following pages

2024-25	General Fund (GF) Balance	Earmarked Reserves	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Movement in Usable Reserves	Movement in Unusable Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Adjustment to Revenue Resources</b>								
Amounts by which income and expenditure included in the comprehensive income and expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:								
-Pensions costs (transferred (to) or from the pensions reserve)	7,839	-	258	-	-	-	8,097	(8,097)
-Financial instruments (Transferred to the financial instruments adjustments account)	95	-	-	-	-	-	95	(95)
-Council Tax and NDR (Transferred (to) or from the Collection Fund Adjustment Account)	5,018	-	-	-	-	-	5,018	(5,018)
-Accumulated Absences (Transferred (to) or from the Accumulated Absences Account)	(366)	-	(5)	-	-	-	(371)	371
- Transfers (to) or from the Dedicated Schools Grant Adjustment Account	(16,722)	-	-	-	-	-	(16,722)	16,722
-Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (Charged to the Capital Adjustment Account)	(100,126)	-	(6,052)	(945)	-	-	(107,123)	107,123
<b>Total Adjustment to Revenue Resources</b>	(104,262)	-	(5,799)	(945)	-	-	(111,006)	111,006
<b>Adjustments between Revenue and Capital Resources</b>								
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	1,026	-	1,954	(2,980)	-	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the capital receipts reserve)	-	-	-	-	-	-	-	-
Posting of HRA resources from revenue to the major repairs reserve	-	-	(46)	-	46	-	-	-
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	10,812	-	1,629	-	-	-	12,441	(12,441)
Use of capital receipts for revenue purposes	(922)	-	-	922	-	-	-	-
<b>Total adjustments between revenue and capital</b>	10,916	-	3,537	(2,058)	46	-	12,441	(12,441)
<b>Adjustments to Capital Resources</b>								
Use of the capital receipts reserve to finance capital expenditure	(3)	-	-	2,434	-	-	2,431	(2,431)
Use of the major repairs reserve to finance capital expenditure	-	-	6,010	-	-	-	6,010	(6,010)
Repayment of long-term loans	-	-	-	(1,013)	-	-	(1,013)	1,013
Application of capital grants to finance capital expenditure	46,895	-	-	-	-	(17,045)	29,850	(29,850)
<b>Total Adjustments to Resources</b>	46,892	-	6,010	1,421	-	(17,045)	37,278	(37,278)
<b>Total Adjustments 2024-25</b>	(46,454)	-	3,748	(1,582)	46	(17,045)	(61,287)	61,287

2023-24	General Fund (GF) Balance	Earmarked Reserves	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Movement in Usable Reserves	Movement in Unusable Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Adjustment to Revenue Resources</b>								
Amounts by which income and expenditure included in the comprehensive income and expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:								
-Pensions costs (transferred (to) or from the pensions reserve)	2,715	-	86	-	-	-	2,801	(2,801)
-Financial instruments (Transferred to the financial instruments adjustments account)	96	-	-	-	-	-	96	(96)
-Council Tax and NDR (Transferred (to) or from the Collection Fund Adjustment Account)	(8,849)	-	-	-	-	-	(8,849)	8,849
-Accumulated Absences (Transferred (to) or from the Accumulated Absences Account)	47	-	(14)	-	-	-	33	(33)
- Transfers (to) or from the Dedicated Schools Grant Adjustment Account	(11,036)	-	-	-	-	-	(11,036)	11,036
-Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (Charged to the Capital Adjustment Account)	(110,314)	-	(4,620)	-	-	-	(114,934)	114,934
<b>Total Adjustment to Revenue Resources</b>	(127,341)	-	(4,548)	-	-	-	(131,889)	131,889
<b>Adjustments between Revenue and Capital Resources</b>								
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	1,164	-	-	(1,164)	-	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the capital receipts reserve)	-	-	-	-	-	-	-	-
Posting of HRA resources from revenue to the major repairs reserve	-	-	(148)	-	148	-	-	-
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	7,979	-	955	-	-	-	8,934	(8,934)
<b>Total adjustments between revenue and capital</b>	9,143	-	807	(1,164)	148	-	8,934	(8,934)
<b>Adjustments to Capital Resources</b>								
Use of the capital receipts reserve to finance capital expenditure	-	-	-	3,201	-	-	3,201	(3,201)
Use of the major repairs reserve to finance capital expenditure	-	-	5,382	-	-	-	5,382	(5,382)
Repayment of long-term loans	-	-	-	(1,400)	-	-	(1,400)	1,400
Application of capital grants to finance capital expenditure	57,811	-	-	-	-	310	58,121	(58,121)
<b>Total Adjustments to Resources</b>	57,811	-	5,382	1,801	-	310	65,304	(65,304)
<b>Total Adjustments 2023-24</b>	(60,387)	-	1,641	637	148	310	(57,651)	57,651

## NOTE 06 TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund, Schools and HRA balances in earmarked reserves to provide financing for future expenditure plans and mitigate financial risks. The amounts posted back from earmarked reserves to support General Fund and HRA expenditure are also set out.

	Transfers Out 2023/24 £,000	Transfers In 2023/24 £,000	Balance on 31st March 2024 £,000	Transfers Out 2024/25 £,000	Transfers In 2024/25 £,000	Balance on 31st March 2025 £,000
Balances held by Schools under a Scheme of Delegation	1,676	(1,661)	(6,618)	4,863	(176)	(1,931)
Earmarked General Fund Reserves	16,575	(22,387)	(133,823)	20,417	(11,760)	(125,166)
<b>Total</b>	<b>18,251</b>	<b>(24,048)</b>	<b>(140,441)</b>	<b>25,280</b>	<b>(11,936)</b>	<b>(127,097)</b>

## NOTE 07 MATERIAL ITEMS OF INCOME AND EXPENSES AND PRIOR YEAR ADJUSTMENTS

Material items of income and expenditure during 2024/25, which are outside of the normal Council's business are as follows:

- The Council advanced loans to its subsidiaries totalling £0.9m in 2024/25 (in 2023/24 the advance was £0.4m). The loans are to be used to fund housing developments.
- The Council received as planned £1.0m loan repayments from its subsidiaries in 2024/25; in 2023/24 the loan repayments were £1.4m. The loan repayments reduced the Council's Capital Financing Requirement (CFR).
- Capital expenditure in the capital programme in 2024/25 was £63.2m (compared to £63.9m in 2023/24).
- No prior year adjustments have been identified.

## NOTE 08 OTHER OPERATING EXPENDITURE

This table sets out the breakdown of the other operating expenditure shown in the Comprehensive Income and Expenditure Statement (CIES).

	<b>2023/24 £,000</b>	<b>2024/25 £,000</b>
Parish Council Precepts	5,359	5,628
Payments to the Government Housing Capital Receipts Pool	0	0
(Gains) / Losses on the Disposal of Non-current Assets	41,581	59,241
<b>Total</b>	<b>46,940</b>	<b>64,869</b>

## NOTE 09 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

This table sets out the breakdown of the financing and investment shown in the Comprehensive Income and Expenditure Statement (CIES). Further information available in the notes referenced.

	<b>2023/24 £,000</b>	<b>2024/25 £,000</b>
Interest Payable and Similar Charges on Debt (note 36)	8,141	6,921
Interest Payable and Similar Charges on Finance Leases (note 36)	107	195
Interest Payable and Similar Charges on Private Finance Initiatives (note 36)	553	507
Pensions Interest Cost and Expected Return on Pensions (note 19)	4,690	3,423
Interest Receivable and Similar Income (note 36)	(4,700)	(1,584)
Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value (note 25)	1,469	(1,662)
<b>Total</b>	<b>10,260</b>	<b>7,800</b>



## NOTE 10 TAXATION AND NON-SPECIFIC GRANT INCOME

This table sets out the breakdown of the taxation and non-specific grant income shown in the Comprehensive Income and Expenditure Statement (CIES).

	2023/24 £,000	2024/25 £,000
Council Tax Income	(138,615)	(147,038)
Retained Business Rates	(33,599)	(35,538)
Retained Business Rates tariff	23,050	24,117
Business Rates Levy	0	1,489
Revenue Support Grant	(124)	(132)
Other Non-ringfenced Government Grants	(16,824)	(23,425)
Capital Grants and Contributions	(57,493)	(45,346)
<b>Total</b>	<b>(223,605)</b>	<b>(225,873)</b>

Other non-ringfenced government grants include new home bonus, adult social care grant and business rates reliefs.

## NOTE 11 EXPENDITURE AND INCOME ANALYSED BY NATURE

This note provides a subjective analysis of the Council's main income and expenditure statement.

	2023/24 £,000	2024/25 £,000
<b>Expenditure</b>		
Employee benefits expenses	129,222	119,585
Other service expenses	243,467	265,151
Support service recharges	608	(810)
Depreciation, revaluation, amortisation, impairment & movements in fair value	63,587	35,698
Interest payments	13,490	11,047
Precepts & Levies	5,359	5,628
Payments to Housing Capital Receipts Pool	0	0
Gain or Loss on Disposal of Non-Current Assets	41,581	59,241
<b>Total Expenditure</b>	<b>497,314</b>	<b>495,540</b>
<b>Income</b>		
Fees, charges & other service income	(91,486)	(102,388)
Interest and investment income	(4,700)	(1,584)
Income from council tax & NNDR	(149,165)	(156,969)
Government grants and contributions	(200,243)	(185,077)
<b>Total Income</b>	<b>(445,594)</b>	<b>(446,018)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>51,720</b>	<b>49,522</b>

## NOTE 12 REVENUE FROM CONTRACTS WITH SERVICE RECIPIENTS

The table below provides amounts of income recognised in the Comprehensive Income and Expenditure Statement that relate to fees, charges and other service income.

	2023/24 £,000	2024/25 £,000
Fees, charges, and other service income includes the following revenues from contracts with service recipients;		
Rents	(25,247)	(29,282)
Fees	(5,553)	(6,012)
Charges	(4,940)	(5,817)
Customer / Client	(8,751)	(9,033)
Car Parking	(3,607)	(4,383)
Sales	(3,063)	(3,268)
Other	(2,300)	(2,464)
<b>Total included in Fees, Charges and Other Service Income</b>	<b>(53,461)</b>	<b>(60,259)</b>

## NOTE 13 MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the council during the year:

	2023/24 £,000	2024/25 £,000
Members Remuneration	569	546
	<b>569</b>	<b>546</b>

The amount paid to Members includes allowances, expenses, and other remuneration.

## NOTE 14 OFFICERS' REMUNERATION

The Council paid the following amounts to its senior employees:

Post Title	Year	Salary, Fees and Allowances	Expenses	Compensation for Loss of Office	Pension Contribution	Total
		£	£	£	£	£
Chief Executive Susan Parsonage	2024/25	180,349			41,841	222,190
Chief Executive Susan Parsonage	2023/24	172,939	1,161		41,159	215,259
Director, Place & Growth	2024/25	139,401	299		32,341	172,041
Director, Place & Growth (from 15 June 2023)	2023/24	119,549	392		28,453	148,394
Director, Place & Growth (to 31 May 2023)	2023/24	39,330				39,330
Deputy Chief Executive, Director, Resources & Assets Graham Ebers	2024/25	151,212	365		35,081	186,658
Deputy Chief Executive, Director, Resources & Assets	2023/24	147,524	419		35,111	183,054
Service Director, Governance	2024/25	122,052	481		24,901	147,434
Assistant Director, Governance	2023/24	113,917	450		24,968	139,335
Executive Director for Children, Adults & Health Matthew Pope	2024/25	151,212			35,081	186,293
Executive Director for Children, Adults & Health	2023/24	144,148			34,307	178,455
Director, Children's Services	2024/25	136,690	1,196		31,712	169,598
Director, Children's Services (to 14 April 2024)	2024/25	5,289	660		1,227	7,176
Director, Children's Services	2023/24	129,055	7,595		30,715	167,364
Director, Corporate, Community and Change (1)	2024/25	139,401			32,341	171,742
Chief Operating Officer	2023/24	121,095			28,821	149,916

1. Started in post as Director, Corporate, Community and Change on 01/09/2024 with backdated pay as Director from 01/04/2024.

Council's other employees (including those employed in schools) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

**Remuneration Band**

	2023/24				2024/25			
	No of Employees				No of Employees			
	Council	School	VA School	Total	Council	School	VA School	Total
£50,000 - £54,999	88	30	10	128	94	26	7	127
£55,000 - £59,999	39	14	1	54	73	8	7	88
£60,000 - £64,999	42	9	2	53	63	3	1	67
£65,000 - £69,999	18	5	2	25	26	6	1	33
£70,000 - £74,999	13	3	2	18	16	4	2	22
£75,000 - £79,999	12	5	2	19	14	2	2	18
£80,000 - £84,999	4	4	1	9	6	4	1	11
£85,000 - £89,999	6	2	0	8	6	3	1	10
£90,000 - £94,999	4	2	0	6	3	1	0	4
£95,000 - £99,999	2	0	0	2	3	0	0	3
Over £100,000	2	1	0	3	5	0	0	5
	<b>230</b>	<b>75</b>	<b>20</b>	<b>325</b>	<b>309</b>	<b>57</b>	<b>22</b>	<b>388</b>

## NOTE 15 TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2024/25. These were mainly due to officers who were made redundant as part of the reorganisation of services at the Council.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

<b>COUNCIL</b>	<b>Number of compulsory redundancies</b>		<b>Number of other departures agreed</b>		<b>Total number of exit packages</b>		<b>Total cost of exit packages in each band</b>	
	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Exit package cost</b>							<b>£</b>	<b>£</b>
£0 - £20,000	6	12	5	8	11	20	68,773	158,348
£20,001 - £40,000	2	2	-	-	2	2	45,026	73,604
£40,001 - £60,000	1	2	-	1	1	3	58,141	94,944
£60,001 - £80,000	-	1	-	-	-	1	-	70,806
£80,001 - £100,000	-	1	-	-	-	1	-	180,392
£100,001 - £150,000	-	-	-	-	-	-	-	-
Above £150,000	1	1	-	-	1	1	161,682	243,766

<b>SCHOOLS</b>	<b>Number of Compulsory redundancies</b>		<b>Number of other departures agreed</b>		<b>Total number of exit packages</b>		<b>Total cost of exit packages in each band</b>	
	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Exit package cost</b>							<b>£</b>	<b>£</b>
£0 - £20,000	-	4	-	-	-	4	-	45,337
£20,001 - £40,000	-	1	-	-	-	1	-	38,910
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-

## **NOTE 16      RELATED PARTIES**

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

All Councillors, officers in the Corporate Leadership Team, Directors, Service Directors, Monitoring and Deputy Monitoring Officers, Borough Solicitor and all employees Tier 3 and above were asked to complete a disclosure statement in respect of themselves and their family members / close relatives, detailing any material transactions with related parties.

### **Central Government**

Central government has a direct influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a large amount 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). Grants received from government departments are set out in note 20.

### **Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of member's allowances paid in 2024/25 is shown in Note 13. During 2024/25, works and services to the value of £3.1 (£6.1m in 2023/24) were commissioned from companies in which 3 members had an interest (5 in 2023/24). Contracts were entered into in full compliance with the Council's standing orders. In addition, grants and payments totalling £782k (£470k in 2023/24) were paid to voluntary organisations and charities in which 5 members declared an interest (6 in 2023/24). Payments of £410k were received from 2 education establishments (£172k from establishments in 2023/24) in which 2 members declared an interest, predominantly for utility recharges (1 in 2023/24). The payment to the Berkshire Pension Fund is in respect of pensions as outlined in note 19; the Council appoints a Councillor as a representative on the Berkshire Pension Fund Advisory Panel. The Council owed £1k to these organisations at 31 March 2025 (£11k at 31 March 2024), while £103k was owed to Wokingham Borough Council by the relevant organisations at 31 March 2025 (£23k at 31 March 2024).

The relevant members did not take part in any discussion or decision relating to the grants and payments. Details of all these transactions are recorded in the Register of Members Interest, open to public inspection at the Council Offices during office hours.

### **Officers**

During 2024/25 works or services to the value of £151k were commissioned from companies in which one officer had an interest (£0k in 2023/24). The Council had no outstanding debts with this organisation at 31 March 2025 (£0k at 31 March 2024). Contracts were entered into in full compliance with the Council's standing orders. The relevant officer did not take part in any discussion or decision relating to the grants and payments.

### **Town and Parish Councils**

Certain Members of Wokingham Borough Council are also councillors of the 17 town and parish councils within the borough. Each town or parish council has the ability to levy a precept upon Wokingham Borough Council for the collection of council tax on behalf of the town or parish councils. In 2024/25 Wokingham Borough Council collected and paid over £5.6m (£5.3m in 2023/24) in precepts and grants to the town or parish councils.

The Council also have a requirement to passport developer contributions called "Community Infrastructure Levy" to individual Town and Parishes as required under the planning process.

### Other Public Bodies

The Council entered a PFI contract with Waste Recycling Group (re3 Ltd) in 2006/07 for the disposal of waste together with Reading and Bracknell Forest Borough Councils, see note 29 for further details. The Council's contribution for 2024/25 was £11m (£10.9m in 2023/24). The Council also operates a shared services with another local authority, details of which are set out in note 44.

### Entities Controlled or Significantly Influenced by the Council

The Council had five subsidiary companies at 31 March 2025 (five at 31 March 2024), which are owned in full either directly or through existing subsidiaries, apart from Optalis which has a shared ownership with the Royal Borough of Windsor and Maidenhead (see note 46 for more details), and each had a Board of Directors on which Council members or officers serve. Their accounts are incorporated in the main body of the Council's accounts with separate disclosures where material differences occur. See note 46 for more information on the Council's companies.

As at 31<sup>st</sup> March 2025, the Council had a long-term debtor with WBC Holdings Ltd of £18m (£18m in 2023/24). The Council also held long-term debtors with Loddon Homes Ltd of £3m (£1.8m in 2023/24).

## NOTE 17 EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's auditors, KPMG LLP. External audit fees are agreed by the Public Sector Audit Appointments (PSAA).

	2023/24*	2024/25
	£,000	£,000
External Audit Services	330	335
Certification of Grants and Returns	85	85
	<b>415</b>	<b>420</b>

\*External audit services for 2023/24 have been updated to reflect the latest cost estimate from KPMG. This is an increase of £21k from the figure reported in the previous year accounts. The figure for certification of grants and returns has also been updated by £20k to reflect latest estimate of costs.

## **NOTE 18 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The scheme provides teachers with specified benefits upon retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme however, the scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and the performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts it is, therefore, accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £5.308m to the Teachers' Pension Scheme in respect of teachers' retirement benefits representing 23.68% of pensionable pay. The figures for 2023/24 were £5.765m and 23.68% respectively.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 19.



## **NOTE 19      DEFINED BENEFIT PENSION SCHEMES**

### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time the employees earn their future entitlement.

The Council participates in two schemes:

- The Local Government Pension Scheme (LGPS), administered by the Royal Borough of Windsor and Maidenhead – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Wokingham Borough Council is also responsible for a share (19.0561%) of the former Berkshire County Council (BCC) Local Government Pension Scheme. The scheme is also administered by the Royal Borough of Windsor and Maidenhead. Although now closed, a liability remains amongst the six Berkshire councils for the pensioners that were in the scheme when BCC ceased to exist. In prior years a separate valuation report was produced annually for this fund and the Council's share of 19.0561% disclosed separately in the tables below. In the year ended 31 March 2020 a single valuation report was produced incorporating the Council's figures and its share of the BCC fund. Accordingly, only the combined amounts are reflected in the tables below for both 2023/24 and 2024/25.

