

ISLE OF ANGLESEY COUNTY COUNCIL	
REPORT TO:	GOVERNANCE AND AUDIT COMMITTEE
DATE:	16 JULY 2025
SUBJECT:	DRAFT STATEMENT OF ACCOUNTS 2024/25
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN W WILLIAMS - DEPUTY LEADER & PORTFOLIO HOLDER - FINANCE
HEAD OF SERVICE:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
REPORT AUTHOR:	BETHAN HUGHES-OWEN
TEL:	01248 752133
E-MAIL:	BethanOwen2@ynysmon.llyw.cymru
LOCAL MEMBERS:	n/a
A - Recommendation/s and reason/s	
<p>This report presents the draft Statement of Accounts for 2024/25.</p> <p>It is important to note that these figures are unaudited and may, therefore, be subject to change. A report will be presented to the Council following the completion of the External Audit.</p> <p>Recommendation:-</p> <p>1) That the Governance and Audit Committee scrutinise and note the draft unaudited main financial statements for 2024/25.</p>	

1. PURPOSE

This report presents the Isle of Anglesey County Council's draft Statement of Accounts for the financial year 2024/25.

2. BACKGROUND

- 2.1 Regulation 10 of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018, requires that the responsible financial officer must, by no later than 31 May immediately following the end of the financial year, sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the Council. Since Covid-19, Welsh Government (WG) has revised its expectation for the completion of the draft and audited final accounts by suggesting later deadlines. This has continued beyond the Pandemic as, since 2021/22, there were significant delays to all councils' accounts due to technical accounting issues which affected all councils.
- 2.2 WG has extended the draft accounts deadline for 2024/25 to 30 June 2025, and the audited final accounts to 30 November 2025. The revised deadline has not been written into the regulations, therefore, each council is required to publish a notice highlighting a delay in the publication of the draft accounts, with the reasons, from the original deadline of 31 May 2025.
- 2.3 The draft Statement of Accounts for 2024/25 were signed by the Council's Responsible Financial Officer, the Director of Function (Resources) / Section 151 Officer, on 30 June 2025, and the audit of the accounts will commence in 1 July 2025. It is expected that the audit will be completed over the summer and autumn, with the final audited accounts being approved by 31 October 2025.

3. THE DRAFT COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2024/25 AND MOVEMENT IN RESERVES STATEMENT 2024/25

- 3.1** The draft Comprehensive Income and Expenditure Statement (CIES) 2024/25 is presented in Appendix 2, and on page 10 of the Draft Statement of Accounts.
- 3.2** The CIES summarises the cost of providing services in 2024/25, in accordance with statutory accounting requirements, and covers both the Council Fund and the Housing Revenue Account (HRA) in one financial statement. The CIES includes statutory accounting costs, such as depreciation and pension adjustments, which are not charged against Council Tax and are, therefore, reversed out before determining the final position of general balances, earmarked reserves, the HRA account balance and school balances. As a result, the CIES is not directly comparable to the outturn reports that will be presented to the Executive on 24 July 2025.
- 3.3** The CIES shows that the net cost of services was £173.726m, with a surplus of £38.568m on the provision of services. The latter part of the CIES includes the movement for the revaluation of assets, such as properties, and for the re-measurement of the pension liability, to give the final net surplus for the year of £45.117m. Adjustments are then made, as shown in Table 1 below, to determine the movement to reserves and balances. The accounting adjustments are detailed in note 6 of the draft Statement of Accounts. The CIES and adjustments in note 6 are then brought together in the Movement in Reserves Statement (MIRS) on page 12, to show the Council balances as at 31 March 2025.
- 3.4** The taxation and non-specific grant income line in the CIES, for example, includes £36.6m of capital grants which is a requirement of CIPFA accounting rules, despite there being limited capital expenditure charged in the CIES. This is contributing to the net surplus on the provision of services. In note 6, there is a line to adjust for this capital grant income so that, when the total adjustments from note 6 are brought into the MIRS, this grant income is cancelled out and does not increase Council usable reserves by £36.6m as it, instead, funds capital expenditure.