The principal risks to the Council of the schemes are the longevity assumptions, statutory changes to the scheme and structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

### **Transactions Relating to Post-Employment Benefits**

The Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees, 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 real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. During the year the following transactions for the Wokingham scheme (WBC) including WBC's share of those for Berkshire County Council (BCC), have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement.

## Comprehensive Income and Expenditure Statement

	2023/24 WBC Inc BCC £,000	2024/25 WBC Inc BCC £,000
<b>Service cost comprising:</b>		
Current service costs	9,333	5,556
Administration costs	304	294
<b>Financing and investment income and expenditure:</b>		
Net interest on the defined liability	4,690	3,423
<b>Total post-employment benefit charged to the surplus or deficit on the provision of services</b>	<b>14,327</b>	<b>9,273</b>
Return on fund assets in excess of interest	(10,795)	9,551
Other actuarial gains/(losses) on assets	0	0
Change in financial assumptions	(2,846)	(60,864)
Change in demographic assumptions	(5,416)	(1,022)
Experience gain/(loss) on defined benefit obligation	1,511	(1,021)
Changes in impact of asset ceiling	0	29,160
<b>Re-measurements on scheme assets</b>	<b>(17,546)</b>	<b>(24,196)</b>
<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure statement</b>	<b>(3,219)</b>	<b>(14,923)</b>

Current service costs represent the cost to the employer of benefits earned by active members in the accounting year and added to the liabilities. It is calculated using assumptions at the start of the year which is not a fixed percentage of payroll and is expected to vary from year to year as assumptions change.

## Movement in Reserves Statement

	2023/24 WBC Inc BCC £,000	2024/25 WBC Inc BCC £,000
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the Code	(14,327)	(9,273)
Actual amount charged against the general fund balance for pensions in the year for the employer's contributions payable to scheme	17,128	17,370
	<b>2,801</b>	<b>8,097</b>

The amount included in the balance sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

	2023/24 WBC Inc BCC £,000	2024/25 WBC Inc BCC £,000
<b>Pension assets and liabilities recognised in the balance sheet</b>		
Present value of the defined benefit obligation	(412,876)	(361,025)
Fair value of plan assets	316,223	325,384
<b>Sub-total</b>	<b>(96,653)</b>	<b>(35,641)</b>
Impact of asset ceiling	0	(29,160)
Present value of unfunded obligation	(2,678)	(2,237)
<b>Net liability arising from defined benefit obligations</b>	<b>(99,331)</b>	<b>(67,038)</b>

The table below shows the reconciliation of Opening and Closing Balances of the Fair Value of Scheme assets.

	2023/24 WBC Inc BCC £,000	2024/25 WBC Inc BCC £,000
<b>Opening Fair Value of Scheme Assets</b>	<b>284,133</b>	<b>316,223</b>
Interest on Assets	14,741	16,719
Return on Assets less Interest	10,795	(9,551)
Other actuarial gains/(losses)	0	0
Administration Expenses	(304)	(294)
Contributions by Employer including Unfunded	17,128	17,370
Contributions by Scheme Participants and other Employers	4,561	4,738
Estimated Benefits Paid plus Unfunded Net of Transfers	(14,383)	(17,416)
Settlement prices received / (paid)	(448)	(2,405)
<b>Closing Fair Value of Scheme Assets</b>	<b>316,223</b>	<b>325,384</b>

The table below shows the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	2023/24 WBC Inc BCC £,000	2024/25 WBC Inc BCC £,000
<b>Opening balance at 1 April</b>	<b>403,811</b>	<b>415,554</b>
Current service cost	10,968	10,777
Interest cost	19,431	20,142
Change in financial assumptions	(2,846)	(60,864)
Change in demographic assumptions	(5,416)	(1,022)
Experience gain/(loss) on defined benefit obligation	1,511	(1,021)
Liabilities assumed/(extinguished) on settlements	(2,338)	(8,096)
Estimated benefits paid net of transfers in	(14,001)	(17,031)
Past service costs including curtailments	255	470
Contribution by scheme participants and other employers	4,561	4,738
Unfunded pension payments	(382)	(385)
<b>Closing balance at 31 March</b>	<b>415,554</b>	<b>363,262</b>

The table below shows the reconciliation of change in impact of asset ceiling. The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

	2024/25 WBC Inc BCC £,000
<b>Opening balance at 1 April</b>	0
Interest on impact of asset ceiling	0
Actuarial gains / (losses)	(29,160)
<b>Closing impact of asset ceiling</b>	<b>(29,160)</b>

The table below shows the estimated asset allocation for Wokingham Borough Council.

	2023/24 WBC Inc BCC £,000	2024/25 WBC Inc BCC £,000
Public Equities	180,406	184,548
Private Equities	37,123	35,605
Infrastructure	39,618	38,021
Real Estate	28,786	27,262
Credit	41,536	47,534
Cash	2,912	5,926
Longevity Insurance	(14,158)	(13,512)
<b>Total Assets</b>	<b>316,223</b>	<b>325,384</b>

All scheme assets have quoted prices in active markets.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

### Basis for Estimating Assets and Liabilities

For the year to 31 March 2025, the expected return is based on the discount rate, which was 5.85% and this rate has been used to determine the profit and loss charge for the year ended 31 March 2025, compared to a rate of 4.90% in the year 31 March 2024. The discount rate is the annualised yield at the 20-year point. The 12-year point is used for Berkshire scheme due to shorter estimated scheme duration. The Merrill Lynch AA rated corporate bond yield curve has been chosen to meet the requirements of IAS 19 and with consideration of the duration of the employer's liabilities.

Barnett Waddingham LLP, an independent firm of actuaries, assessed the liabilities as at 31 March 2025. The principal assumptions used by the actuary for the Wokingham scheme are:

	2023/24	2024/25
Expected Return on Assets (Equal to the discount rate)	4.90%	5.85%
<b>Life Expectancy from age 65 if retiring now:</b>		
Men	20.8	20.7
Women	23.6	23.6
<b>Life expectancy at age 65 retiring in 20 years:</b>		
Men	22.0	22.0
Women	25.0	25.0
Rate of Inflation-CPI	2.90%	2.90%
Rate of Increase in Salaries	3.90%	3.90%
Rate of Increase in Pensions	2.90%	2.90%
Rate for Discounting Scheme Liabilities	4.90%	5.85%

The Local Government Pension Scheme's total assets consist of the following categories, by proportion of the assets held:

	2023/24	2024/25
Equity Investments	12%	11%
Unit Trusts	58%	58%
Property	9%	8%
Cash	1%	2%
Infrastructure	12%	12%
Longevity Insurance	(4%)	(4%)
Debtors	0%	0%
Private Fixed Interest	12%	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases 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 below for the Wokingham scheme did not change from those used in the previous period. The figures include the Berkshire scheme share of 19.0561%.

## Impact on the Defined Benefit Obligation in the Scheme

WBC	Increase	Current	Decrease
	£,000	£,000	£,000
Adjustment to discount rate	0.10%	0.00%	(0.10%)
Present value of total obligation	357,974	363,262	368,680
Projected service cost	8,213	8,533	8,864
Adjustment to long term salary increase	0.10%	0.00%	(0.10%)
Present value of total obligation	363,520	363,262	363,005
Projected service cost	8,533	8,533	8,533
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	(0.10%)
Present value of total obligation	368,573	363,262	358,076
Projected service cost	8,878	8,533	8,199
Adjustment to life expectancy assumption	+ 1 Year	None	-1 Year
Present value of total obligation	375,605	363,262	351,366
Projected service cost	8,860	8,533	8,214

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. A fund valuation was carried out on the 31 March 2022 to set contributions for the period 1 April 2023 to 31 March 2026, and is a triennial event, the next valuation being due to be completed on 31 March 2025.

The total contributions expected to be made on the Local Government Pension Scheme by the Council in the year to 31 March 2025 is £16.866m (£16.646m to 31 March 2024).

The estimated employer's past service duration for Wokingham Borough Council is 16 years at 31 March 2025 (17 years 31 March 2024).

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The LGPS are monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the pension scheme. As a result, the council do not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

## NOTE 20 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2023/24 £,000	2024/25 £,000
<b>Credited to Taxation and Non-specific Grant Income:</b>		
New Homes Bonus	(1,865)	(1,125)
Adult Social Care Grant	(5,388)	(7,114)
Capital Grants	(29,681)	(18,579)
Capital Contributions	(27,812)	(26,767)
<b>Sub Total</b>	<b>(64,746)</b>	<b>(53,585)</b>
<b>Credited to Directorates:</b>		
Dedicated Schools Grant	(88,340)	(84,837)
Mandatory Rent Allowances: Subsidy	(10,050)	(9,798)
Public Health	(5,875)	(6,084)
Rent Rebates Granted to HRA Tenants: Subsidy	(5,047)	(4,798)
Funding Guarantee Grant	(1,093)	(2,607)
UASC UK Border Agency	(2,363)	(2,432)
Adult Social Care Market Sustainability and Improvement Fund	(940)	(1,757)
Pupil Premium	(1,435)	(1,435)
ICB Discharge Fund	(678)	(1,198)
Core School Budget Grant	0	(1,113)
The Private Finance Initiative (PFI)	(1,109)	(1,109)
Teachers' Pension Grant	(41)	(1,096)
Household Support Fund	(1,062)	(1,051)
Universal Infant Free School Meals (UIFSM)	(1,246)	(1,035)
Teachers Pay Additional Grant	(656)	(790)
Flexible Homelessness Support Grant	(770)	(765)
Election Grants	(53)	(692)
UK Shared Prosperity Fund	(139)	(658)
Improved Better Care Fund	(472)	(472)
Homes For Ukraine	(1,259)	(468)
Primary PE and Sports Grant	(520)	(463)
Families First	(378)	(394)
Holiday Activities and Food Programme Grant	(323)	(352)
Afghan Citizen Resettlement Scheme & Relocation and Assistance Policy	(516)	(347)
Rough Sleeping Initiative	(510)	(346)
Staying Close	(78)	(279)
Bus Service Improvement Plan Plus (BSIP+)	(75)	(260)
Domestic Abuse Support in Safe Accommodation	(253)	(258)
Children and Young People's Resettlement Fund	0	(238)
Adult and Community Learning	(193)	(234)
Wraparound Childcare Programme	(7)	(229)
Asylum Dispersal Grant	(149)	(206)
Housing Benefit Admin Grant	(219)	(197)



Services Grant	(571)	(99)
COVID-19 Catch up grant	(302)	(79)
Schools Supplementary Grant	(1,508)	0
Early Years Supplementary Grant	(1,330)	0
EFA 6th Form Funding	(1,017)	0
DSG Maintained Schools NNDR	(1,070)	0
Energy Bills Support Scheme	(845)	0
Market Sustainability and Fair Cost of Care Fund	(611)	0
Local Transport Fund	(67)	0
Other Grants	(2,327)	(3,316)
<b>Sub total</b>	<b>(135,497)</b>	<b>(131,492)</b>
<b>Total</b>	<b>(200,243)</b>	<b>(185,077)</b>

The Council received some grants and contributions that have yet to be recognised as income because they have conditions attached to them that may require the monies or property to be returned to the grantor. These are treated as receipts in advance. The balances are shown below.

#### Revenue Receipts in Advance:

	<b>31st March, 2024 £,000</b>	<b>31st March, 2025 £,000</b>
Bus Service Improvement Plan Plus (BSIP+)	(327)	(468)
Other Grants	(1,366)	(555)
	<b>(1,693)</b>	<b>(1,023)</b>

In addition to the S106 contributions receipts in advance of £81.8m as at 31 March 2025, the Council have £21.4m S106 contributions in earmarked reserves which relate to S106 commuted sums and SANG (Suitable Alternative Natural Greenspace) contributions to maintain green spaces around developments.



The table below sets out the capital grants and contributions received in advance.

<b>Capital Grants and Contributions Receipts in Advance:</b>	<b>31<sup>st</sup> March, 2024 £,000</b>	<b>31<sup>st</sup> March 2025 £,000</b>
Thames Valley Berkshire Growth Deal – Wokingham Arborfield Cross Relief Road	(338)	(287)
Devolved Formula Grant	(1,118)	(821)
Brownfield Land Release Fund: Self Build – Toutley East	(494)	(494)
Brownfield Land Release Fund: Gorse Ride	0	(3,570)
Special Provision Capital Fund	(523)	(423)
Active Travel Fund	(17)	0
NHS Capital Grant - Ryeish Green flats	(191)	(178)
Air Quality Grant	(178)	(134)
Thames Valley Berkshire Growth Deal – Sustainable Transport National Cycle Network	(103)	(102)
Local Electric Vehicle Infrastructure	(238)	(264)
Social Housing Decarbonisation Fund - Wave 2 Grant	(88)	(178)
Other Grants	(241)	(366)
S106 Contributions	(85,448)	(81,764)
<b>Total</b>	<b>(88,976)</b>	<b>(88,581)</b>

## NOTE 21 DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the department to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools' budget, as defined in the School Finance (England) Regulations 2008. The schools' budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of the DSG receivable for 2024/25 are as follows and comprise the DSG figure as issued by the Department for Education:

	Central Expenditure £,000	ISB £,000	Total £,000
Final DSG for 2024/25 before Academy and High Needs Recoupment			(199,760)
Less Academy and High Needs figure recouped for 2024/25			114,211
<b>Total DSG after Academy recoupment for 2024/25</b>			<b>(85,549)</b>
Plus Brought forward from 2023/24			-
Less Carry-forward to 2025/26 agreed in advance			-
<b>Agreed initial budget distribution in 2024/25</b>	<b>(50,907)</b>	<b>(34,642)</b>	<b>(85,549)</b>
In year Adjustments	(1,450)	-	(1,450)
<b>Final Budgeted distribution for 2024/25</b>	<b>(52,356)</b>	<b>(34,642)</b>	<b>(86,999)</b>
Less actual central expenditure	(69,078)	-	(69,078)
Less actual ISB deployed to schools	-	(34,642)	(34,642)
Plus Local authority contribution for 2024/25	-	-	-
<b>In Year Carry Forward to 2025/26</b>	<b>16,722</b>	<b>-</b>	<b>16,722</b>
Plus/Minus: Carry-forward to 2025/26 agreed in advance			-
Carry-forward to 2025/26			16,722
DSG unusable reserve at the end of 2023/24			20,202
Addition to DSG unusable reserve at the end of 2024/25			16,722
<b>Total of DSG unusable reserve at the end of 2024/25</b>			<b>36,924</b>

The £36.9m deficit is due to the growth in demand and cost of Education, Health and Care Plans, in addition to the brought forward deficit. The deficit is being addressed with our DSG Deficit Recovery Plan and ongoing involvement in the Safety Valve Programme.

## NOTE 22      USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. The usable reserves are:

- General Fund Balance – the general reserves of the Council can be used to finance the day-to-day operations of the Council and its capital activities
- Earmarked Reserves – held for specific accounting / policy purposes and are ring-fenced funds that cannot be used for other purposes.
- Housing Revenue Account (HRA) – resources available to meet future running costs for council houses.
- Schools & Dedicated Schools Grant – to resource expenditure directly/ not directly delegated to schools.
- Capital Receipts – proceeds of asset sales available to meet future capital requirements and to act as a contingency.
- Capital Grants Unapplied – holds the grants and contributions received towards capital projects which have not yet been used to finance specific capital schemes.

## NOTE 23      UNUSABLE RESERVES

	31st March, 2024	31 <sup>st</sup> March, 2025
	£,000	£,000
Revaluation reserve	(252,932)	(244,485)
Capital adjustment account	(491,958)	(460,514)
Financial instruments adjustment account	895	800
Pensions reserve	99,331	67,038
Collection fund adjustment account	3,914	(1,104)
Accumulated absences account	3,277	3,647
Dedicated Schools Grant Adjustment Account	20,202	36,924
<b>Total unusable reserves</b>	<b>(617,271)</b>	<b>(597,694)</b>
Group unusable reserves	(1,900)	(1,900)
Share of Joint Venture	(33)	(33)
<b>Total group unusable reserves</b>	<b>(619,204)</b>	<b>(599,627)</b>

## Revaluation reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant, equipment and intangible assets since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>(278,673)</b>	<b>(252,932)</b>
Upward revaluation of assets	(18,027)	(43,766)
Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the provision of services	26,468	31,306
<b>(Surplus) or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services</b>	<b>8,441</b>	<b>(12,460)</b>
Difference between fair value depreciation and historical cost depreciation	1,009	965
Accumulated gains on assets sold or disposed	16,291	19,942
<b>Amount written off to the Capital Adjustment Account</b>	<b>17,300</b>	<b>20,907</b>
<b>Balance at 31st March</b>	<b>(252,932)</b>	<b>(244,485)</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 5 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>(513,956)</b>	<b>(491,958)</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
· Charges for depreciation of non-current assets	24,123	21,723
· Charges for impairment of non-current assets	(622)	(44)
· Charges for impairment of inventories	0	0
· Revaluation losses on property, plant and equipment	35,292	12,838
· Amortisations of intangible assets	1,453	886
· Revenue expenditure funded from capital under statute	7,934	7,592
· Amounts of non-current assets to be written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	43,415	62,889

Amounts of inventories to be written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	0	945
	<b>111,595</b>	<b>106,829</b>
Adjusting amounts written out of the Revaluation Reserve	(17,300)	(20,907)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>94,295</b>	<b>85,922</b>
Capital financing applied in the year:		
· Use of Capital Receipts Reserve to finance new capital expenditure	(3,200)	(2,431)
· Use of Major Repairs Reserve to finance new capital expenditure	(5,382)	(6,010)
· Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(21,828)	(12,626)
· Application of grants to capital financing from the Capital Grants Unapplied Account	(36,294)	(16,428)
· Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(7,979)	(10,812)
Capital expenditure charged against the General Fund and HRA balances	(1,399)	(4,850)
· Increase in fair value of investment property	3,340	295
Voluntary debt repayment – HRA	(955)	(1,629)
· Equity loan redemption	0	0
· Wokingham Housing Ltd loan repayment	1,400	1,013
· Donated Right of Use assets	0	(1,000)
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	<b>(72,297)</b>	<b>(54,478)</b>
<b>Balance at 31st March</b>	<b>(491,958)</b>	<b>(460,514)</b>

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>991</b>	<b>895</b>
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0	0
Proportion of premiums incurred in previous financial years to be charged against the general fund balance in accordance with statutory requirements	(96)	(95)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0
<b>Balance at 31st March</b>	<b>895</b>	<b>800</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>119,678</b>	<b>99,331</b>
Actuarial (gains) or losses on pensions assets and liabilities	(17,546)	(24,196)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	14,327	9,273
Employer's pensions contributions and direct payments to pensioners payable in the Year	(17,128)	(17,370)
<b>Balance at 31st March</b>	<b>99,331</b>	<b>67,038</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and retained business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	(4,935)	3,914
Amount by which council tax and retained business rates income Credited to the Comprehensive Income and Expenditure Statement is different from council tax and retained business rates income calculated for the year in accordance with statutory requirements	8,849	(5,018)
<b>Balance at 31st March</b>	<b>3,914</b>	<b>(1,104)</b>

## Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>3,310</b>	<b>3,277</b>
Settlement or cancellation of accrual made at the end of preceding year.	(3,310)	(3,277)
Amounts accrued at the end of the current year	3,277	3,647
<b>Balance at 31<sup>st</sup> March</b>	<b>3,277</b>	<b>3,647</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(33)	370

## Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account has been created to provide a statutory basis for the separation of the deficits arising due to the DSG from the General Fund, the Department for Education (DfE) established through the 2020 Regulations that a local authority must either deduct the deficit from its school budget or carry forward the deficit to future financial years rather than fund it from other sources.

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>9,165</b>	<b>20,202</b>
Deficit in year (expenditure greater than income)	11,037	16,722
<b>Balance at 31st March</b>	<b>20,202</b>	<b>36,924</b>
<i>Balances at 31<sup>st</sup> March made up of:</i>		
New/expanding schools: start-up/diseconomies funding	(403)	0
Balance held centrally on behalf of primary & secondary schools	(55)	0
Schools Block	41	177
High Needs Block	20,619	36,747
Early Years Block - Hardship Fund	0	0
<b>Balance at 31st March</b>	<b>20,202</b>	<b>36,924</b>

Prior to 2020/21, the DSG deficit was held in a separate reserve and reported under Usable Reserves. Changes to the accounting arrangements now require these reserves to be shown as Unusable Reserves.

## Group Unusable Reserves

The Group Unusable Reserves are calculated based on the consolidation of the subsidiary accounts on a consistent financial reporting basis to the main accounts.



## NOTE 24 PROPERTY, PLANT AND EQUIPMENT

Movements in year	Council Dwellings	Other Land and Buildings (Inc. HRA)	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant & Equipment	PFI Assets Included in PPE
Cost or Valuation	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
At 1st April, 2024	268,646	485,700	22,483	6,236	2,047	55,094	840,206	7,230
Additions	5,936	11,440	3,144	153	0	24,233	44,906	0
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	(11,661)	17,870	0	0	(227)	0	5,982	0
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	0	(15,053)	0	0	(8)	0	(15,061)	0
Impairment	0	0	0	0	0	0	0	0
De-recognition - Disposals	(784)	(63,195)	(847)	0	0	0	(64,826)	0
Assets reclassified (to) / from Held for Sale	(426)	0	0	0	0	0	(426)	0
Other asset reclassified and transferred in Cost or Valuation	16,760	8,687	258	0	0	(22,414)	3,291	0
<b>At 31st March, 2025</b>	<b>278,471</b>	<b>445,449</b>	<b>25,038</b>	<b>6,389</b>	<b>1,812</b>	<b>56,913</b>	<b>814,072</b>	<b>7,230</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1st April, 2024	0	9,770	12,655	0	0	0	22,425	1,899
Depreciation Charge	4,578	7,285	1,464	0	1	153	13,481	355
Depreciation written out to the Revaluation Reserve	(4,578)	(1,976)	0	0	0	0	(6,554)	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(2,223)	0	0	0	0	(2,223)	0
Impairment Losses / (Reversals) Recognised in the Revaluation Reserve	76	0	0	0	0	0	76	0
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	0	(44)	0	0	0	(44)	0
Derecognition – Disposals	0	(1,708)	(432)	0	0	0	(2,140)	0
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	1,294	1,294	0
<b>At 31st March, 2025</b>	<b>76</b>	<b>11,148</b>	<b>13,643</b>	<b>0</b>	<b>1</b>	<b>1,447</b>	<b>26,315</b>	<b>2,254</b>
<b>Net Book Value</b>								
<b>At 31st March, 2025</b>	<b>278,395</b>	<b>434,301</b>	<b>11,395</b>	<b>6,389</b>	<b>1,811</b>	<b>55,466</b>	<b>787,757</b>	<b>4,976</b>
<b>At 31st March, 2024</b>	<b>268,646</b>	<b>475,929</b>	<b>9,829</b>	<b>6,236</b>	<b>2,047</b>	<b>55,094</b>	<b>817,781</b>	<b>5,331</b>

<b>Movements in year</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings (Inc. HRA)</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets under Construction</b>	<b>Total Property, Plant &amp; Equipment £,000</b>	<b>PFI Assets Included in PPE £,000</b>
<b>Cost or Valuation</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
At 1st April, 2023	275,332	533,164	26,068	6,152	6,895	53,694	901,305	7,230
Additions	13,548	10,119	1,648	83	0	28,281	53,680	0
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	(13,868)	(1,597)	0	0	(972)	0	(16,438)	0
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	0	(41,827)	0	0	(3)	0	(41,830)	0
Impairment	0	0	0	0	0	0	0	0
De-recognition - Disposals	(320)	(47,061)	(5,724)	0	(54)	(17)	(53,176)	0
Assets reclassified (to) / from Held for Sale	(203)	0	0	0	0	0	(203)	0
Other asset reclassified and transferred in Cost or Valuation	(5,843)	32,902	491	1	(3,820)	(26,864)	(3,133)	0
<b>At 31st March, 2024</b>	<b>268,646</b>	<b>485,700</b>	<b>22,483</b>	<b>6,236</b>	<b>2,047</b>	<b>55,094</b>	<b>840,206</b>	<b>7,230</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1st April, 2023	0	17,907	15,367	0	0	0	33,273	1,544
Depreciation Charge	4,763	7,878	1,604	0	43	0	14,288	355
Depreciation written out to the Revaluation Reserve	(4,758)	(3,239)	0	0	0	0	(7,997)	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(6,537)	0	0	(1)	0	(6,537)	0
Impairment Losses / (Reversals) Recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	(665)	44	0	0	0	(621)	0
Derecognition – Disposals	(5)	(5,616)	(4,360)	0	0	0	(9,981)	0
Assets reclassified (to) / from Held for Sale	0	0	0	0	0	0	0	0
Other movements	0	42	0	0	(42)	0	0	0
<b>At 31st March, 2024</b>	<b>0</b>	<b>9,770</b>	<b>12,655</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,425</b>	<b>1,899</b>
<b>Net Book Value</b>								
<b>At 31st March, 2024</b>	<b>268,646</b>	<b>475,929</b>	<b>9,829</b>	<b>6,236</b>	<b>2,047</b>	<b>55,094</b>	<b>817,781</b>	<b>5,331</b>
<b>At 31<sup>st</sup> March, 2023</b>	<b>275,332</b>	<b>515,257</b>	<b>10,702</b>	<b>6,152</b>	<b>6,895</b>	<b>53,694</b>	<b>868,033</b>	<b>5,686</b>

## GROUP PROPERTY, PLANT AND EQUIPMENT

Movements in year	Council Dwellings £,000	Other Land and Buildings (Inc. HRA) £,000	Vehicles, Plant, Furniture & Equipment £,000	Community Assets £,000	Surplus Assets £,000	Assets under Construction £,000	Total Property, Plant and Equipment £,000
<b>Cost or Valuation</b>							
<b>At 1st April, 2024</b>	268,646	538,877	22,507	6,236	2,047	55,103	<b>893,416</b>
Additions	5,936	13,860	3,144	153	0	24,229	<b>47,322</b>
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	(11,661)	17,870	0	0	(227)	0	<b>5,982</b>
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	0	(15,694)	0	0	(8)	0	<b>(15,702)</b>
De-recognition - Disposals	(784)	(63,543)	(847)	0	0	0	<b>(65,174)</b>
Assets reclassified (to) / from Assets under Construction	(426)	0	0	0	0	0	<b>(426)</b>
Other movements	16,761	8,687	258	0	0	(22,414)	<b>3,292</b>
<b>At 31st March, 2025</b>	<b>278,472</b>	<b>500,057</b>	<b>25,062</b>	<b>6,389</b>	<b>1,812</b>	<b>56,918</b>	<b>868,710</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1st April, 2024</b>	0	9,771	12,678	0	0	0	<b>22,449</b>
Depreciation Charge	4,578	6,930	1,464	0	1	153	<b>13,126</b>
Depreciation written out to the Revaluation Reserve	(4,578)	(1,976)	0	0	0	0	<b>(6,554)</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(1,868)	0	0	0	0	<b>(1,868)</b>
Impairment Losses / (Reversals) Recognised in the Revaluation Reserve	76	0	0	0	0	0	<b>76</b>
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	0	(44)	0	0	0	<b>(44)</b>
De-recognition – Disposals	0	(1,708)	(432)	0	0	0	<b>(2,140)</b>
Other movements	0	0	0	0	0	1,294	<b>1,294</b>
<b>At 31st March, 2025</b>	<b>76</b>	<b>11,149</b>	<b>13,666</b>	<b>0</b>	<b>1</b>	<b>1,447</b>	<b>26,339</b>
<b>Net Book Value</b>							
<b>At 31st March, 2025</b>	<b>278,396</b>	<b>488,908</b>	<b>11,396</b>	<b>6,389</b>	<b>1,811</b>	<b>55,471</b>	<b>842,371</b>
<b>At 31st March, 2024</b>	<b>268,646</b>	<b>529,106</b>	<b>9,829</b>	<b>6,236</b>	<b>2,047</b>	<b>55,103</b>	<b>870,967</b>

Movements in year	Council Dwellings	Other Land and Buildings (Inc. HRA)	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>Cost or Valuation</b>							
<b>At 1st April, 2023</b>	<b>275,332</b>	<b>582,980</b>	<b>26,092</b>	<b>6,152</b>	<b>6,896</b>	<b>53,694</b>	<b>951,147</b>
Additions	13,548	10,159	1,648	83	0	28,290	53,728
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	(13,868)	(1,597)	0	0	(972)	0	(16,437)
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	0	(38,506)	0	0	(3)	0	(38,509)
De-recognition - Disposals	(320)	(47,062)	(5,724)	0	(54)	(17)	(53,177)
Assets reclassified (to) / from Assets under Construction	(203)	0	0	0	0	0	(203)
Other movements in cost or valuation	(5,843)	32,902	491	1	(3,820)	(26,864)	(3,133)
<b>At 31st March, 2024</b>	<b>268,646</b>	<b>538,877</b>	<b>22,507</b>	<b>6,236</b>	<b>2,047</b>	<b>55,103</b>	<b>893,416</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1st April, 2023</b>	<b>0</b>	<b>17,907</b>	<b>15,390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,297</b>
Depreciation Charge	4,763	7,488	1,604	0	43	0	13,898
Depreciation written out to the Revaluation Reserve	(4,758)	(3,239)	0	0	0	0	(7,997)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(6,146)	0	0	(1)	0	(6,147)
Impairment Losses / (Reversals) Recognised in the Surplus / Deficit on the Provision of Services	0	(665)	44	0	0	0	(621)
De-recognition – Disposals	(5)	(5,616)	(4,360)	0	0	0	(9,981)
Other movements in accumulated depreciation and impairments	0	42	0	0	(42)	0	0
<b>At 31st March, 2024</b>	<b>0</b>	<b>9,771</b>	<b>12,678</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,449</b>
<b>Net Book Value</b>							
<b>At 31st March, 2024</b>	<b>268,646</b>	<b>529,106</b>	<b>9,829</b>	<b>6,236</b>	<b>2,047</b>	<b>55,103</b>	<b>870,967</b>
<b>At 31st March, 2023</b>	<b>275,332</b>	<b>565,074</b>	<b>10,702</b>	<b>6,152</b>	<b>6,895</b>	<b>53,694</b>	<b>917,850</b>

## NOTE 24 b - INFRASTRUCTURE ASSETS

### Movements on balances

In accordance with the temporary relief offered by the update to the code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

#### Note 24b Movement on balances Infrastructure Assets

	WBC 2023/24 £,000	Group 2023/24 £,000	WBC 2024/25 £,000	Group 2024/25 £,000
<b>Net book value (modified historical cost)</b>				
At 1 April	302,403	302,403	304,878	304,878
Additions	9,177	9,177	17,165	17,165
Derecognition	0	0	0	0
Depreciation	(9,835)	(9,835)	(7,867)	(7,867)
Impairment	0	0	0	0
Other movements in cost	3,133	3,133	(4,079)	(4,079)
<b>Net Book Value at 31 March</b>	<b>304,878</b>	<b>304,878</b>	<b>310,097</b>	<b>310,097</b>

#### Reconciling note for PPE

	WBC 2023/24 £,000	Group 2023/24 £,000	WBC 2024/25 £,000	Group 2024/25 £,000
Infrastructure assets	304,878	304,878	310,097	310,097
Other PPE assets	817,781	870,967	787,757	842,371
<b>Total PPE assets</b>	<b>1,122,659</b>	<b>1,175,845</b>	<b>1,097,854</b>	<b>1,152,468</b>

## Depreciation

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

- Council Dwellings 44 years
- Other, Land and Buildings 1-76 years
- Surplus Assets 1-66 years
- Vehicles, Plant, Furniture & Equipment 1-35 years
- Infrastructure, Roads & Highways 1-119 years

Land assets have an indefinite life, and are not depreciated, so have been excluded from the useful life analysis.

## Capital Commitments

The estimated commitments for capital expenditure for schemes that had started, or legal contracts entered, by 31st March 2025 are listed below:

	2024/25 £,000
South Wokingham Distributor Road	58,624
Gorse Ride Regeneration Project	5,479
Carnival Pool Area Redevelopment	4,435
Piggott (Secondary) School - Expansion 1FE	4,102
Solar Farm (Barkham)	2,862
Highways Carriageways Maintenance	561
Toutley Highways Depot Modernisation	547
Special Education Needs	542
Town Centre Regeneration	382
Sixth Form Expansion	357
Care Homes	288
Solar PV Site – MereOak Park & Ride	233
California Crossroads	223
Seaford Court – Care Leaver Accommodation	151
Structures Embankments	132
Earley Station Footbridge	116
Highways Drainage	116
Traffic Signal Upgrades	115
Greenways	100
Gray's Farm Sports Hub (Master planning)	72
Post-16 SEND Hub – Wokingham Town Centre	70
New Primary SEND Unit – Radstock Primary	35
Woodley/Reading Active Travel Route	28
Investment Fund	27
Wellington Road	13
Other Schemes – small value commitments	1,067
<b>Total</b>	<b>80,677</b>

## Revaluations

The Council carries out a rolling programme which ensures that all property, plant and equipment required to be measured at fair value are revalued at least every five years. Also, each year a 'basket' of assets is selected for valuation, of sub-categories that would not otherwise be valued, to assess for any material variations. Council dwellings, Bulmershe School and HRA garages were valued internally, all other valuations were carried out externally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture, and equipment are based on depreciated historic cost.

The table below shows the value of assets against the year they were last revalued. The difference between years is due to the number and types of assets revalued as per the rolling programme i.e., at 31 March 2025 primary schools and community centres were revalued, while in other years there are smaller material assets revalued.

	<b>Council Dwellings</b>	<b>Other, Land and Buildings (Inc. HRA)</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Total</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Carried at Historical Cost	0	17,769	9,801	6,389	0	<b>33,959</b>
Valued at Fair Value as at:						
31 <sup>st</sup> March 2025	278,395	263,720	0	0	1,811	<b>543,926</b>
31 <sup>st</sup> March 2024	0	96,297	0	0	0	<b>96,297</b>
31 <sup>st</sup> March 2023	0	19,492	0	0	0	<b>19,492</b>
31 <sup>st</sup> March 2022	0	17,873	0	0	0	<b>17,873</b>
31 <sup>st</sup> March 2021	0	19,150	1,594	0	0	<b>20,744</b>
<b>Total Cost or Valuation</b>	<b>278,395</b>	<b>434,301</b>	<b>11,395</b>	<b>6,389</b>	<b>1,811</b>	<b>732,291</b>

## NOTE 25 OTHER NON CURRENT ASSETS

### Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2023/24	2024/25
	£,000	£,000
Rental Income from Investment Property	1,871	1,959
Direct Operating Expenses arising from Investment Property	0	(2)
<b>Net Gain / (Loss)</b>	<b>1,871</b>	<b>1,957</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:  
Not including Surplus Assets

	2023/24	2024/25
	£,000	£,000
Balance at the Start of the Year	34,528	31,188
Additions:		
Purchases	0	0
Disposals	0	0
Net Gains / (Losses) from Fair Value Adjustments	(3,340)	(295)
Transfers:		
(To) / From Inventories	0	0
(To) / from Property, Plant and Equipment	0	0
<b>Balance at the End of the Year</b>	<b>31,188</b>	<b>30,893</b>



## Fair value hierarchy

Details of the authority's investment properties and information about fair value hierarchy as at 31/03/2025 are as follow: - Includes Surplus assets

### 2024/25

	Quoted prices in Active markets for identical Assets (Level 1) £,000	Other significant Observable inputs (Level 2) £,000	Significant Unobservable inputs (Level 3) £,000	Fair value as at 31 March 2025 £,000
Recurring fair value				
Measurements using:				
Investment Properties	-	-	30,893	30,893
Surplus Assets	-	-	1,811	1,811
<b>Total</b>	<b>-</b>	<b>-</b>	<b>32,704</b>	<b>32,704</b>

### 2023/24

	Quoted prices in Active markets for identical Assets (Level 1) £,000	Other significant Observable inputs (Level 2) £,000	Significant Unobservable inputs (Level 3) £,000	Fair value as at 31 March 2024 £,000
Recurring fair value				
Measurements using:				
Investment Properties	-	-	31,188	31,188
Surplus Assets	-	-	2,047	2,047
<b>Total</b>	<b>-</b>	<b>-</b>	<b>33,235</b>	<b>33,235</b>

## Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1, 2 and 3 during the year.

## Valuation Techniques used to Determine Level 3 Fair Values for Investment Properties

### Significant Unobservable Inputs – Level 3

The office and commercial units and investment properties located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the authority's own data requiring it to factor assumptions, such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The authority's office and commercial units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicated that market participants would use different assumptions).

## Highest and Best Use of Investment Properties

In estimation the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

### Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of Fair Value Hierarchy

#### Office buildings categorised within Level 3

	2023/24 £,000	2024/25 £000
<b>Opening balance</b>	<b>41,423</b>	<b>33,235</b>
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
 Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	 (4,314)	 (529)
 Additions	 0	 0
Disposals	(54)	0
Transfers	(3,778)	0
Depreciation charge	(43)	(1)
<b>Closing Balance</b>	<b>33,235</b>	<b>32,705</b>

Gains or Losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit in the Provision of Services – Financing and Investment Income and Expenditure line.

## NOTE 26 INTANGIBLE ASSETS

The carrying amount of intangible assets is amortised on a straight-line basis.

The Council accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Amortisation of £886k charged to revenue in 2024/25 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The remaining amortisation was charged directly to the service using the asset.