Table 1
Reconciliation of CIES to the Contribution to or from Reserves and Balances for 2024/25

	£'000	£'000
Total Cost / (Surplus) as per the CIES - page 10		(45,117)
Reverse out the surplus on the Revaluation of Assets and the Re-Measurement of the Pension Liability (Other comprehensive income and expenditure)	6,549	
Adjustments between Accounting Basis and the Funding Basis under Regulations – note 6 on page 20	34,827	
		41,376
Contribution (to) / from Usable Reserves and Balances		(3,741)

The movement in the Council's reserves is shown in Tables 2 and 3, below:-

Table 2
Summary of Movements in Reserves

	Council Fund General Reserve	Council Fund Earmarked Reserves	School Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	NWEAB Reserves	Housing Revenue Account (HRA) Reserve	Housing Revenue Account (HRA) Capital Receipts Reserve	Total Useable Reserves
	£'000	£'000	£'000	£'000	£'000		£'000	£'001	£'000
Opening Balance as at 1 April 2024	(15,605)	(16,517)	(5,577)	(2,390)	(464)	(587)	(8,189)	(509)	(49,838)
Net Over / (Under) spend 2024/25	(3,873)	-	-	-	-	-	211	-	(3,662)
Balance after Over / (Under) spend	(19,478)	(16,517)	(5,577)	(2,390)	(464)	(587)	(7,978)	(509)	(53,500)
Net Transfers from / (to) Reserves for Approved Funding	1,313	(1,778)	503	(226)	(74)	(326)	-	509	(79)
Closing Balance as at 31 March 2025	(18,165)	(18,295)	(5,074)	(2,616)	(538)	(913)	(7,978)	-	(53,579)

Table 3
Movement in Council Fund and HRA Reserves

Analysis of the Movement in Council Fund and HRA General Reserves 2024/25	Council Fund £'000	HRA £'000	Total £'000
Opening general reserve 1 April 2024	15,605	8,189	23,794
Net Surplus on the provision of services (CIES, Statement of Accounts (SOA) page 10)	16,035	22,533	38,568
Statutory accounting adjustments cancelled out in the MIRS (page 12 and Note 6 page 20) – excludes capital receipts and capital reserves on note 6	(11,336)	(22,744)	(34,080)
Net balance before transfers from earmarked reserves to fund earmarked costs within cost of service	20,304	7,978	28,282
Use of earmarked reserves to fund earmarked costs within the cost of services (excluding movements between the general reserve and earmarked reserves noted above)	(2,139)	-	(2,139)
Council Fund and HRA General Reserves Balance as at 31 March 2025	18,165	7,978	26,143
Remaining balances within earmarked reserves, school balances, capital receipts and capital reserve	27,436	-	27,436
Total Usable Reserves available to the Council 31 March 2025	45,601	7,978	53,579

- 3.5** The Council's draft General Fund Balance as at 31 March 2025 is £18.165m, which is equivalent to 9.9% of the net revenue budget for 2024/25. This is based on the draft accounts which may be subject to change once the audit and final accounts have been completed. The Executive had set the minimum level of the General Fund Balance as £9.208m in March 2025. The Council's General Balance is significantly higher than the target. However, with the current cost and demand pressures increasing costs facing the Council, this surplus provides more financial stability for the Council especially with the funding issues affecting Government and all public sector organisations

4. DRAFT BALANCE SHEET AS AT 31 MARCH 2025

- 4.1** The draft Balance Sheet as at 31 March 2025 is presented on page 13 within Appendix 2.
- 4.2** The value of the Council's net assets increased by £45.117m, from £441.573m last year to £486.690m at 31 March 2025. The value of the Council's long-term assets increased by £47.475m, this is due to capital expenditure on the Council's property, plant and equipment and the revaluation of existing assets. Current assets in total were similar to last year, but there were significant changes in debtors and cash. Short-term debtors increased by £19m, most of which related to grants due from WG and other public sector organisations. The Council has secured £36.657m in capital grants in 2024/25 (£24.987m in 2023/24), £17.2m were for HRA capital grants which are paid in arrears. Cash and cash equivalents reduced by £18.5m (£32.107m in 2023/24), as cash balances have been declining over the past two years.
- 4.3** Current liabilities increased by £5.809m. Short-term borrowing reduced by £1.027m due to Salix loan scheduled repayments and £872k of PWLB loans were repaid. Short-term creditors have increased by £2.188m. Capital grants received in advance increased by nearly £4m, and £474k of short-term liabilities are included for liabilities arising within the next 12 months for assets leased (Right-of-Use Assets) into the Council which are added to the balance due to new requirements in IFRS16 – Leases.