The costs of the Council's major software suites are written off over the following periods:

Remaining Term	Internally Generated Assets	Other Assets
Up to 5 Years	None	E-mail and Schools e-learning, GIS Mapping Software, Wokingham Strategic Transport Model (WSTM) 2015 Base Update, 21st Century Implementation, Portfolio Management Software and Application Upgrades.
5 - 15 Years	None	Housing Management System, Planning System, Education & Health system, Netcall software.
15 - 20 Years	None	Transition of WBC's ICT to a mixed economy model (migration to cloud), Customer Service System and self- service technology

The movement on Intangible Asset balances during the year is as follows:

	Restated 2023/24 £,000	2024/25 £,000
<b>Balance at the Start of the Year</b>		
Gross Carrying Amount	15,224	13,709
Accumulated Amortisation	(9,991)	(9,193)
<b>Adjusted Gross Carrying amounts</b>	<b>5,233</b>	<b>4,516</b>
<b>Net Carrying Amount at Start of the Year</b>		
Additions:		
Purchases	775	1,094
Other Changes	0	301
Amortisation for the Period	(1,453)	(886)
Disposals	(2,289)	0
Amortisation write out on Disposal	2,250	0
<b>Net Carrying Amount at End of the Year</b>	<b>4,516</b>	<b>5,025</b>
<b>Comprising:</b>		
Gross Carrying Amounts	13,709	15,104
Accumulated Amortisation	(9,193)	(10,079)
<b>Closing Balance at 31March</b>	<b>4,516</b>	<b>5,025</b>

## NOTE 27 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2023/24 £,000	2024/25 £,000
<b>Opening Capital Financing Requirement</b>	<b>449,830</b>	<b>445,393</b>
Adjustment to Opening Balance – recognition of Right of Use assets	0	1,678
<b>Adjusted Opening Balance</b>	<b>449,830</b>	<b>447,071</b>
<b>Capital Investment:</b>		
Property, Plant and Equipment	63,121	62,072
Investment Properties	0	0
Intangible Assets	775	1,094
Inventories	406	5,849
Right of Use Assets	0	12
Revenue Expenditure Funded from Capital under Statute	7,934	7,592
Long Term Debtor	364	892
<b>Sources of Finance:</b>		
Capital Receipts	(3,200)	(2,431)
Government Grants and Other Contributions	(58,122)	(29,054)
Sums Set Aside from Revenue:		
Direct Revenue Contributions	(6,781)	(10,860)
MRP / Loans Fund Principal	(7,979)	(10,812)
<b>Other Adjustments:</b>		
Voluntary Debt Repayment - HRA	(955)	(1,629)
<b>Closing Capital Financing Requirement</b>	<b>445,393</b>	<b>469,796</b>

### Explanation of Movements in Year

Increase / (Decrease) in underlying need for supported borrowing	0	0
Increase / (Decrease) in underlying need for unsupported borrowing	(4,437)	24,403
<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>(4,437)</b>	<b>24,403</b>

## NOTE 28 LEASES

### The Council as Lessee

#### Weller Drive

The Council leases properties at 1-14 and 1a-9a Weller Drive on the Hogwood Lane industrial estate, the original length of the leases was 125 years.

The assets acquired in the leases on the industrial estate are carried as Investment Properties in the Balance Sheet at nil value. The value was written down to nil during 2012/13 following a review as the initial lease terms on the property are onerous, and at present the units are not trading at a surplus taking into account total management and running costs. In the event the properties trade at a surplus at a future date, the assets will be revalued, and the impairment reversed as appropriate.

The Council is committed to making the minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2024/25 £186k contingent rents were payable by the Council (2023/24 £186k).

The Council has other leases relating to buildings, vehicles, and equipment. The items are used for the following purposes:

- buildings include office accommodation, industrial premises, and social housing.
- vehicles include animal warden, portorage, and social services fleet vehicles.
- Equipment includes printers and photocopiers.

### Right-of-Use Assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Land and buildings	Vehicles, plant and equipment	Total
	£,000	£,000	£,000
Balance at 1 April 2024	2,647	31	2,678
Additions	0	12	12
Revaluations	0	0	0
Depreciation and amortisation	(364)	(12)	(376)
Disposals	0	0	0
<b>Balance at 31 March 2025</b>	<b>2,283</b>	<b>31</b>	<b>2,314</b>

The table above excludes assets held as an investment property.

## Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £,000
Comprehensive income and expenditure statement:	
Interest expense on lease liabilities	196
Expense relating to short-term leases	142
Expense relating to exempt leases of low-value items	42
Variable lease payments not included in the measure of lease liabilities	0
Income from subletting right-of-use assets	0
Gains or losses arising from sale and leaseback transactions	0
	<b>381</b>
Cash flow statement	
Minimum lease payments	<b>694</b>

## Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	Right of Use 2024/25 £,000	Investment property 2024/25 £,000
<b>Right-of-Use Assets</b>		
Less than one year	401	107
One to five years	789	534
More than five years	490	8,158
<b>Total undiscounted liabilities</b>	<b>1,680</b>	<b>8,799</b>

## Liability Movement

	Opening Liability 01 April 2024 £,000	Principal Repaid £,000	Closing Liability 31 March 2025 £,000
<b>Right-of-Use Assets</b>			
Land & Buildings	1,647	305	1,342
Vehicles, Plant & Equipment	43	16	27
	<b>1,690</b>	<b>321</b>	<b>1,369</b>
<b>Investment Property</b>			
	1,067	0	1,067
	<b>2,747</b>	<b>321</b>	<b>2,436</b>

## The Council as Lessor

### Finance Leases

The Council did not enter into any finance leases in 2024/24 as a lessor.

### Operating Leases

The Council has a number of premises which it leases out on an operating lease basis for the following purposes:

- for the provision of community services such as sports facilities, community centres and leisure facilities
- for economic development purposes to provide suitable affordable accommodation for local businesses
- for the provision of service tenancy accommodation such as school caretakers.

The income receivable credited to the relevant service line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

<b>Rental Income receivable:</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£,000</b>	<b>£,000</b>
Shops	(4,242)	(4,487)
Industrial Premises	(1,858)	(1,931)
Offices	(329)	(386)
Other	(1,539)	(1,372)
<b>Total</b>	<b>(7,968)</b>	<b>(8,176)</b>

The future minimum lease payments receivable under non-cancellable leases in future years are:

	<b>31st March</b>	<b>31st March</b>
	<b>2024</b>	<b>2025</b>
	<b>£,000</b>	<b>£,000</b>
<b>Not later than one year:</b>		
Shops	(4,423)	(4,407)
Industrial premises	(1,722)	(1,815)
Offices	(328)	(266)
Other	(1,392)	(1,361)
<b>Later than one year and not later than five years:</b>		
Shops	(16,461)	(15,916)
Industrial premises	(4,983)	(5,959)
Offices	(505)	(245)
Other	(4,265)	(4,716)
<b>Later than five years:</b>		
Shops	(20,096)	(18,529)
Industrial premises	(9,812)	(9,649)
Offices	0	0
Other	(19,252)	(20,422)
<b>Total</b>	<b>(83,239)</b>	<b>(83,285)</b>

## NOTE 29 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

### Waste Disposal PFI Scheme

In 2006/07 the Council, together with Reading and Bracknell Forest Borough Councils, entered into a PFI contract with WRG (RE3 Ltd) for the disposal of waste. The total outstanding value of the contract is estimated to be £70.301m as at 31 March 2025, to be shared between the councils based on usage. Actual payments will depend upon the contractor's performance as well as that of the individual councils in waste collection and recycling. As part of the contract, the contractor has built a transfer station, materials recycling facility, civic amenity site and offices on land owned by Reading and Bracknell Forest Borough Councils. The contract will expire in December 2031.

The Council acquired a 37.2% share of assets that will revert to the ownership of the RE3 partnership between the three councils at the end of the contract.

The Council's share of the assets used to provide the waste disposal contract is recognised in the Council's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on Property, Plant and Equipment in Note 24.

Payments remaining to be made by Wokingham Borough Council under the PFI contract at 31 March 2025 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	Income Amortisation	Liability	Interest	Service Charges	Total
	£,000	£,000	£,000	£,000	£,000
Within 1 Year	118	461	264	3,270	3,995
Payable within 2 to 5 Years	472	2,314	668	13,710	16,692
Payable within 6 to 10 Years	149	890	65	4,510	5,465
<b>Total</b>	<b>739</b>	<b>3,665</b>	<b>997</b>	<b>21,490</b>	<b>26,152</b>

The liability outstanding under the waste contract is as follows:

	Deferred Income		Lease Liability	
	31st March 2024	31st March 2025	31st March 2024	31st March 2025
	£,000	£,000	£,000	£,000
Balance Outstanding at Start of Year	(975)	(857)	(4,661)	(4,166)
Amortisation/Payments During the Year	118	118	496	501
<b>Balance Outstanding at End of Year</b>	<b>(857)</b>	<b>(739)</b>	<b>(4,166)</b>	<b>(3,665)</b>



## NOTE 30 DEBTORS

Debtors are amounts that were due to the Council in full at the end of the accounting year and are net of bad debt provisions. They can be analysed as follows:

	WBC 31st March 2024 £,000	Group 31st March 2024 £,000	WBC 31st March 2025 £,000	Group 31st March 2025 £,000
<b>SHORT TERM DEBTORS</b>				
<b>Repayable within One year</b>				
Central Government Bodies	5,379	5,379	4,092	4,092
Other Local Authorities	332	48	178	178
NHS Bodies	2,037	2,037	4,167	4,167
Other Entities and Individuals	38,905	39,005	56,464	56,156
<b>Total</b>	<b>46,653</b>	<b>46,469</b>	<b>64,901</b>	<b>64,593</b>

The increase in other entities and individuals outstanding debt is predominantly due to several large invoices, for developer contributions, raised towards the end of the year.

### DEBTORS FOR LOCAL TAXATION

The debtors which were due to the Council in full at the end of the accounting year, net of bad debt provision, for local taxation (council tax and non-domestic rates (business rates)) can be analysed by age as follows:

	Council Tax £,000	Business Rates £,000	31st March 2024 £,000	Council Tax £,000	Business Rates £,000	31 <sup>st</sup> March 2025 £,000
Less than 1 year	2,005	1,171	3,176	2,243	1,311	3,554
Between 1 and 2 years	973	299	1,272	1,126	338	1,464
More than 2 years	730	118	848	760	293	1,053
<b>Total</b>	<b>3,708</b>	<b>1,588</b>	<b>5,296</b>	<b>4,129</b>	<b>1,942</b>	<b>6,071</b>

### LONG TERM DEBTORS

	31st March 2024 £,000	31 <sup>st</sup> March 2025 £,000
<b>Repayable after one year</b>		
Other entities and individuals	21,041	20,921
<b>Total</b>	<b>21,041</b>	<b>20,921</b>

The long term debtors predominately relate to loans made to the subsidiary companies of the Council.

## NOTE 31 CREDITORS

Creditors are amounts due to be paid by the Council at the end of the accounting year and include:

	WBC 31st March 2024 £,000	Group 31st March 2024 £,000	WBC 31st March 2025 £,000	Group 31st March 2025 £,000
Central Government Bodies	(18,118)	(18,118)	(24,774)	(24,774)
Other Local Authorities	(4,502)	(4,502)	(2,936)	(2,936)
NHS Bodies	(327)	(327)	(353)	(353)
Other Entities and Individuals	(36,719)	(36,289)	(57,249)	(56,892)
Right-of-Use assets short-term liability	0	0	(321)	(321)
<b>Total</b>	<b>(59,666)</b>	<b>(59,236)</b>	<b>(85,633)</b>	<b>(85,276)</b>

The increase in Central Government Bodies from £18m in 2023/24 to £25m in 2024/25 is due to the government share of business rates income being higher as a result of an improved collection fund position (reducing deficit).

The Council is now the Accounting Body for the Berkshire Local Enterprise Partnership. Amounts owed to them are treated as creditors, within other entities and individuals, contributing to the increase in this category compared to 23/24.

With the introduction of IFRS 16, in relation to leasing arrangements, a category of right of use assets has been created, to show the liability due within the following year for finance leases.

### LONG TERM CREDITORS

#### Repayable after one year

Lease premium received in advance

Other Entities and Individuals

#### Total

31st March 2024 £,000	31st March 2025 £,000
(3,350)	(2,680)
(2)	(2)
<b>(3,352)</b>	<b>(2,682)</b>

The Council leases out several residential properties in respect of the Peach Place regeneration project to a subsidiary company, Berry Brook Homes Limited. There are 3 leases each of which has a 30-year term with a break clause after 10 years and lease premiums totalling £6.7m were received by the Council at the inception of the lease. The leases do not transfer all the risks and rewards of ownership to the lessee and, accordingly, these leases have been classified as operating leases. The lease premium is to be recognised in income over the initial lease term of 10 years as follows:

	31st March, 2024 £,000	31st March, 2025 £,000
<b>Short-term</b>		
Within one year	(670)	(670)
<b>Long-term</b>		
Between one and two years	(670)	(670)
Between two and five years	(2,680)	(2,010)
Between five and ten years	0	0
<b>Total Long-term</b>	<b>(3,350)</b>	<b>(2,680)</b>

## NOTE 32 PROVISIONS

All the Council's provisions are short term.

Provisions less than 1 year:	2023/24			2024/25		
	Provision for Accumulated Absences	Other Provisions	Total	Provision for Accumulated Absences	Other Provisions	Total
	£,000	£,000	£,000	£,000	£,000	£,000
<b>Balance brought forward</b>	<b>(3,310)</b>	<b>(3,866)</b>	<b>(7,176)</b>	<b>(3,277)</b>	<b>(4,253)</b>	<b>(7,530)</b>
Unused amounts reversed in year	3,310	0	<b>3,310</b>	3,277	0	<b>3,277</b>
Amounts used in year	0	2,388	<b>2,388</b>	0	1,625	<b>1,625</b>
Additional provisions made in year	(3,277)	(2,775)	<b>(6,052)</b>	(3,647)	(1,999)	<b>(5,646)</b>
<b>Balance carried forward</b>	<b>(3,277)</b>	<b>(4,253)</b>	<b>(7,530)</b>	<b>(3,647)</b>	<b>(4,627)</b>	<b>(8,274)</b>

### Provision for Accumulating Absences

Officers can carry forward holiday and flexi leave entitlement at the end of the financial year; however, they are not financially compensated if they leave the Council's employment before taking up their entitlement. The Council made a provision of £3.647m at 31 March 2025 (3.277m at 31 March 2024) for compensated absences.

### Other Provisions

Provision for Non-Domestic Rates successful appeals against valuations - Following guidance from the Ministry of Housing, Communities, and Local Government (MHCLG) and in line with proper accounting practice, the Collection Fund has made a provision of £8.127m (£7.373m as at 31 March 2024) for successful appeals against business rates valuations, of which Wokingham's share is £3.982m (£3.613m as at 31 March 2024).

Dilapidation – A provision for dilapidation costs on buildings for £0.217m (£0.217m as at 31 March 2024), which may need to be returned to their original condition once their use is no longer required by the Council.

Wokingham Borough Council is a member of the MMI (Municipal Mutual Insurance) Scheme of Arrangement, which was put in place following MMI's insolvency in 1992. It relates to historic insurance claims for mesothelioma caused by asbestos and those claims that may have been incurred but not yet reported. A provision at 31 March 2025 of £0.367m (31 March 2024 £0.374m) is held for this purpose.

A provision for interest on refunds of non-domestic rates has been set up in the collection fund of £0.125m, of which Wokingham's share is £0.061m (£0.49m at 31 March 2024).

## NOTE 33 CONTINGENT LIABILITIES

Wokingham Borough Council has several subsidiary companies, which were operational during 2024/25. The Council funds any operating losses reported by the companies from its working balances as loans to the companies. The losses are carried forward in the profit and loss reserves of the companies (see the main financial statements and note 46 for more information). In addition, it acts as guarantor for any losses or liabilities incurred by the companies, particularly any residual losses that may be incurred by the companies if they were to cease trading and were wound up.

In relation to Optalis Ltd, the Council has an additional contingent liability in relation to staff transferred from the Council to the company under TUPE arrangements. The Council remains liable for the pension liabilities of the staff transferred, for costs associated with future redundancies and for pension strain costs arising from service closures and future modernisations if they were to occur. The liability risk reduced in 24/25 compared to 23/24.

## NOTE 34 CONTINGENT ASSETS

The Council does not currently have any contingent assets.

## NOTE 35 ASSETS HELD FOR SALE

	Current	
	2023/24 £,000	2024/25 £,000
<b>Balance outstanding at start of the year</b>	<b>180</b>	<b>203</b>
Assets newly classified as held for sale:		
Property, plant and equipment	203	426
Assets sold	(180)	(203)
Transfers to Operational Assets - Not sold	0	0
<b>Balance outstanding at end of year</b>	<b>203</b>	<b>426</b>

As at 31 March 2025 there were 4 HRA properties classified as assets held for sale (2 properties at 31 March 2024, both properties were sold in 24/25)

## NOTE 36 FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

The following categories of financial assets are carried in the Balance Sheet:

	<u>Current</u>						<u>Non-Current</u>			
	Investments		Debtors		Cash and Cash Equivalents		Investments		Debtors	
	31st March 2024 £,000	31st March 2025 £,000	31st March 2024 £,000	31st March 2025 £,000	31st March 2024 £,000	31st March 2025 £,000	31st March 2024 £,000	31st March 2025 £,000	31st March 2024 £,000	31st March 2025 £,000
<b>Financial Assets</b>										
At amortised cost	176	125	46,653	64,901	27,254	17,743	-	-	21,041	20,921
<b>Total Financial Assets</b>	<b>176</b>	<b>125</b>	<b>46,653</b>	<b>64,901</b>	<b>27,254</b>	<b>17,743</b>	<b>-</b>	<b>-</b>	<b>21,041</b>	<b>20,921</b>
<b>Non-financial Assets</b>										
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Non-financial Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Per Balance Sheet</b>	<b>176</b>	<b>125</b>	<b>46,653</b>	<b>64,901</b>	<b>27,254</b>	<b>17,743</b>	<b>-</b>	<b>-</b>	<b>21,041</b>	<b>20,921</b>

## Categories of Financial Instruments

The following categories of financial liabilities are carried in the Balance Sheet:

	<u>Current</u>						<u>Non-Current</u>			
	<b>Borrowings</b>		<b>Creditors</b>		<b>Cash and Cash Equivalents</b>		<b>Borrowings</b>		<b>Creditors</b>	
	31st March, 2024 £,000	31st March, 2025 £,000	31st March, 2024 £,000	31st March, 2025 £,000	31st March, 2024 £,000	31st March, 2025 £,000	31st March, 2024 £,000	31st March, 2025 £,000	31st March, 2024 £,000	31st March, 2025 £,000
<b>Financial Liabilities</b>										
At amortised cost	(71,121)	(86,253)	(32,717)	(42,736)	(3,013)	(4,604)	(119,606)	(115,174)	(2)	(2)
<b>Total Financial Liabilities</b>	<b>(71,121)</b>	<b>(86,253)</b>	<b>(32,717)</b>	<b>(42,736)</b>	<b>(3,013)</b>	<b>(4,604)</b>	<b>(119,606)</b>	<b>(115,174)</b>	<b>(2)</b>	<b>(2)</b>
<b>Non-financial Assets</b>										
Other	-	-	(26,949)	(42,897)	-	-	-	-	(3,350)	(2,680)
<b>Per Balance Sheet</b>	<b>(71,121)</b>	<b>(86,253)</b>	<b>(59,666)</b>	<b>(85,633)</b>	<b>(3,013)</b>	<b>(4,604)</b>	<b>(119,606)</b>	<b>(115,174)</b>	<b>(3,352)</b>	<b>(2,682)</b>

## Income, Expense, Gains and Losses

	2023/24			2024/25		
	Financial Liabilities Measured at Amortised Cost £,000	Financial Assets Measured at Amortised Cost £,000	Total £,000	Financial Liabilities Measured at Amortised Cost £,000	Financial Assets Measured at Amortised Cost £,000	Total £,000
Interest expense on external borrowing	8,141	-	8,141	6,921	-	6,921
Interest expense on PFI and finance lease liabilities	660	-	660	702	-	702
Impairment losses	-	-	-	-	-	-
<b>Total expense in surplus or deficit on the provision of services</b>	<b>8,801</b>	<b>-</b>	<b>8,801</b>	<b>7,623</b>	<b>-</b>	<b>7,623</b>
Interest income	-	(4,700)	(4,700)	-	(1,584)	(1,584)
<b>Total income in surplus or deficit on the provision of services</b>	<b>8,801</b>	<b>(4,700)</b>	<b>4,101</b>	<b>7,623</b>	<b>(1,584)</b>	<b>6,039</b>
Surplus / deficit arising on revaluation of financial assets in the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
<b>Net (gain) / loss for the year</b>	<b>8,801</b>	<b>(4,700)</b>	<b>4,101</b>	<b>7,623</b>	<b>(1,584)</b>	<b>6,039</b>

## Fair Values of Financial Assets and Financial Liabilities

All financial assets and financial liabilities of the Council are carried in the Balance Sheet at amortised cost. The fair values calculated for financial assets and liabilities are as follows:

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- for loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- for loans receivable prevailing benchmark market rates have been used to provide the fair value.
- no early repayment or impairment is recognised.
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

	31 March 2024		31 March 2025	
	Carrying Amount £,000	Fair Value £,000	Carrying Amount £,000	Fair Value £,000
<b>Financial Assets Held at Amortised Cost</b>				
Short-term Investments	176	176	125	125
Long-term Investments	0	0	0	0
Short-term Debtors	46,653	46,653	64,901	64,901
Long-term Debtors	21,041	21,041	20,921	20,921
Cash and Cash Equivalents	27,254	27,254	17,743	17,743
<b>Total Financial Assets</b>	<b>95,124</b>	<b>95,124</b>	<b>103,690</b>	<b>103,690</b>
<b>Financial Liabilities Held at Amortised Cost</b>				
Borrowings	(190,727)	(201,482)	(201,427)	(193,540)
Cash and Cash Equivalents	(3,013)	(3,013)	(4,604)	(4,604)
Other liabilities and creditors	(32,719)	(32,719)	(42,738)	(42,738)
	<b>(226,459)</b>	<b>(237,214)</b>	<b>(248,769)</b>	<b>(240,882)</b>
<b>Other</b>				
PFI and other Finance Lease Liabilities	(6,089)	(6,089)	(6,509)	(6,509)
	<b>(6,089)</b>	<b>(6,089)</b>	<b>(6,509)</b>	<b>(6,509)</b>
<b>Total Financial Liabilities</b>	<b>(232,548)</b>	<b>(243,303)</b>	<b>(255,278)</b>	<b>(247,391)</b>

The fair value of liabilities as at 31 March 2025 is lower than the overall carrying amount because the Council's portfolio of loans from the Government's Public Works Loans Board (PWL) and other sources includes a number of fixed rate loans where the interest payable is lower than the rates available for similar loans in the market at the balance sheet date. This increases the fair value of loans and receivables.

The fair values for financial liabilities have been determined by reference to the PWLB redemption rules and prevailing PWLB redemption rates as at each balance sheet date and include accrued interest. The fair value for non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value of these instruments.

The fair values for investments have been determined by reference to similar practices, as detailed above, which provide a reasonable approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.



## Fair Value Hierarchy for Financial Assets and Financial Liabilities that are not measured at Fair Value

	31st March 2024	31st March 2025
	Other Significant Observable Inputs (Level 2) £,000	Other Significant Observable Inputs (Level 2) £,000
<b>Financial Liabilities</b>		
PWLB and LOBO loans	(124,198)	(165,052)
Borrowings with other local authorities	(66,528)	(36,152)
Other loans	0	0
PFI and finance lease liabilities	(6,089)	(6,509)
	<b>(196,815)</b>	<b>(207,713)</b>
<b>Financial Assets</b>		
Short-term investments with other local authorities	176	125
Investments with banks and other financial institutions	26,836	16,818
Other investments	21,041	20,921
	<b>48,053</b>	<b>37,864</b>

## **NOTE 37                      NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- market risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates and stock market movements.

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Local Government Act 2003. Overall, these procedures require the Council to manage risk, which it does through the following means.

The Annual Treasury Management and Investment Strategy which incorporates the prudential indicators was approved by Council on 22 February 2024 and is available on the Council website.

### **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Treasury Management and Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch, Moody's and Standard and Poor's Ratings Services. The Treasury Management Strategy also imposes a maximum sum to be invested and time limits with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria. The credit criteria in respect of financial assets held by the Council are detailed in the annual Treasury Management and Investment Strategy.

The following analysis summarises the Council's potential maximum exposure to credit risk on financial assets, based on experience of default, and ability to collect, over the last six financial years, adjusted to reflect current market conditions:

## Amounts Arising from Expected Credit Losses

The changes in the loss allowance for financial assets at amortised cost are as follows:

### 2024/25 Movement

Opening balance at 1 April 2024

Amounts written off

Increase in allowance for credit losses

Other changes

**Closing balance at 31 March 2025**

### 2023/24 Movement

Opening balance at 1 April 2023

Amounts written off

Increase in allowance for credit losses

Other changes

**Closing balance at 31 March 2024**

#### Lifetime Expected Credit Losses-Credit Impaired Simplified Approach

£,000

(3,140)

154

(332)

-

**(3,318)**

(2,994)

81

(291)

64

**(3,140)**

The Council has the following exposure to credit risk at 31 March 2025:

### Deposits with banks and financial institutions:

AAA Rated Counterparties

### Deposits with banks and financial institutions:

AA Rated Counterparties

### Simplified Approach

Customers

**Total**

#### Gross Carrying Amount at 31 March 2025

£,000

9,346

0

45,697

**55,043**

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

## Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the annual Treasury Management and Investment Strategy), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed. The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer-term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Instead, the risk is that the Council is exposed to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The maturity analysis of financial assets is as follows:

	<b>31st March 2024</b>	<b>31st March 2025</b>
	<b>£,000</b>	<b>£,000</b>
Within one year	27,430	17,868
Between one and two years	0	0
	<b>27,430</b>	<b>17,868</b>

## Maturity and refinancing risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered together with the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved Treasury Management and Investment Strategy addresses the main risks and the Corporate Finance Team addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer-term investments to provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	31st March 2024 £,000	31st March 2025 £,000
<b>Short term borrowing</b>		
Within one year	(68,744)	(84,971)
<b>Long term borrowing</b>		
Between 1 and 2 years	(3,971)	0
Between 2 and 5 years	(17,774)	(17,774)
Between 5 and 10 years	(31,812)	(40,212)
Between 10 and 15 years	(21,400)	(12,000)
Between 15 and 20 years	0	0
Between 20 and 25 years	(1,465)	(2,465)
Between 25 and 30 years	(8,723)	(18,723)
More than 30 years	(34,000)	(24,000)
<b>Total Long Term</b>	<b>(119,145)</b>	<b>(115,174)</b>
<b>Total Borrowing</b>	<b>(187,889)</b>	<b>(200,145)</b>

Short term borrowing above does not include interest due in 25/26 which relates to borrowing in 24/25 however this is required to be included in the balance sheet.

## Market risk

### Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- borrowings at fixed rates – the fair value of the borrowing liability will fall.
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has several strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Corporate Finance Team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance,

during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

At 31 March, if all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31st March, 2024 £,000	31st March, 2025 £,000
Increase in interest payable on variable rate borrowings	-	-
Increase in interest receivable on variable rate investments	(193)	(599)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(193)</b>	<b>(599)</b>
Share of overall impact debited/(credited) to the HRA	-	-
Decrease in Fair Value of Fixed Rate Investment Assets	-	-
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>(193)</b>	<b>(599)</b>
Decrease in Fair Value of Fixed Rate Borrowings Liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	-	-

There is nil impact on the cost of borrowing of a 1% change as all the loans are at fixed rates. The impact of a 1% fall in interest rates would be as above but with the movements being reversed. Fund Managers investments are not considered as variable rate investments.

#### Price risk

The Council does not generally invest in instruments with this type of risk.

## NOTE 38 OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	WBC 31st March 2024 £,000	Group 31st March 2024 £,000	WBC 31st March 2025 £,000	Group 31st March 2025 £,000
- Interest Received	(4,700)	(4,117)	(1,584)	(2,277)
- Interest Paid	8,800	8,800	7,624	7,624
	<b>4,100</b>	<b>4,683</b>	<b>6,040</b>	<b>5,348</b>

The Surplus or Deficit on the Provision of Services has been adjusted for the following non-cash movements.

	WBC 31st March 2024 £,000	Group 31st March 2024 £,000	WBC 31st March 2025 £,000	Group 31st March 2025 £,000
- Depreciation of property, plant and equipment	24,123	24,123	21,347	21,347
- Impairment and downward valuations	34,671	31,351	12,795	13,436
- Amortisation of intangible assets	1,453	1,453	886	886
- (Increase) / decrease in inventories	(669)	(669)	(6,687)	(6,687)
- Increase / (decrease) in impairment allowance for bad or doubtful debts	430	430	553	553
- Increase / (decrease) in creditors	(6,552)	(6,037)	20,060	20,804
- (Increase) / decrease in debtors	(6,986)	(6,927)	(16,377)	(16,254)
- Movement in pension liability	(2,801)	(2,801)	(8,097)	(8,097)
- Carrying amount of non-current assets, and non – current assets held for sale, sold or derecognised	43,415	43,415	64,670	65,018
- Other non-cash items charged to the net Surplus or Deficit on the Provision of Services	713	3,536	(879)	(439)
<b>Total Non-Cash Movements</b>	<b>87,797</b>	<b>87,874</b>	<b>88,271</b>	<b>90,567</b>

## NOTE 39 INVESTING ACTIVITIES

	WBC 31st March 2024 £,000	Group 31st March 2024 £,000	WBC 31st March 2025 £,000	Group 31st March 2025 £,000
- Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(66,166)	(66,214)	(65,764)	(68,180)
- Purchase of Short-term and Long-term Investments	(526,378)	(526,378)	(432,913)	(432,913)
- Other Payments for Investing Activities	(362)	(247)	(892)	0
- Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,834	1,835	3,647	4,355
- Proceeds from Short-term and Long-term Investments	537,785	536,385	433,925	432,913
- Other Receipts from Investing Activities	52,969	52,969	46,960	46,960
<b>Net Cash Flows from Investing Activities</b>	<b>(318)</b>	<b>(1,650)</b>	<b>(15,037)</b>	<b>(16,865)</b>

## NOTE 40 FINANCING ACTIVITIES

	WBC 31st March 2024 £,000	Group 31st March 2024 £,000	WBC 31st March 2025 £,000	Group 31st March 2025 £,000
- Cash Receipts of Short and Long-term Borrowing	76,500	76,548	103,000	103,010
- Other Receipts or Payments for Financing Activities	1,035	1,035	1,503	1,503
- Cash Payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(614)	(614)	420	420
- Repayments of short and long-term borrowing	(66,436)	(66,436)	(90,744)	(90,744)
- Other Payments for Financing Activities	(80)	(80)	0	0
<b>Net Cash Flows from Financing Activities</b>	<b>10,405</b>	<b>10,453</b>	<b>14,179</b>	<b>14,189</b>



## NOTE 41 CASH AND CASH EQUIVALENTS

	WBC 31st March, 2024 £,000	Group 31st March, 2024 £,000	WBC 31st March, 2025 £,000	Group 31st March, 2025 £,000
Cash held by the Council	417	417	925	925
Bank Current Assets	2,054	4,524	7,616	9,372
Money Market Instruments	24,075	24,075	8,455	8,455
Cash Held by Fund Managers	708	708	747	747
<b>Cash and Cash Equivalents</b>	<b>27,254</b>	<b>29,724</b>	<b>17,743</b>	<b>19,499</b>
Bank Current Liabilities	(3,013)	(3,013)	(4,604)	(4,604)
<b>Total Cash and Cash Equivalents</b>	<b>24,241</b>	<b>26,711</b>	<b>13,139</b>	<b>14,895</b>

## NOTE 42 ACQUIRED AND DISCONTINUED OPERATIONS

There were no acquired or discontinued operations in 2024/25 or 2023/24.

## NOTE 43 EVENTS AFTER THE BALANCE SHEET DATE

The financial statements have not been adjusted for any post balance sheet events which took place after 31 March 2025.

The following schools have converted to academy status after 31 March 2025.

Name of School	Date of Conversion	Asset Value at 31 March 2025 £,000
Highwood Primary School	01/04/2025	9,089
Hillside Primary School	01/04/2025	8,643
Willow Bank Infant School	01/04/2025	2,834
Willow Bank Junior School	01/04/2025	5,188

## NOTE 44 AGENCY SERVICES

During 2024/25 the Council continued to run a shared service for Building Control with West Berkshire Council. A summary of expenditure incurred, and income received, in respect of agency services, which is not included within the Comprehensive Income and Expenditure Statement, is as follows:

	2023/24 £,000	2024/25 £,000
<b>Income</b>		
West Berkshire	(618)	(426)
<b>Expenditure</b>		
West Berkshire	618	426
<b>Net Expenditure/(Income)</b>	<b>0</b>	<b>0</b>

## NOTE 45 POOLED BUDGETS

Section 75 of the National Health Service Act 2006 and the Community Care and Health (Scotland) Act 2002 enable the establishment of joint working arrangements between NHS bodies and local authorities to enable them to work collaboratively to provide services to address local health issues.

### Better Care Fund (BCF)

Wokingham Borough Council and Buckinghamshire, Oxfordshire and Berkshire West Integrated Care Board are partners in the provision of services to support the following aims and benefits:

- improve the quality and efficiency of Health and Social Care Services.
- meet the National Conditions set by NHS England and Local Objectives set.
- make more effective use of resources through the establishment and maintenance of an aligned fund for revenue expenditure on the services.
- ensure that people in Wokingham will remain independent, avoid hospital admission or are discharged quickly with a joined-up package of care and support, and,
- for those that need it, to develop an integrated health and care system that enables people to proactively manage their own care with the support of their family, community, and the right professionals at the right time in a properly joined up system.

The BCF provides various services to residents of Wokingham who benefit from specific targeted interventions,

The services provided include:

- Support for carers.
- Extended social care provision hours.
- Reablement services, and
- Intermediate care and support.

	2023/24 £,000	2024/25 £,000
<b>Funding Provided to the Pooled Budget:</b>		
Wokingham Borough Council	2,754	2,868
Integrated Care Board	10,224	12,000
	<b>12,978</b>	<b>14,868</b>
<b>Expenditure Met from the Pooled Budget:</b>		
Wokingham Borough Council	9,390	10,832
Integrated Care Board	3,631	3,988
	<b>13,021</b>	<b>14,820</b>
<b>Net (Surplus) / Deficit Arising on the Pooled Budget During the Year</b>	<b>43</b>	<b>(48)</b>

## **NOTE 46      INVESTMENTS IN COMPANIES**

### **Trading Standards South East Ltd (TSSEL)**

This is a company set up by 19 local authority trading standards departments in the South East of England to provide a consumer helpline and regional intelligence unit for Trading Standards' functions, training to the member authorities and other joined up trading standards services. It was established in 2004/05 and is limited by guarantee of £1. Wokingham Borough Council has an equal 1/19th share in the company and is able to nominate one director on the Board of Directors of the company. It has been determined that the Council does not have control or significant influence over the activities of TSSEL and, accordingly, the company has not been treated as a subsidiary, joint entity or associate of the Council. The latest financial statements available for the company were prepared for the year ended 31 March 2024 and show net assets of £0.640m (£0.702m at 31 March 2023). Wokingham Council does not receive any dividend income from the company. The financial statements for the company for the year ended 31 March 2025 will be available in 2026. A full set of financial statements for the company can be obtained from the Company Secretary at the registered office: Surrey County Council, Trading Standards, Fairmount House, Bull Hill, Leatherhead, Surrey, KT22 7AY.

### **Flexible Home Improvement Loans Ltd (FHILL)**

This is a company set up by 17 local authorities across the South East of England to deliver small loans to homeowners to improve their property. The loans are targeted at vulnerable households to ensure they are in decent accommodation and therefore can remain in their own home rather than go into residential care. The company was established in March 2008 and is limited by guarantee of £10. Wokingham Borough Council has an equal 1/17th share in the company and is able to nominate one director to the Board of Directors. It has been determined that the Council does not have control or significant influence over the activities of FHILL and, accordingly, the company has not been treated as a subsidiary, joint entity or associate of the Council. The latest financial statements prepared for the company were for the year ended 31 March 2024 and reflect Nil turnover and investment income of £0.380m (£0.281m 2022/23) with a net profit after tax of £0.344m (2022/23: Profit after tax £0.256m). The company had net assets of £9.607m at 31 March 2024 (£9.263m at 31 March 2023). The purpose of the company is to receive grants from Central Government and make loans to local authority members which, when repaid, are then also used to make loans to homeowners. Any grant income and investment income, therefore, maintain the company as a going concern. Wokingham Council does not receive any dividend income from the company. A full set of financial statements for the company can be obtained from Head of Finance, Royal Borough of Windsor and Maidenhead, Town Hall, St. Ives Road, Maidenhead, SL6 1RF.

### **Optalis Ltd**

Optalis Ltd (OL) is a company set up by Wokingham Borough Council (WBC) for the purposes of providing Adult Social Care Services. The company was established in 2011 and is limited by shares. On 01 April 2014 Optalis Holdings Ltd (OHL) was set up and 100% of the shareholding in OL was transferred by WBC to OHL. On the same date OHL issued 50,000 preference shares of £1 and 1 ordinary share of £1 to which WBC (Holdings) Ltd subscribed 100%. Also on 01 April 2014, Optalis Wokingham Ltd (OWL) was set up as a wholly owned subsidiary of OHL. Its purpose is to assist service delivery and tax management. In preparation for the commencement of a new arrangement with the Royal Borough of Windsor and Maidenhead (RBWM), 100% of WBC (Holdings) Ltd shareholding in OHL was transferred back to WBC. At the same time the 50,000 preference shares were re-designated as ordinary shares, and 99 additional ordinary shares were issued. A share sale took place on 31 March 2017 with RBWM purchasing 22,545 shares in OHL for £771k, representing a 45% interest, with new services starting and the TUPE of staff into Optalis Ltd on 03 April 2017.