- 4.4 Long-term liabilities have decreased by £3.574m. The Pension Fund's unfunded obligations reduced by £1.263m. No new PWLB loans were taken out during the year as cash balances were used as internal borrowing to delay interest payments, with interest rates being higher. The long-term capital grant received in advance relating to the North Wales Economic Ambition Board (NWEAB) was reduced in full, from £3.625m to nil. £913k of long-term, Right-of-Use liabilities are included in long-term liabilities to reflect the liabilities outstanding over 12 months relating to Right-of-Use assets (assets leased into the Council) added to the balance since 1 April 2024, similar to the short-term Right of Use liabilities noted in 4.3.

5.1 EARMARKED RESERVES

- 5.1 Earmarked reserves are an essential part of the funding of the Council and ensure that specific funds are allocated to meet known or potential future commitments, to fund longer term projects which span more than one financial year and to hold unspent grants received which may be clawed back at some point in the future. The movement in the Earmarked Reserves is shown in Table 4, below:-

Table 4
Movement in Earmarked Reserves 2024/25

	Earmarked Reserves £'m
Balance as at 1 April 2024	16.517
Net movement in reserves	1.778
Balance as at 31 March 2025	18.295

6. SCHOOL BALANCES

- 6.1 The level of School balances has decreased from £5.577m at the beginning of the financial year, to £5.074m at the end of the financial year. 4 primary schools were in deficit at 31 March 2025; 2 primary schools were in deficit by £10k or less, 1 school was in deficit by £17k and 1 school was in deficit by £160k. The balances per sector are summarised in Table 5, below:-

Table
Summary of School Balances

Sector	Balance as at 1 April 2024 £'000	Movement in Year £'000	Closing Balance as at 31 March 2025 £'000
Community and Voluntary Primary Schools	2,408	(194)	2,214
Community Secondary Schools	2,631	(366)	2,265
Community Special School	179	50	229
Foundation Primary School	359	7	366
TOTAL	5,577	(503)	5,074

7. OTHER COUNCIL FUND RESERVES

- 7.1** The capital grant unapplied reserve held a balance of £464k from the general capital grant for 2023/24. The grant offer letter permits carry-forward of any unspent general capital grant for 1 year. The balance of £464k on 1 April 2024 has been applied to projects in 2024/25. £538k was transferred into the Capital Grant Unapplied Reserve for the underspend on 2024/25 general capital grant. This is not an earmarked reserve as it is a specific reserve for a capital grant which has no conditions, for example, WG has not specified which capital project it will fund. It is unapplied because it has not been fully spent by the end of the financial year.
- 7.2** Capital Receipts Reserve - the total from all the Council Fund capital receipts reserves is £2.616m. Capital receipts can only be used to fund capital expenditure but can be held in reserves until needed. Some capital receipts are for a specific purpose, generated by sales of assets related to that specific purpose, but the majority of receipts can be used to fund capital schemes on the capital programme, regardless of service, as needed.
- 7.3** North Wales Economic Ambition Board (NWEAB) Reserve – the Council is a partner in the NWEAB, with 12.5% of the income, expenditure, assets and liabilities accounted for in the Council's statement of accounts. Previously, the reserves generated by the NWEAB were reported within earmarked reserves. The balance on the earmarked reserves have now been transferred to specific NWEAB reserves and shown separately in the Movement in Reserves Statement (MIRS). The balance of NWEAB reserves was £0.913m as at 31 March 2025. The majority of this is from interest receivable due to higher interest rates.

8. HOUSING REVENUE ACCOUNT (HRA) BALANCE

The opening balance of the HRA Account as at 1 April 2024 was £8.189m. The HRA surplus on the CIES for the year was £22.533m. £9.126m of the HRA surplus was used to fund capital expenditure for improvement works on existing Council dwellings. The service also continued with its programme of building new dwellings and bought several properties, which were comprised of some former Council houses and some from the private sector, all of which are being refurbished. This will increase the number of Council dwellings and provide more social housing to reduce waiting lists for much needed homes. In total, £27.468m (£19.806m in 2023/24) was spent on HRA capital expenditure during the year, which included significant grant funding of £17.201m (£7.161m, in 2023/24) predominantly from WG. The HRA general reserve reduced by £720k to £7.978m (£3.918m reduction in 2023/24) as at 31 March 2025. The HRA team's success in securing substantial grant funding has limited the impact of capital expenditure on the HRA reserve and has delayed the HRA's need to borrow to fund capital expenditure.

- 8.2** HRA Capital receipt reserve – the Council sold five properties from a new housing development for £632k, and the proceeds from these sales and the capital receipts of £509k from 2023/24, have all been used to fund capital expenditure in 2024/25. These sales were on a shared equity basis, which should result in the HRA receiving more for their 30% share in the future that they would have in 2024/25.

9. CONCLUSION

- 9.1** The Draft Statement of Accounts 2024/25 is presented below. The CIES shows all the costs and income relating to the Council for the year. In addition to the Council's actual costs and income, the CIES also includes statutory accounting adjustments, as required by CIPFA and compulsory financial reporting standards. The adjustments include depreciation, which is a notional cost to reflect the impact of a year's use of the Council's assets, and pensions accounting adjustments, which reflect the underlying impact on the long-term liability / asset of the pension fund, rather than the actual pension costs in the year. This cannot be compared with the outturn return for the Council.

- 9.2** Table 2 shows the impact of outturn on Council Balances and the use of reserves to fund costs during the year. This shows that the Council's underspend at yearend of £3.873m increased the general reserve to £19.478m. The underspend of £3.873m on the Council Fund has helped mitigate the reduction in Council balances. £4.425m of general reserves was used as part of the budget for 2024/25 due to budget pressures. £1.313m of usable reserves were also used to fund earmarked purposes. The general reserve increased by £2.560m after considering the use of reserves during the year. The Council's total usable reserves have increased from £49.838m to £53.579m, which is an increase of £3.741m.
- 9.2** Table 3 shows how the Council balances are arrived at within the context of the financial statements, rather than the Council outturn. Both Table 2 and Table 3 show that the draft Council general reserve is £18.165m and that total usable balance is £53.579m. These tables use different figures, and are from different perspectives, but provide reassurance that the figures are correct because they offer two sources of verifying information.
- 9.4** The Movement in Reserves Statement (MIRS) (page 12) is the most useful statement to identify the true impact of the year's financial transactions on the Council's balances, including the HRA. Note 6, on page 20, lists all the accounting adjustments, such as depreciation, in the accounts which can be either cancelled out or added to arrive at the actual costs, and income which impact Council funds. It shows the figures in the CIES (accounting basis) and also the sum of the items in note 6 (funding basis) which are deducted or added in accordance with Welsh Government legislation to arrive at the actual Council balances. Table 2, above, provides a summary of the MIRS.



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

Draft Statement of Accounts 2024/25



Contents

Reference	Description	Page
	Narrative Report	1
	The Statement of Responsibilities for the Statement of Accounts	9
	The report of the Auditor General for Wales to the members of Isle of Anglesey County Council	
	Comprehensive Income and Expenditure Statement	10
	Expenditure and Funding Analysis	11
	Movement in Reserves Statement	12
	Balance Sheet	13
	Cash Flow Statement	14
	Note to Accounts	15
Note 1	Note to the Expenditure and Funding Analysis	15
Note 2	Accounting Standards that have been issued but have not yet been adopted	16
Note 3	Critical judgements in applying Accounting Policies	16
Note 4	Assumptions made about future and other major sources of estimation uncertainty	17
Note 5	Events after Balance Sheet date	19
Note 6	Adjustments between accounting basis and funding basis under Regulations	20
Note 7	Earmarked Reserves	22
Note 8	Capital Receipts Reserve	23
Note 9	Unusable Reserves	24
Note 10	Other Operating Expenditure	26
Note 11	Financing and Investment Income and Expenditure	26
Note 12	Taxation and Nonspecific Grant Income	27
Note 13	Non-current Assets – Property, Plant and Equipment (PPE)	28
Note 14	Significant Capital Commitments	31
Note 15	Heritage Assets	31
Note 16	Investment Properties	32
Note 17	Capital Expenditure and Financing	33
Note 18	Debtors	34
Note 19	Cash and Cash Equivalents	35
Note 20	Creditors	35
Note 21	Provisions	35
Note 22	Cash Flow from Operating Activities	36
Note 23	Cash Flow from Investing Activities	36
Note 24	Cash Flow from Financing Activities	36
Note 25a	Expenditure and Income Analysed by Nature	37