Jointly with RBWM, WBC is able to control the operating, governance and financial policies of the organisation, and also able to appoint the Board of Directors of the company. The Company is accounted for as a partially owned joint venture of WBC however, as WBC's interest in Optalis arose as a result of the formation of the company no goodwill arose. Optalis Ltd had a turnover of £57.6m in 2024/25 (£63.97m in

2023/24), reported £Nil loss (£0.06m loss in 2023/24) and had net assets of £0.07m at 31 March 2025 (£0.07m net assets at 31 March 2024).

On the 3rd March 2022, RBWM became equal shareholders with WBC (50% each). Due to this change, the Council no longer include Optalis on full group consolidation, instead they are accounted under the equity method whereby WBC's share of Optalis assets are recognised on the group balance sheet under long-term assets and on the CIES under share of joint venture.

On the 28th June 2022, Optalis Holdings Ltd was dissolved and on the 7th June, Optalis Wokingham Ltd was dissolved. The status and operation of Optalis Ltd was unchanged.

### **WBC (Holdings) Ltd (WBCHL)**

WBCHL is a company wholly owned and set up by Wokingham Borough Council (WBC) for the purposes of providing housing services. The company was established in January 2012 and is limited by shares and started trading during 2012-13. The company has issued a total of 1.9m ordinary £1 shares and the Council subscribed to all of them at a cost of £1.9m, however, the ownership of these shares was transferred to the Council's holding company, WBC (Holdings) Ltd, in 2014/15 in line with Council policy. The Council is able to control the operating, governance and financial policies of the company as well as the ability to appoint the Board of Directors of the company. The Company is accounted for as a wholly owned subsidiary of WBC. As WBC's interest in WBCHL arose as a result of the formation of the company no goodwill has arisen. As at 31<sup>st</sup> March 2025, the company had net liabilities of £1.17m (£0.02 net liabilities at 31 March 2024).

### **Wokingham Housing Ltd (WHL)**

Wokingham Housing Ltd (WHL) is accounted for as a wholly owned subsidiary of WBC providing high quality affordable housing and market housing. In 2024/25 WHL had a turnover of £Nil (£Nil in 2023/24) and the company had net assets of £0.5m at 31 March 2025 comprising £1.9m share capital and accumulated losses of £1.4m (accumulated losses were £0.2m at 31 March 2024).

### **Loddon Homes Ltd (LHL)**

Loddon Homes Ltd (LHL) is accounted for as a wholly owned subsidiary of WBC. Loddon Homes Ltd is a provider of social and affordable housing, accredited with Homes England as a for-profit registered provider. In 2024/25 LHL had a turnover of £2.6m (£1.7m in 2023/24) and the company had net assets of £0.7m at 31 March 2025 comprising £1 share capital and retained earnings of £0.7m (net liabilities were £0.5m at 31 March 2024).

### **Berry Brook Homes Ltd (BBHL)**

Berry Brook Homes Ltd (BBHL) is accounted for as a wholly owned subsidiary of WBC. The company was formerly known as Wokingham Enterprises Ltd (WEL), which had not undertaken any trading activity since March 2013. WEL was renamed BBHL in 2017/18 and the shareholding transferred to WBC (Holdings) Ltd to be used within the portfolio of housing companies. In 2024/25 BBHL had turnover of £1.031m (£0.977m in 2023/24) and the company had net liabilities of £0.642m at 31 March 2025 comprising £3k share capital and accumulated losses of £0.645m (net liabilities were £0.530m at 31 March 2024).

## NOTE 47      ADJUSTMENTS BETWEEN GROUP ACCOUNTS AND AUTHORITY ACCOUNTS

Details of intra-group transactions between entities within the group, eliminated out of the consolidation of the group accounts.

Adjustment for Intra - Group Transactions in Net Cost of Sales		Wokingham Authority	Wokingham Housing Ltd	WBC (Holdings) Ltd	Loddon Homes Ltd	Berry Brook Homes Ltd	Total
		£,000	£,000	£,000	£,000	£,000	£,000
<b>2024/25</b>							
Expenditure		(27)	(52)	(110)	(644)	(546)	(1,379)
Income		1,352	0	0	26	1	1,379
- CIES - Cost of Services		<b>1,325</b>	<b>(52)</b>	<b>(110)</b>	<b>(618)</b>	<b>(545)</b>	<b>0</b>
<b>2023/234</b>							
Expenditure		(8)	(5)	(95)	(428)	(366)	(902)
Income		894	0	4	4	0	902
- CIES - Cost of Services		<b>886</b>	<b>(5)</b>	<b>(91)</b>	<b>(424)</b>	<b>(366)</b>	<b>0</b>

## NOTE 48 PRIOR PERIOD ADJUSTMENTS

There have been no prior period adjustments identified.

## NOTE 49 INVENTORIES

The Council have the following inventories included under current assets in the Balance Sheet. Inventories relate to costs incurred developing assets to sell on the open market. The Council's current inventories are in relation to the residential properties in the town centre regeneration development (Carnival Place and Gorse Ride).

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>9,868</b>	<b>10,537</b>
Additions	406	5,849
Impairment	0	0
Disposals	0	(945)
Transfers	263	1,783
<b>Balance at 31st March</b>	<b>10,537</b>	<b>17,224</b>

Impairments are required under the accounting code to ensure the value of inventories is the lower of cost vs net realisable value.

## 7. HOUSING REVENUE ACCOUNT

### Introduction

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for the Council's housing provision, in accordance with Schedule 4 of the Local Government and Housing Act 1989 (England and Wales). Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund so that rents cannot be subsidised from council tax and vice versa.

Transactions relating to the HRA have been separated into two statements:

- HRA Income and Expenditure Statement
- Movement on the HRA Statement

### HRA Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

### Movement on the HRA Statement

The overall objectives for the Movement on the HRA Statement, and the general principles for its completion, are the same as those generally for the Movement in Reserves Statement into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.



## Housing Revenue Account Income and Expenditure Statement

	Notes	2023/24 £,000	2024/25 £,000
<b>Income</b>			
Dwelling rents (gross)		(16,129)	(18,670)
Non-dwelling rents (gross)		(190)	(182)
Charges for services and facilities		(735)	(820)
Re-imbursement of costs		(7)	(12)
		<b>(17,061)</b>	<b>(19,684)</b>
<b>Expenditure</b>			
Repairs and maintenance		4,424	4,377
Supervision and management		3,480	3,376
Rents, rates, taxes and other charges		143	93
Increased impairment allowance for bad or doubtful debts	11	21	14
Depreciation	7	5,060	5,009
Accumulated absences leave		14	5
Debt management costs		117	117
		<b>13,258</b>	<b>12,991</b>
<b>Net Cost of HRA Services</b>		<b>(3,803)</b>	<b>(6,693)</b>
(Gain) or loss on sale of HRA non-current assets (Inc. Pooling Payment)		(440)	(910)
Interest payable and similar charges		2,823	3,537
HRA interest and investment income		(93)	(53)
Pension interest cost and expected return on pension assets	9	(86)	(258)
<b>(Surplus) or Deficit for the Year on HRA Services</b>		<b>(1,599)</b>	<b>(4,377)</b>



## Movement on the HRA Statement

	Notes	2023/24 £,000	2024/25 £,000
<b>Balance on the HRA at the End of the Previous Year</b>		<b>(1,073)</b>	<b>(1,032)</b>
(Surplus) or deficit for the year on the HRA income and expenditure statement		(1,599)	(4,377)
<b>Adjustments between Accounting Basis and Funding Basis under Statute</b>			
Depreciation	7	(5,060)	(5,009)
Impairment / revaluation loss		0	0
(Gain) / loss on disposal		440	910
Reversal of accumulating absences		(14)	(5)
Capital expenditure funded by the HRA (adjusted against the capital adjustment account)	5	5,382	6,010
Transfer to the capital adjustment account for voluntary debt repayment		955	1,629
HRA share of contributions (to) or from the pensions reserve	9	86	258
Financial instrument amortisation			
<b>Net (Increase) or Decrease in the HRA Balance before Transfers to or from Reserves</b>		<b>190</b>	<b>(584)</b>
Transfers to or (from) the major repairs reserve	4	(148)	(45)
Transfer to earmarked reserves		0	600
<b>(Increase) or Decrease in Year on the HRA</b>		<b>41</b>	<b>(29)</b>
<b>Housing Revenue Account Balance Carried Forward</b>		<b>(1,032)</b>	<b>(1,061)</b>

## 8. NOTES TO THE HOUSING REVENUE ACCOUNT

### NOTE 1 HOUSING STOCK

The number and types of dwellings in the Council's housing stock are as follows:

	Number of Properties	
	31 Mar 24	31 Mar 25
<b>Dwellings:</b>		
Low and Medium Rise Flats	588	585
Traditional Houses and Bungalows	1,313	1,342
Non-traditional Houses and Bungalows	329	326
<b>Sheltered Units:</b>		
Low and Medium Rise Flats	177	184
Traditional Houses and Bungalows	113	113
Non-traditional Houses and Bungalows	0	0
<b>Shared Equity Properties:</b>		
Low and Medium Rise Flats	12	12
Traditional Houses and Bungalows	66	66
Non-traditional Houses and Bungalows	0	0
<b>Total HRA Housing Stock</b>	<b>2,598</b>	<b>2.628</b>

### NOTE 2 HRA ASSET VALUATION

The movement in the valuation of HRA assets is shown below;

	Dwellings	Operational Assets Other, Land and Buildings	Plant and Equipment	Assets Under Construction	Total
	£,000	£,000	£,000	£,000	£,000
Gross Valuation at 31 March, 2024	268,645	14,646	859	32,612	316,762
Accumulated Depreciation and Impairment	0	(2,550)	(799)	0	(3,349)
<b>Net Book Value at 31 March, 2024</b>	<b>268,645</b>	<b>12,096</b>	<b>60</b>	<b>32,612</b>	<b>313,413</b>
Additions	5,936	3	0	17,287	23,226
Disposals	(784)	(57)	0	0	(841)
Revaluations	(7,083)	701	0	0	(6,382)
Assets reclassified (to) / from Held for Sale	(426)	0	0	0	(426)
Other movements	16,761	1,077	0	(18,473)	(635)
Depreciation	(4,578)	(417)	(14)	0	(5,009)
Impairments	(76)	0	0	0	(76)
<b>Net Book Value at 31 March, 2025</b>	<b>278,395</b>	<b>13,403</b>	<b>46</b>	<b>31,426</b>	<b>323,270</b>

Dwellings became operational for two capital schemes were added to the HRA in 2024/25, these being Gorse Ride Regeneration (Phase 2) and Groveland's. The building of further properties continues at Gorse Ride Regeneration.

### NOTE 3 VACANT POSSESSION

The vacant possession value of dwellings within the Council's HRA as at 31 March 2025 was £794.1m and as at 31 March 2024 was £813.2m.

The vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to the Government of providing council housing at less than open market rents. The dwellings in the balance sheet are valued using the existing use value (EUV) for social housing rate. This is an open market rate with an adjustment factor that recognises the fact that the dwellings are tenanted properties let at affordable rents without vacant possession. The adjustment factor is set by the Government and is currently 33% of open market value (33% in 2023/24).

### NOTE 4 MAJOR REPAIRS RESERVE

Movement on the Major Repairs Reserve (MRR) was as follows:

	2023/24 £,000	2024/25 £,000
<b>Balance at 1st April</b>	<b>(490)</b>	<b>(341)</b>
Charges for depreciation	(5,060)	(5,009)
Capital expenditure on land, houses and other property within the HRA	5,382	6,010
Revenue contribution to capital expenditure	(173)	(955)
<b>Transfers (to) or from Major Repairs Reserve</b>	<b>148</b>	<b>46</b>
<b>Balance at 31st March</b>	<b>(341)</b>	<b>(295)</b>

## NOTE 5 CAPITAL EXPENDITURE AND FUNDING

The total capital expenditure in the HRA and associated funding is set out below;

	Restated 2023/24 £,000	2024/25 £,000
<b>Capital Expenditure within the Year:</b>		
Capital Expenditure on Land, Houses and Other Property within the HRA	29,677	22,740
<b>Funded by:</b>		
Major Repairs Reserve	(5,382)	(6,010)
Capital Receipts Reserve	(1,646)	(351)
S106 Developer Contributions	(11,440)	(64)
Borrowing	(7,782)	(15,272)
Capital Grants	(3,427)	(1,043)
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>0</b>

As in previous years, a large part of the capital expenditure for 2024/25 was in relation to the redevelopment scheme at Gorse Ride. There have been further improvement works at Grovelands Park and investment in relation to the Single Homelessness Accommodation Programme (SHAP).

## NOTE 6 CAPITAL RECEIPTS

The total capital receipts from HRA asset disposals are set out below;

	2023/24 £,000	2024/25 £,000
Disposal receipts for nine dwellings (five in 2023/24)	812	1,944

## NOTE 7 DEPRECIATION

The total depreciation charges for the HRA are set out below;

	2023/24 £,000	2024/25 £,000
Operational Assets (Property, Plant and Equipment)	13	13
Other, Land and Buildings	284	417
Council Dwellings	4,763	4,578
	<b>5,060</b>	<b>5,009</b>

## NOTE 8 IMPAIRMENT CHARGES

There has been an impairment on one council dwelling available for letting of £76,300 and there have been no impairments on other non-current HRA Assets during 2024/25. (In 2023/24 the impairment charge was nil). Under accounting requirements, the value of the impairment has been charged against the revaluation reserve and therefore does not appear as a charge in the HRA balance.

## NOTE 9 CONTRIBUTIONS TO THE PENSION RESERVE

Pension credit of £383k (£215k cost in 2023/24) and interest of £105k (£129k in 2023/24) are included in the (surplus) or deficit for the year on HRA services' section of the Income and Expenditure Statement.

## NOTE 10 RENT ARREARS

The total rent arrears for the HRA are set out below;

	2023/24	2024/25
	£,000	£,000
Tenants	682	338
	<b>682</b>	<b>338</b>

The balance includes current and former tenant arrears.

## NOTE 11 IMPAIRMENT ALLOWANCE FOR BAD DEBTS

The movement in impairment allowance for bad debts is set out below;

	2023/24	2024/25
	£,000	£,000
Balance at 1st April	559	499
Drawdown of Provision	(81)	(132)
(Decrease) / Increase in Provision for the Year	21	0
<b>Balance at 31<sup>st</sup> March</b>	<b>499</b>	<b>367</b>

## NOTE 12 SUMS DIRECTED BY THE SECRETARY OF STATE

No items have been directed to be debited or credited to the HRA.

## NOTE 13 ASSETS HELD FOR SALE

The HRA has four properties classified as Assets Held for Sale in the Council's Balance Sheet at as 31st March 2025 (there were two properties at 31 March 2024 – these were sold in 24/25).

## 9. COLLECTION FUND

### Introduction

The Collection Fund (England) 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 distribution to local authorities and the Government of council tax and non-domestic rates and its distribution to local government bodies and the Government.

	2023/24			2024/25		
	Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
	£,000	£,000	£,000	£,000	£,000	£,000
<b>INCOME</b>	(69,899)	(164,673)	(234,572)	(75,166)	(174,565)	(249,731)
<b>Total income</b>	<b>(69,899)</b>	<b>(164,673)</b>	<b>(234,572)</b>	<b>(75,166)</b>	<b>(174,565)</b>	<b>(249,731)</b>
<b>EXPENDITURE</b>						
<b>Prescribed amounts</b>						
Wokingham Borough Council	40,527	133,573	174,100	28,118	141,641	169,759
Payments to Government	41,354	0	41,354	28,692	0	28,692
Parish Councils	0	5,359	5,359	0	5,628	5,628
Police and Crime Commissioner for Thames Valley	0	19,541	19,541	0	20,737	20,737
Royal Berkshire Fire and Rescue Authority	827	6,020	6,847	574	6,262	6,836
Cost of collection	202	0	202	205	0	205
Renewable energy	37	0	37	44	0	44
Interest on refunds	112	0	112	22	0	22
Transitional protection payments	0	0	0	397	0	397
<b>Bad and doubtful debts</b>						
Contribution to bad debt / interest provisions	891	509	1,400	1,838	645	2,483
Write offs	0	437	437	0	362	363
Provisions for appeals	688	0	688	753	0	753
Transfer of collection fund surplus	0	1,181	1,181	0	1,776	1,776
<b>Total expenditure</b>	<b>84,638</b>	<b>166,620</b>	<b>251,258</b>	<b>60,643</b>	<b>177,051</b>	<b>237,694</b>
<b>Deficit / (surplus) for the year</b>	<b>14,739</b>	<b>1,947</b>	<b>16,686</b>	<b>(14,523)</b>	<b>2,486</b>	<b>(12,037)</b>
<b>Balance at 1 April</b>	<b>3,336</b>	<b>(7,777)</b>	<b>(4,441)</b>	<b>18,075</b>	<b>(5,830)</b>	<b>12,245</b>
<b>Balance at 31 March</b>	<b>18,075</b>	<b>(5,830)</b>	<b>12,245</b>	<b>3,552</b>	<b>(3,344)</b>	<b>208</b>

See note 3 to the collection fund to see Wokingham Borough Council's share of the deficit / (surplus) on the collection fund.

## 10. NOTES TO THE COLLECTION FUND

### General

The Council has a statutory requirement as a billing authority to operate a Collection Fund as a separate account from the General Fund. The purpose of the Collection Fund is to separately identify the income and expenditure relating to council tax and business rates.

Collection Fund surpluses or deficits are declared by the billing authority in relation to council tax and are apportioned to the relevant precepting bodies in the subsequent financial year. Wokingham's precepting bodies for council tax are the Police and Crime Commissioner for Thames Valley and the Royal Berkshire Fire and Rescue Authority.

Business rates surpluses or deficits declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions.

The code of practice requires the Collection Fund Income and Expenditure Account to be included in the Council's accounts, and the Collection Fund Balance Sheet is incorporated into the Council's Consolidated Balance Sheet.

### NOTE 1 INCOME COLLECTABLE FROM BUSINESS RATE PAYERS

Each Council which is a billing authority collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by the business rates multiplier set nationally by Central Government.

The total business (non-domestic) rateable value at 31 March 2025 was £203,541,681 (at 31 March 2024 £197,659,640). The national non-domestic rate multiplier was split from 1<sup>st</sup> April 2024 into standard and small rate multipliers. For 2024/25, the standard rate multiplier was 54.6p and the small rate multiplier was 49.9p (for 2023/24, the combined rate was 51.2p).

### NOTE 2 CALCULATION OF THE COUNCIL TAX BASE

Council tax is charged according to the value of residential properties, which are classified into 8 valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the council tax base (i.e. the equivalent numbers of Band D dwellings).

The council tax base for 2024/25 was 77,009.9 band D equivalent properties (76,247.1 in 2023/24). The tax base for 2024/25 was approved at a Council meeting on 18 January 2024 and was calculated as set out in the table below. The Council Tax Reduction Scheme which must be approved each year, was approved by Council on 18 January 2024.