Reference	Description	Page
Note 25b	Segmental Income	38
Note 26	Members' Allowances	39
Note 27	Officers' Remuneration	40
Note 28	Exit Packages	40
Note 29	External Audit Fees	41
Note 30	Grants Income	42
Note 31	Related Parties	44
Note 32	Trust Funds	47
Note 33	Teachers' Pension Scheme	48
Note 34	Local Government Defined Benefit Pension Scheme	49
Note 35	Financial Instruments	55
Note 36	The Nature and Extent of Risks arising from Financial Instruments	60
Note 37	Joint Committees and Pooled Budgets	63
Note 38	Agency Arrangements	66
Note 39	Council Tax	67
Note 40	Non-Domestic Rates (NDR)	68
Note 41	Contingent Liabilities	69
Note 42	Contingent Assets	70
Note 43	Leasing	70
Note 44	Accounting Policies	72
HRA Account	Housing Revenue Account (HRA) - Income and Expenditure Statement - Statement of Movement on the HRA balance Notes to the HRA	102
Appendix 1	Related Party disclosure – Stakeholder representation with third party organisations	106
Appendix 2	Glossary	109

Narrative Report

The Statement of Accounts is produced annually to give electors, local taxpayers, Members of the Council, employees and other interested parties, clear information about the Council's finances.

This narrative report, which is a key section of the accounts, aims to provide an effective guide to the most significant matters reported in the accounts. This is in order to provide a fair, balanced, and easy to understand explanation of the Council's financial position and to assist in the interpretation of the financial statements.

The Accounts and Audit (Wales) Regulations 2014 came into force on 31 March 2015, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require Welsh Local Authorities to prepare a Statement of Accounts in accordance with these regulations and proper practices.

The Statement of Accounts consist of :-

Core Financial Statements

The Statement of Accounts includes the core financial statements, which are: -

1. **The Comprehensive Income and Expenditure Statement (CIES)** - shows the accounting cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
2. **Expenditure and Funding Analysis (EFA)** - shows the information in the CIES but also provides the accounting adjustments which are cancelled out in Note 6 to ensure that these adjustments are not funded by Council Taxpayers. The first column of the Expenditure and Funding Analysis provides the real impact of the year's financial performance on the Council and HRA's balances and reserves.
3. **The Movement in reserves Statement (MIRS)** - shows the movement in the year of reserves held by the Council, analysed between 'usable' and 'unusable' reserves. The statement shows the true economic cost of providing the Authority's services and how those costs are funded from the various reserves.
4. **The Balance Sheet** - shows the value as of the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets are matched by reserves held by the Authority.
5. **The Cash Flow Statement** - shows the changes in cash and cash equivalents of the Council during the reporting period.

The Isle of Anglesey County Council Vision and Priorities

The Isle of Anglesey County Council is a unitary authority and serves a population of approximately 69,000, situated on the north coast of Wales with an area of 276 square miles. Anglesey is by far the largest island in Wales, and the seventh largest in the British Isles. Anglesey is also the largest island in the Irish Sea by area, and the second most populous island in the British Isles.

The Council is a politically led organisation and has adopted a Leader and Cabinet model. The Council had 35 elected Members representing 14 multi-Member wards on 31 March 2025. Elections were held on 5 May 2022 for all Council seats, following which the successful candidates formed the full Council, which will remain in place until early May 2027. Plaid Cymru is the controlling party in the Council with more Plaid Cymru Councillors than any other group or party.

The Council Plan 2023/28

The Council Plan 2023/28 highlights that the Council's long-term vision continues as "Creating an Anglesey which is healthy and prosperous where people can thrive". The strategic objectives of the new Council plan are:

- To increase opportunities to learn and use the Welsh language;
- To protect and support the vulnerable;
- To raise educational attainment and achievement;
- To work with partners to increase quality, affordable and accessible homes;
- To promote opportunities to develop the island's economy;
- To respond to the climate change crisis, tackle change and work towards being a net zero organisation by 2030.

The Council Plan 2023/28 can be found on the website at the web address:

[Council Plan 2023 to 2028](#)

Financial Scenario

All 22 councils in Wales received a better-than-expected funding settlement from Welsh Government for 2024/25, at an all-Wales average of an increase of 3.3%, with Anglesey receiving an increase of 2.8%. This helped the Council increase funding for demand-led services, such as social care, and to increase capacity in services which had been subject to nearly a decade of budget cuts. In addition, to fund certain policy decisions that the Welsh Government wish Councils to implement, the main one being the funding of the real living wage for care staff.

The Council set a balanced budget for 2024/25, which required a 9.5% increase in Council Tax and the use of £4.425m of the Council's own reserves. There is still a significant amount of uncertainty surrounding the financial position for 2026/27, but current estimates suggest that the funding available will not be sufficient to meet the increased costs due to inflation and increasing demand for Council services.