Band	Chargeable Dwellings	2023/24 Ratio	Band D Equivalent Dwellings	Chargeable Dwellings	2024/25 Ratio	Band D Equivalent Dwellings
A	1,551	6/9	1,034	1,591	6/9	1,061
B	3,338	7/9	2,596	3,407	7/9	2,650
C	10,491	8/9	9,326	10,623	8/9	9,442
D	18,696	1	18,696	19,024	1	19,024
E	15,599	11/9	19,065	15,734	11/9	19,230
F	10,401	13/5	15,024	10,515	13/9	15,188
G	6,411	15/9	10,686	6,471	15/9	10,785
H	515	18/9	1,030	527	18/9	1,054
Total			77,456	78,433		
Net effect of premiums and discounts			(1,209)	(1,423)		
Council Tax Base			76,247	77,010		

### NOTE 3 COLLECTION FUND (SURPLUS) / DEFICIT

	Council Tax £,000	Business Rates £,000	2023/24 £,000	Council Tax £,000	Business Rates £,000	2024/25 £,000
Wokingham Borough Council	(4,926)	8,857	3,931	(2,824)	1,741	(1,083)
Central Government	0	9,037	9,037	0	1,776	1,776
Police and Crime Commissioner for Thames Valley	(693)	0	(693)	(399)	0	(399)
Royal Berkshire Fire Authority	(211)	181	(30)	(121)	35	(86)
<b>Total</b>	<b>(5,830)</b>	<b>18,075</b>	<b>12,245</b>	<b>(3,344)</b>	<b>3,552</b>	<b>208</b>

The deficit on the Collection Fund for business rates has decreased during 24/25. Under the statutory accounting arrangements, the amount of income withdrawn from the Collection Fund is based on an estimated amount at the start of the year rather than actual income received, where actual income is lower than the estimated amount withdrawn, this creates a deficit in the Collection Fund and vice versa would create a surplus balance. The Council hold an earmarked reserve to equalise the impact from the annual variations on the Collection Fund surplus or deficit.



## 11. STATEMENT OF ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's and Group transactions for the 2024/25 financial year and its position at 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require them to be prepared in accordance with proper accounting practices.

The Statement of Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2024/25 supported by International Financial Reporting Standards (IFRS) and have been produced in accordance with the statutory framework established by sections 3 and 20 of the Local Audit and Accountability Act 2014.

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.

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

The single entity financial statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority-maintained schools within the control of the Council. Local authority-maintained schools are those schools categorised in the School Standards and Framework Act 1998, i.e. community, voluntary controlled, voluntary aided, foundation, community special, foundation special and nursery schools.

The Statement of Accounts reflect the requirements of International Financial Reporting Standards (IFRS) by adopting the core accounting principles and concepts of:

- **Accruals Basis** – the financial statements have been prepared on an accruals basis and report transactions that have been recorded in the accounting period for which the goods and services were received or supplied rather than in which the cash was received or paid.
- **Going Concern** – the financial statements have been prepared on the assumption that the Council will continue in operational existence for the foreseeable future. This is explained in more detail on the next page.
- **Understandability** – the financial statements have been prepared to ensure they are as easy to understand as possible.
- **Relevance** – the financial statements provide information about the Council's performance and position that is useful to the users of the accounts to assess the stewardship of public funds and for making economic decisions.
- **Reliability** – the financial information faithfully represents the substance of the transactions, the activities underlying them and other events that have taken place, are free from deliberate or systematic bias and material error, are complete within the bounds of materiality and cost and have been prudently prepared.
- **Comparability** – the information has been prepared consistently and with adequate disclosures so that it can be compared with prior years and other local authorities.
- **Materiality** – the statements only disclose items of a certain value and nature such that they provide a fair presentation of the financial position and transactions of the Council. Where there are items

below this threshold or are considered to have no impact on fair presentation in the accounts they are not included.

- **Legality** – where the accounting principles and specific legislation requirements are in conflict, the financial statements have been prepared to reflect legislative requirements.

Where the Council is acting as an agent for another party (e.g. in the collection of business rates and council tax), income and expenditure items are recognised only to the extent that commission is receivable by the Council for the agency services or the Council incurs expenses directly on its own behalf in rendering the services.

## **1. Statement on Wokingham Borough as a 'Going Concern'**

The annual accounts for 2024/25 (up to 31 March 2025) have been prepared on a 'going concern' basis in that the authority will continue in operational to at least 31st March 2028.

The provisions in the Code of Audit Practice in respect of 'going concern' reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year (e.g.: as with Northamptonshire County Council in 2018). It would not therefore be appropriate for local authority financial statements to be provided on anything other than a 'going concern' basis. Accounts drawn up under the CIPFA Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

At its Budget Council meeting on 20 February 2025, the Council has set its budget for the current financial year (25/26) and indicative budgets for a further two years. The budget set is balanced and includes some budgeted transfers to earmarked reserves for key risk areas.

Despite setting a balanced budget for 2025/26, the Council recognises that it still faces significant financial challenges in the 2025/26 financial year with demand led pressures and efficiency targets to achieve. The estimated financial position will be reported to Executive every quarter, with quarter one due to be considered at the July 2025 meeting.

As part of the normal revenue budget setting, all service areas are reviewing their budgets during the current year to identify options for delivering efficiency savings or generating increased income; a balanced budget will be required to be set for 2026/27. The budget setting process has commenced in May 2025 and will continue with budget bids being presented to overview and scrutiny committee during November and December with the final budget presented to Council in February 2026. The future challenge is the increasing demand in the social care areas, longer term impact of the pandemic, inflation and potential recession on Council balances and uncertainty over future government funding levels but it is considered that Wokingham Borough Council has sufficient General Fund reserves over the next MTFP to cover this. The estimated impact for our reserves is therefore:

- General Fund balance as at 31 March 2025 - £11.1m
- General Fund balance as at 31 March 2026 - £10.6m
- General Fund balance as at 31 March 2027 - £9.0m to £11m
- General Fund balance as at 31 March 2028 - £9.0m to £11m

The Council had a cash balance of c£13m at the end of May 2025. Whilst there is uncertainty on income, the Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term. A detailed assessment of the Council's ongoing cashflow has been undertaken up to 31st March 2028 with sufficient levels of cash reserves being available through this period. The Council is of course also able to borrow short term for revenue purposes if ever needed.

The Council has several subsidiary companies. The main subsidiary is a 'Teckal' company providing adult social care services to both this Council and the neighbouring Royal Borough of Windsor and Maidenhead (RBWM). This company has not been adversely impacted during the pandemic and has seen demand for its services increase. The other companies are solely owned housing delivery companies whose primary aim is to support the Council in the delivery of its housing strategies and providing social and affordable housing. These companies are underwritten by the Council and as such have a guarantee of support from the Council.

These accounts have been prepared on a going concern basis, following the production of a balanced budget for 2025/26 and work underway to set a balanced budget for 2026/27, which maintains a prudent level of General Fund balances over the three-year projection of the Medium Term Financial Plan, to be agreed at Council in February 2026.

## **2. Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies and services are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet
- Expenses in relation to services received, including services provided by employees, are recorded as expenditure when the services are received rather than when payments are made.
- 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.
- Where income and expenditure has 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
- Where payments are made or received in advance of a service being provided or received a payment or receipt in advance is recognised as a debtor or creditor in the Balance Sheet
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure

## **3. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of less than 24 hours.

Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with little risk of change in value.

#### **4. Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

#### **5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Adjustments applicable to prior years arising from changes in accounting policies are accounted for by restating the comparative figures for the preceding period and by adjusting opening balances as if the new policy had always been applied.

Changes in accounting estimates are accounted for in the current and future years affected by the change but do not give rise to a prior period adjustment.

Material errors are corrected retrospectively by restating the comparative figures for the preceding period and by adjusting the opening balances.

#### **6. Charges to Revenue for Non-Current Assets**

Service accounts, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible fixed assets attributable to the relevant service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. It is required, however, to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis by the Council in accordance with the approved Minimum Revenue Provision policy. Depreciation, revaluation and impairment losses and amortisations are, therefore, replaced by the Minimum Revenue Provision (MRP). This adjusting transaction is included in the Movement in Reserves Statement with the Capital Adjustment Account being charged with the difference between the two.

#### **7. Employee Benefits**

##### **i. Benefits Payable During Employment**

Short term employee benefits are those to be settled within 12 months of the year end, for example wages and salaries, paid annual and sick leave, bonuses and non-monetary benefits such as cars. They are charged to the accounts in the period within which the employees worked. An accrual is made for the cost of any leave earned but not taken before the year end and which can be carried forward by the employee into the next financial year. The accrual is made at the wages and salaries rate in the new financial year as that will be when the employee will benefit. The charge is made to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and then reversed out by a credit to the Accumulating Compensated Absences Adjustment Account through the Movement in Reserves Statement, allowing the benefit to be charged to revenue in the period in which the leave occurs.

## **ii. Termination Benefits**

Amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy are charged on an accruals basis to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Termination benefits involving pension enhancements are required by statutory provisions to be charged to the General Fund balance on the basis of the amount payable by the Council to the pension fund or the pensioner in the year not the amount calculated according to relevant accounting standards.

Appropriations are required to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund, the pensioners and any amounts payable but unpaid at the year end.

## **iii. Post-Employment Benefits**

Employees of the Council are members of two separate pension schemes:

- The Teacher's Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pension Scheme, administered by the Royal Borough of Windsor and Maidenhead Council

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The arrangements for the teacher's scheme mean that liabilities for these benefits cannot be specifically identified to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme with no liability for future payments of benefits recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers Pensions in the year.

## **Local Government Pension Scheme**

The Local Government Pension Scheme provides members of the scheme with defined benefits related to pay and service. The level of the employer's contribution is determined by a triennial actuarial valuation. The latest review will be undertaken as at 31<sup>st</sup> March 2025, and will set the contribution rates for 2026/27 to 2028/29. Under Superannuation Regulations, the contribution rates are set to meet all the liabilities of the fund.

The Balance Sheet includes a Pension Reserve which includes the attributable share of the fund's assets and liabilities that relate to the Council. Employer contributions will be adjusted in future years to account for any projected deficit.

The liabilities of the pension scheme 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, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary, which has been chosen to meet the requirements of IAS 19 and with consideration of the



duration of the employer's liabilities. This is consistent with the approach used at the previous accounting date.

The assets of the pension fund attributable to the Council are included in 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 valuation of quoted securities for the pension scheme is based on bid price rather than mid-market value.

The change in the net pension liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined liability i.e. net interest expense for the Council-the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments.

Re-measurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made in the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Berkshire County Council Pension Scheme – cash paid as employer's contributions to the pension fund in settlement of liabilities is not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund, pensioners and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Details of the methods adopted in the valuation of scheme assets and liabilities are set out in the notes to the Balance Sheet.

## **8. Events after the Balance Sheet Date**

These are events both favourable and unfavourable, which occur between the end of the Balance Sheet date and the date when the Statement of Accounts is authorised for issue:

### **Adjusting Event**

The Statement of Accounts is adjusted to reflect events where there is evidence that conditions existed at the Balance Sheet date

### **Non-Adjusting Event**

Where an event is indicative of conditions that arose after the Balance Sheet date, the Statement of Accounts are not adjusted. The following, however, will be disclosed for each material category of non-adjusting event:

- the nature of the event, and
- an estimate of the financial effect, or a statement that such an estimate cannot be made reliably.

The date when the Statement of Accounts was authorised for issue and who gave the authorisation is disclosed in the notes to the accounts.

## **9. Financial Instruments**

### **i. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line 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 effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The Council does not issue bonds.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has

taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **ii. 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 cash flow 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)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument). The Council does not hold any financial assets that are measured at FVPL and FVOCI.

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

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council 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 Income and Expenditure line 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 Council, 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 de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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.



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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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 arise in the Surplus or Deficit on the Provision of Services.

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 accounting policy set out in section 1.27 Fair Value Measurement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **10. Government Grants and Contributions**

Whatever their basis of payment, Government grants and other contributions or donations are accounted for on an accrual's basis. They are recognised on the relevant service line or the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement if there are no conditions or once the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Where conditions have not been satisfied, the grant or contribution is carried in the Balance Sheet as a creditor.

Capital grants credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund Balance in the Movement in Reserves Statement. Grants which have not yet been used to finance capital expenditure are transferred to the Capital Grants Unapplied reserve. When an amount in the Grants Unapplied Reserve is applied to fund capital expenditure, it is transferred to the Capital Adjustment Account through the Movement in Reserves Statement. There is no deferral of grant expenditure to match against the depreciation of the underlying asset the grant was used for.

Donated assets transferred to the Council for nil consideration are recognised at fair value in the Comprehensive Income and Expenditure Statement once any conditions attaching to them have been met.

### **Community infrastructure levy**

The Council has elected to charge a community infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area. The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure; however, a proportion of the charges may be used to fund administration expenditure.

## **11. Intangible Assets**

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item in Property, Plant and Equipment. Expenditure on the development of websites is not capitalised if the enhancement is primarily intended to promote or advertise the Council's goods or services. Intangible assets include purchased licenses. Expenditure on application software is capitalised as an intangible asset when it will bring benefits to the Council for more than one reporting period. Intangible assets are recognised where they have a cost in excess of £10,000.

The intangible assets held by the Council are measured at depreciated historical cost as readily ascertainable market values are not available. Intangible assets are amortised on a straight-line basis over their remaining useful lives varying between 5 years and 25 years and charged to the relevant service lines in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised as a result of impairment are treated as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains
- If there is insufficient or no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The reversal of an impairment loss is only recognised in the Comprehensive Income and Expenditure Statement if the value is directly attributable to the reversal of the event which caused the original impairment loss. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve for any sale proceeds greater than £10,000.

## **12. Interests in Companies and Other Entities**

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded in the Balance Sheet if the company has share capital, as financial assets at cost less any provision for losses. The Council records the name, business, shareholding, net assets and results of operations and other financial transactions of any related companies including cross-reference to where the accounts of the related companies may be acquired.

The Code confirms that the balance of control for local authority-maintained schools (i.e., those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

Voluntary Aided and Voluntary Controlled schools are not recognised on the Council's Balance Sheet as the balance of control for those schools lies with the respective dioceses. Academies are also not recognised on the Balance Sheet as they are controlled by Academy Trusts.

### **13. Long-Term Contracts and Inventories**

A long-term contract is 'A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or of a combination of assets or services which together constitute a single project) where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Long-term revenue contracts are charged to services in the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year and long-term capital contracts are charged to capital on the basis of the valuation certificate.

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

### **14. Investment Property**

Investment properties are those that are used solely to earn rentals and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Where the Council acquires properties for rental income but have an element of economic development and/or regeneration these are classified as operational land and buildings as such properties are not solely used for investment purposes.

Refer to Note 25 in the Statement of Accounts for explanations of the basis of the valuation of properties, and the categorisation required under IFRS 13.

Investment properties are measured initially at cost and subsequently at fair value (Highest and Best Use), based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually, according to market conditions at the year end. Gains and losses on revaluation or disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement with the carrying value of the asset transferred to the Capital Adjustment Account and the sale proceeds above £10,000 transferred to the Capital Receipts Reserve.

### **15. Leases**

#### **i. The Council as lessee**

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. This extended to arrangements with nil consideration, peppercorn or nominal payments.

#### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date of 1<sup>st</sup> April 2024, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The lease liability is measured at the present value of lease payments, discounted at the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability includes fixed payments; variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date; amounts expected to be payable under a residual value guarantee; the exercise price under a purchase option that the Council is reasonably certain to exercise; lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option; and penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured cost, comprising the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### **Subsequent measurement**

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation or a change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right-of-use asset is subsequently measured using the fair value model. The Council considers the cost model to be a reasonable proxy. The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

### **Low value and short lease exemption**

Leases of low value assets (value when new less than £10,000) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement.

## **ii. The Council as lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

### **Finance leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is recognised on the same line in the Comprehensive Income and Expenditure Statement, matched by a long-term debtor asset in the Balance Sheet.

Lease rentals receivable are apportioned between repayment of principle, written down against the lease debtor, and finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are

received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The write off value of disposals is not a charge against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance via the Movement in Reserves Statement.

## **Operating Leases**

An asset held by the Council for use in operating leases by a lessee are retained in the Balance Sheet and depreciated over its useful life. Rental income from operating leases, excluding charges, is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the term of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

## **16. Overheads and Support Services**

The costs of overheads and support service costs (e.g., legal, human resources and finance) are charged to the relevant teams and departments (i.e., the front-line service departments) in accordance with the Council's arrangements for accountability and financial performance. The total absorption costing principle is used in that the full cost of overheads and support services are shared between users in proportion to the benefit received.

## **17. Property, Plant and Equipment (PPE)**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

### **i. Recognition**

Items of PPE that qualify for recognition will be measured at cost and capitalised on an accruals basis. Cost is defined as either purchase price, costs attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by management or the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

### **ii. De-Minimis**

Capitalisation of expenditure on PPE is not necessary where the amounts involved are not material to the true and fair presentation of the financial position and transactions of the authority and to an understanding of the Statement of Accounts by a reader. The Council has agreed a de-minimis level of £10,000 for expenditure to be capitalised, with the exception of capital works for schools where the de-minimis level is £1,000, and in order to utilise ring-fenced funding no de-minimis is applied.



### iii. Measurement

Assets are disclosed and valued on the Balance Sheet using the following bases:

Asset Category	Valuation Method
Assets under Construction	Historic Cost
Infrastructure Assets	Depreciated Historic Cost
Council Dwellings	Fair Value (Existing Use Value – Social Housing) EUV-SH
Community Assets	Depreciated Historic Cost or Valuation in accordance with section 4.10 of the Code
Other Land and Buildings	Fair Value (Existing Use Value) EUV or DRC*
Vehicles, Plant and Equipment	Depreciated Historic Cost
Surplus Assets	Fair Value (Highest and Best Use)
Heritage Assets	Individual Asset Valuation

\* Depreciated Replacement Cost (DRC) using the 'instant build' will be used if Existing Use Value (EUV) cannot be determined.

A full valuation of a property is conducted by the Council's internal valuer, Mr C Hoggeth, the Council's Head of Estates and also a Professional Member of the Royal Institution of Chartered Surveyors (RICS). The valuations have been prepared in accordance with the Practice Statements and UK Practice Statements contained in the RICS Appraisal and Valuation Standards.

The asset valuations have been prepared using the following assumptions:-

- The Council has good title free from encumbrances;
- There are no hazardous substances or latent defects in the properties and there is no contamination present;
- The properties have permanent planning permission and any other necessary statutory consent for their current use;
- Plant and machinery is included in the valuation of the property, where applicable;
- No special circumstances beyond those likely to be considered by a prospective purchaser in the open market have been taken into account;
- No allowance has been made for any liability to taxation, which may arise on disposal, nor for costs of acquisition or realisation.
- All transactions agree with the Council's de-minimis level

Not all properties are specifically inspected for the purpose of asset valuations. This is neither practicable, nor considered by the valuer to be necessary, for the purpose of the valuation. However, regular inspections are made by the Council's Property Section of all the Council's property assets. The inspections and report do not purport to be a building survey.

The Council operates a 5 yearly revaluation cycle for all assets, with the exception of Council Dwellings, Investment Properties and Economic Regeneration (PPE) assets which are reviewed on an annual basis as per the Code's requirements. Additionally, each year a basket of assets is also selected for valuation from sub-category's not otherwise valued, to assess for material variances (should an asset sub-category be identified as requiring a change in value an indexation calculation is applied to all assets in the category).

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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.

### **Infrastructure Assets**

In accordance with the temporary relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulations (30M England) of the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

### **iv. Depreciation**

Depreciation is provided for on all Property Plant and Equipment by the allocation of their depreciable amounts over their useful lives, in line with IAS 16. An exception is made for assets without a determinable useful life (e.g. freehold land and some community assets) and assets not yet available for use (e.g. assets under construction). The useful lives of assets are estimated on a realistic basis and are reviewed on a regular basis and, where necessary, revised. Where the useful life of a fixed asset is revised, the carrying amount of the fixed asset is depreciated over the revised remaining useful life. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged based on their historical cost being transferred from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is calculated on the amount at which the asset is included in the Balance Sheet, whether current cost or historical cost. Depreciation has been calculated as follows:

- All assets are depreciated on the straight-line basis over the useful life of the asset taking into account land value and residual value. The range of estimated lives of each asset is set out in note 24.
- Investment Properties are not depreciated as per the Code's guidance; instead, they are revalued on an annual basis.

- Newly acquired assets are not depreciated in the year of acquisition, while assets under construction are only depreciated once the asset becomes operational.
- Community assets are also exempt from depreciation requirements as a determinable finite useful life cannot be obtained.
- Assets are depreciated for a full year in the year of disposal.

A change from one method of providing depreciation to another is only made where the new method will give a fairer presentation of the results and of the financial position. Such a change does not, however, constitute a change of accounting policy; the carrying amount of the fixed asset is depreciated using the revised method over the remaining useful life, beginning in the period in which the change is made.

### **Componentisation**

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item should be depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge. In practice this can be achieved by only separately accounting for significant components that have different useful lives and/or depreciation methods.

The Council's policy is to componentise part of assets where the part subject to componentisation is more than £500k or 10% or more of the building value of the asset and the value of the building itself is greater than £5m. Any amounts below these levels would not be considered material enough for componentisation purposes.

### **v. Impairment**

The value at which each category of assets is included in the Balance Sheet is reviewed at each year-end. Where there is reason to believe that its value has changed materially in the period, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised for the shortfall.

Events and changes in circumstances that indicate a reduction in value may have incurred include:

- a significant decline in an asset's market 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 Council operates
- a commitment by the Council to undertake a significant reorganisation.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains
- If there is insufficient or no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.



- **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered through a sale rather than continuing use, it is reclassified as an Asset Held for Sale, but only if the following criteria are met:

- a) The asset must be available for sale in its present condition subject to terms that are usual and customary for sales of such assets.
- b) The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- c) The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value.
- d) The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Immediately before reclassification the asset is revalued and carried at the lower of this figure and fair value (Highest and Best Use) less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Assets Held for Sale are not depreciated.

If an asset no longer meets the criteria to be classified as Assets Held for Sale, they are classified back to non-current assets at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised if they had not been classified as Held for Sale) and their recoverable amount at the date of the decision not to sell. Assets that are abandoned or scrapped are not reclassified as Assets Held for Sale.

When an item of Property, Plant, Equipment or Asset Held for Sale is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal.

Amounts received in excess of £10,000 are categorised as capital receipts. The proportion that is required to be paid over to Central Government for housing disposals is appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

Where a fixed asset is disposed of for other than a cash consideration, or payment is deferred, an equivalent asset is recognised and included in the balance sheet at its fair value.

The written-off value of disposals is not a charge against council tax because the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from General Fund Balance in the Movement in Reserves Statement.

## **18. Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Council has one PFI contract with Reading and Bracknell Councils for waste disposal under the RE3 Partnership. The Council receives the benefit of the services that are provided under its PFI scheme and ownership of the property, plant and equipment will pass to the partnership at the end of the contract for no additional charge. The Council carries its share of the property, plant and equipment used under the contract on the Balance Sheet.

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Non-current assets 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 each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 7.5% on the outstanding Balance Sheet liability, debited to Financing and Investment Income line in the Comprehensive Income and Expenditure Statement
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – these are included within the fair value of services and not recognised as additions to Property, Plant and Equipment as the amounts involved are not material and details of the actual spend is not readily available.

## **19. Provisions, Contingent Liabilities and Contingent Assets**

### **i. Provisions**

Provisions are made for any liabilities of uncertain timing or amount that have been incurred. Provisions are recognised when:

- the Council has a legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefits or service potential will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation. The amount recognised as a provision is the best estimate considering the risks and uncertainties surrounding the events. When payments for expenditure are incurred to which the provision relates, they are charged direct to the provision carried in the Balance Sheet. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised as income for the relevant service only when it is virtually certain that reimbursement will be received if the obligation is settled.

In the case of a provision for bad or doubtful debts, the carrying amount of debtors is adjusted and known uncollectable debts are written off.

## **ii. Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in the notes to the accounts.

## **iii. Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in the notes to the accounts.

## **20. Reserves**

Transfers to and from reserves are distinguished from service expenditure. The movements in reserves available to this Council are detailed in a note to the financial statements. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so there is no net charge against council tax for the expenditure.

Most capital reserves are not available for revenue purposes and some of them can only be used for specific statutory purposes. The Revaluation Reserve and Capital Adjustment Account are non-distributable reserves. The Capital Receipts Reserve is a reserve established for specific statutory purposes.

The Major Repairs Reserve is required by statutory provision to be established in relation to the HRA in England.

## **21. Revenue Expenditure Funded from Capital under Statute**

Revenue expenditure classified as capital under statute, formerly known as deferred charges, represents expenditure that may be capitalised but does not result in the creation of non-current assets. The expenditure has been charged to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

## **22. VAT**

VAT payable is included as an expense, whether of a capital or revenue nature, only to the extent that it is irrecoverable. VAT receivable is excluded from income.

## 23. Group Accounts

The Code requires the Council to consider all of its interests and to prepare a full set of group accounting statements where there are material interests in subsidiaries, associates and joint ventures. The Council has investigated all potential interests that could qualify for group accounts and has determined it has five group relationships which qualify for the preparation of, and inclusion in, group accounts. The companies all operate the same financial year and follow the same accounting policies as Wokingham Borough Council.

The Council has a holding company, WBC (Holdings) Ltd, whose main purpose is to enable group tax relief to be claimed, and in addition to coordinate the management of the Council's interests in the companies included in the group accounts, which are summarised below. The company is 100% owned by the Council. WBC (Holdings) Ltd wholly owns three housing companies: Wokingham Housing Ltd, Loddon Homes Ltd and Berry Brook Homes Ltd. All of these companies' accounts are consolidated into the group accounts.

Optalis Ltd is a jointly owned subsidiary of Wokingham Borough Council with the other 50% owned by the Royal Borough of Windsor and Maidenhead. The company was established in June 2011 and became operational during 2011/12. 2017/18 has been the first year of joint operation with the Royal Borough of Windsor and Maidenhead. Optalis Ltd is consolidated on an equity basis method at 50%.

## 24. Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and culture. The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 introduced a change to the treatment in accounting for heritage assets held by the Council so that heritage assets must be shown separately on the balance sheet. The Council undertook a detailed review and at present does not have any material heritage assets.

## 25. Tax Income (Council Tax, and Non-Domestic Rates)

The Council acts as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including Central Government for NDR) and, as principals, collecting council tax and NDR for themselves. The Council is required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and Central Government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Non-Domestic rates (NDR)

- Retained Business Rates income included in the Comprehensive Income and Expenditure Statement for the year is treated as accrued income.
- Levy expenditure included in the Comprehensive Income and Expenditure Statement for the year is treated as accrued expenditure

### Council Tax

- Council Tax income included in the Comprehensive Income and Expenditure Statement for the year is treated as accrued income

Both NDR income, less tariff and levy expenditure, and Council tax are recognised in the Comprehensive Income and Expenditure Statement in the line Taxation and Non-Specific Grant Income. As a billing authority the difference between the NDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is transferred to the Collection Fund Adjustment Account through the

Movement in Reserves Statement. Each preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement.

The income for Council Tax, and NDR, is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of the revenue can be measured reliably. Revenue relating to such things as council tax, business rates, etc., shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

## **26. Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Unobservable inputs for the asset or liability.

## 12. GLOSSARY OF TERMS

### **Accounting Code of Practice**

The CIPFA Code of Practice on Local Authority Accounting: Specifies the principles and practices of accounting required to give a 'true' and 'fair' view of the financial position and transactions of a local authority, including group financial statements. The code prescribes the accounting treatment and disclosures for all normal transactions of a local authority based on a hierarchy of standards including International Financial Reporting Standards (IFRS)

### **Accounting policies**

The rules and practices adopted by the Council that dictate how transactions and events are treated in its financial records.

### **Accounting standards**

A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Acts of Parliament, professional codes and statements of recommended practice.

### **Accruals**

This is an accounting concept that recognises income and expenditure when goods or services are provided, and not when cash is transferred. The inclusion of debtors and creditors are examples of accruals.

### **Actuarial gain/losses**

The profits and losses on the pension scheme as calculated by the actuary because the assumptions made were not the same as the actual performance (e.g. if interest rates were less than anticipated).

### **Acquisitions**

The Council spends funds from the capital programme to buy assets such as land and buildings.

### **Amortisation**

The equivalent of depreciation for intangible assets.

### **Appointed auditors**

Public Sector Audit Appointments appoints external auditors to local authorities, from one of the major firms of registered auditors.

### **Asset**

An asset is a resource controlled by the Council as a result of past events and from which economic benefits or service potential are expected to flow to the Council e.g. cash, stock, buildings etc.

### **Asset ceiling**

With regards to pensions, the asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

### **Assets held for sale**

Properties or equipment that have been taken out of use for service delivery and are awaiting sale.

### **Assets under construction**

Assets not yet ready for use. This could be new building work in schools or road construction.



### **Balances and reserves**

Balances and reserves are maintained to fund future years' expenditure, or specific projects, and to provide a cushion against expenditure being higher or income lower than expected. Contributions to balances and reserves can be either a planned contribution from the revenue budget to set aside monies for a specific purpose or a transfer of any revenue surplus at the year-end. The maintenance of an appropriate level of general balances is a fundamental part of prudent financial management.

### **Budget**

A planned expenditure forecast. Budgets are reviewed during the course of the financial year to take account of pay and price changes and other factors affecting the level or cost of services.

### **Capital expenditure**

Capital expenditure is expenditure that creates future benefits. Capital expenditure is incurred either when buying or, adding to the value of an existing fixed asset with a useful life extending beyond the current financial year.

### **Capital adjustment account (CAA)**

A Balance Sheet reserve that is unique to the local authority accounting capital accounting regime. The balance on the account cannot be used but reflects how the Council's assets have been financed. It contains the balance of depreciation against the minimum revenue provision (MRP), additional debt repayments over the MRP, reserved capital receipts and usable capital receipts/ grants/ planning gains applied to meet capital expenditure.

The account is debited with the cost of acquisition, construction or enhancement of assets, as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the revaluation reserve was created to hold such gains.

### **Capital financing**

This term describes the method of financing capital expenditure, the principal methods being loan financing, leasing, capital receipts and developer contributions.

### **Capital financing requirement**

This measures the Council's underlying need to borrow or finance by other long-term liabilities for capital purposes. It represents the amount of capital expenditure that has not yet been resourced absolutely.

### **Capitalisation**

Costs are capitalised to the extent that they create or improve any fixed asset with a useful economic life greater than one year.

### **Capital receipts**

Proceeds from the sale of fixed assets. The Council earmarks capital receipts to finance future capital expenditure.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the professional accountancy institute that sets the standards for the public sector. The institute produces advice, codes of practice and guidance to local Authorities on best practice.

**Collection fund**

A statutory account into which council tax and non-domestic rates are paid, and from which amounts are paid to the local authority and the precepting bodies.

**Community assets**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include the Countryside estate and historic assets that are not used in service delivery.

**Community infrastructure levy (CIL)**

CIL is a statutory charge on proposals for buildings based upon the type, size and location of development. As a charging Authority for the purposes of Part 11 of the Planning Act 2008 the Council may therefore charge the Community Infrastructure Levy (CIL) in respect of development in its administrative area.

**Comprehensive Income and Expenditure Statement (CIES)**

As statement that shows the accounting cost in the year of providing the services in accordance with generally accepted accounting practices.

**Contingent assets**

Potential assets whose outcome depends on future events.

**Contingent liabilities**

A contingent liability is either: a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control (e.g. the outcome of a court case).

**Creditors**

Financial liabilities for future goods or services that have been received or supplied by the end of the accounting period, that is due immediately or in the short term. Creditors are an example of the concept of accruals.

**Current service cost (pensions)**

The increase in the present value of Local Government pension scheme liabilities expected to arise from employee service in the current period.

**Curtailment costs (pensions)**

For a defined benefit scheme (such as LGPS) an event that reduces the expected years of future service of present employees or reduces for a number of employees, the accrual of defined benefits for some or all of their future service.

**Debtors**

Financial assets, with fixed or determinable payments, when goods or services have been delivered or rendered. Debtors are an example of the concept of accruals.

**Depreciation**

A charge to the revenue account to reflect the consumption or use of a fixed asset in service delivery. There is a corresponding reduction in the value of the fixed asset.

**Earmarked reserves**

These are reserves set aside for a specific purpose or a particular service, or type of expenditure.

**Exceptional item**

An item identified separately in the accounts because of its exceptional nature to ensure the presentation of the accounts is fair, and comparable year on year.



**Fair value**

The amount for which an asset could be exchanged, or liability settled at arm's length, between knowledgeable and willing parties.

**Fair value hierarchy**

IFRS 13 requires investment properties, assets held for sale and surplus assets to be valued at fair value. A hierarchy has been established that categorises into three levels the inputs to valuation techniques used to measure fair value. The levels of inputs are as follows:-

Level 1 inputs – observable, unadjusted quoted prices in active markets

Level 2 inputs – observable, other than quoted prices in active markets

Level 3 inputs – unobservable inputs

Valuation techniques shall aim to maximise the use of observable inputs and minimise the use of unobservable inputs.

**Finance lease & operating leases**

A finance lease is one that transfers substantially all of the risks and rewards of a fixed asset to the lessee. With a finance lease the present value of the lease payments equates to substantially all of the value placed on the leased asset. For an operating lease a rental payment is payable to the lessor for the use of the asset and the ownership reverts to the owner when the lease is terminated.

**Financial instrument**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset.

**Financial instrument adjustment account**

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the general fund balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the general fund balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

**Financial year**

The year of account, which runs from the 1<sup>st</sup> April to the following 31<sup>st</sup> March.

**Fixed assets**

An asset that yields benefits to the Council and the services it provides for a period of more than one year. Tangible fixed assets have a physical form e.g. buildings or land.

**General fund**

The Council's main revenue account that covers the net cost of all services other than the provision of council housing for rent.

**Government grants**

Financial assistance from Central Government, or its agents, usually for a specific purpose, in the form of cash transfers in return for compliance with certain conditions. These grants may be capital or revenue in nature.

**Heritage assets**

A building, monument, site, place, area or landscape identified as having a degree of significance meriting consideration in planning decisions, because of its heritage interest. Heritage assets include designated heritage assets and assets identified by the local planning authority (including local listing).

**Historic cost**

The value of an asset on the balance sheet based upon its original purchase cost, less depreciation to date.

**Housing revenue account (HRA)**

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing. It contains the balance of income and expenditure that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

**Impairment**

A reduction in the value of a fixed asset, below its carrying amount on the Balance Sheet.

**Infrastructure assets**

Fixed assets, such as highways and footpaths, that is inalienable and has no resale value.

**Intangible assets**

Fixed assets which have value but do not have physical any substance. They are identified and controlled by the Council for example, purchased software licences.

**Investment properties**

An interest in land and, or buildings, which are held solely for their investment potential/rental income and are not required for delivery of local authority service.

**Lessee**

The party that leases an asset that is owned by another party.

**Lessor**

The owner of an asset that is leased by another party.

**Liability**

An obligation that binds the Council to settle a debt as a result of a past event or transaction such as the purchase of goods or services.

**Major repairs reserve**

Contains an element of the capital resources limited being used on capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

**Minimum revenue provision**

The way in which capital expenditure which is financed by borrowing or credit arrangements is paid for by council taxpayers. Local authorities must set aside some of their revenue each year as provision for this debt.

**Net book value**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net realisable value**

A method of valuation that estimates the open market value of an asset, less the expenses required to sell it.

**Non-domestic rate (NDR) income**

A levy on businesses based on national 'rateable value' of the premises occupied. NDR is paid into a national pool and then redistributed to all local and police authorities on the basis of assessed needs.

**Non-operational assets**

Fixed assets held by a Council but not directly occupied, used or consumed in the delivery of services. Examples of these assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

**Observable inputs**

See 'fair value hierarchy'. Inputs that are developed using market data, such as publicly available information about actual events or transactions and reflect the assumptions that market participants would use when pricing the asset or liability.

**Operational assets**

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Past service cost (pensions)**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Pensions reserve**

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

**Precept**

An amount levied on another public body in respect of council tax. Parish Councils, Royal Berkshire Fire and Rescue Authority and the Police and Crime Commissioner for Thames Valley levy precepts on the Council to collect council tax on their behalf.

**Prior period adjustments**

Material adjustments applicable in prior years, arising from changes in accounting policies or from correction of fundamental errors.

**Private finance initiative (PFI)**

A contract between the Council and a private company. The private company makes a capital investment in the assets required to deliver improved services, and the Council pays a unitary charge to cover the cost of services and financing requirements. In the case of Wokingham, the PFI contract is for the disposal of waste.

**Provisions**

Amounts set aside for any liabilities or losses that are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.

**Public Works Loans Board (PWLB)**

A Central Government agency which provides long and medium-term loans to local authorities. Local authorities are able to borrow a proportion of their requirements to finance capital spending from this source.

**Revaluation reserve**

This account contains the balance on the revaluation of fixed assets previously shown in the accounts arising from revaluations or disposals of those assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The reserve contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the capital adjustment account. The balance on the account cannot be used.

**Revenue expenditure**

Expenditure incurred on day to day running costs e.g. running costs, salaries, and is confined to accounts within one financial year.

**Revenue expenditure funded from capital under statute (REFCUS)**

Expenditure that is treated under the Local Government Act 2003, as capital expenditure but which does not meet the definition of capital expenditure in the statement of recommended practice. Therefore, the expenditure is not carried on the Balance Sheet as a fixed asset.

**Revenue support grant (RSG)**

This grant is non-specific and funds revenue expenditure. It is based upon the Government's assessment of how much a local authority needs to spend to provide a common level of service.

**Surplus assets**

Surplus assets are those assets that are no longer essential for the operation of services.

**Teckal Company**

The company must be "inwardly and not outwardly focused". The directive requires that at least 80% of the activity of the Teckal company – that is, over 80% of its turnover – must be for its public sector owners.

**Unobservable inputs**

See 'fair value hierarchy'. Inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

**Unusable reserves**

Unusable reserves are reserves that in simple terms enable the Council's balance sheet to reconcile and cannot be released to spend on services.

**Usable reserves**

Usable reserves are those reserves that can be released to spend on services or added to for future spending on services.

**Useful life (of assets)**

The period over which the Council can derive benefits from the use of a fixed asset.

**Write-offs**

Elimination of an asset or liability within the financial year, for example, uncollectable debts.