The Budget

The Council's Budget and Medium-Term Financial Strategy for 2024/25 was adopted by the Council at its meeting on 7 March 2024, and it provides an overall picture of the financial position of the Council and ensures that the Council funding is allocated to meet its priorities. The Medium-Term Financial Strategy is available at: -

[Medium Term Financial Strategy Budget.pdf](#) – Item 8

The settlement was better than anticipated during the majority of the budget planning stage and provided the Council with £127,586m, which was an increase in cash terms of £3.720m (3.00%). The Council resolved to increase the Band D Council Tax by 9.5%, which increased the charge for a Band D property to £1,572.30.

The revenue budget was set at £184,164m, which was to be funded by the settlement, council tax and £4.425m use of reserves. The Council also resolved to approve the Capital Strategy 2024/25 and the Initial Capital Programme 2024/25 of £43.838m, as well as the Treasury Management Strategy Statement for 2024/25.

Budget Monitoring

The Council has a well-established procedure for monitoring the budgets. This allows the Council to mitigate any overspending and the impact likely to occur on services. Additional funding from reserves where possible, could be provided for instances where demand for a service is required. Both the Revenue and Capital information, alongside HRA, are reported to the Finance Scrutiny Subgroup, the Scrutiny Committee and then the Executive on a quarterly basis, which facilitates a level of challenge as well as being able to mitigate any impact that is likely to occur on services.

Performance

Isle of Anglesey County Council – Item 6

Revenue Expenditure

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements. The Council measures financial performance against planned activity in the form of the Council's management accounts. In 2024/25, the Council reported an underspend of £3.873m against a planned activity of £184.164m (net budget).

The table below reflects the final budget for 2024/25 and actual income and expenditure against it: -

Services	Annual Budget £'000	Outturn £'000	Variance £'000
Education, Young People and Skills	68,918	68,641	(277)
Adult Services	38,957	38,021	(936)
Children's Services	14,428	16,376	1,948
Housing	1,653	1,570	(83)
Highways, Waste, Property	20,479	19,768	(711)
Regulation	6,082	5,422	(660)
Transformation	7,762	6,648	(1,114)
Resources	4,045	4,073	28
Corporate Services and Corporate Finance	21,840	19,772	(2,068)
Total Council Fund	184,164	180,291	(3,873)

The impact of an underspend means that the Council increased its general reserves by £3.873m. In addition to this, the net impact of funding released from general balances during the year and the release of earmarked reserves back to the Council balances resulted in a decrease of £1.313m in the level of general balances with the balance on the general reserve increasing to £18.165m as at 31 March 2025. The Council's budget for 2024/25 included £4.525m from the general reserve to balance the budget due to increased cost and demand pressures. The Council later received significant additional grants from Welsh Government for these pressures which has helped the Council replenish the general reserve.

Summary of Movements in Council Reserves 2024/25

	Council Fund General Reserve	Council Fund Earmarked Reserves	School Reserves	Capital Receipts Reserve	Capital Grants Unapplied Reserve	NWEAB Reserves	Housing Revenue Account (HRA) Reserve	Housing Revenue Account (HRA) Capital Receipts Reserve	Total Usable Reserves
Items impacting on the Council's Reserve 2024/25	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance on Council General Reserve 1 April 2024	(15,605)	(16,517)	(5,577)	(2,390)	(464)	(587)	(8,189)	(509)	(49,838)
Net over / (underspend) 2024/25	(3,873)	-	-	-	-	-	211	-	(3,662)
Council Balance after over / (underspend)	(19,478)	(16,517)	(5,577)	(2,390)	(464)	(587)	(7,978)	(509)	(53,500)
Net transfers from/(to) Reserves for approved funding	1,313	(1,778)	503	(226)	(74)	(326)		509	(79)
General Reserve Balance at 31 March 2025	(18,165)	(18,295)	(5,074)	(2,616)	(538)	(913)	(7,978)	-	(53,579)

Capital Expenditure

The capital programme supports the Council's wider objective to deliver services and support economic growth.

In March 2024, the Council approved an initial capital programme of £43.838m and, in July 2024, the Executive approved that £15.499m of slippage from 2023/24 to be carried forward and added to the 2024/25 budget. This gave a revised budget of £59.337m.

During the year, additional schemes were added to the capital programme, to reflect funding changes and any additional grant funding that is received during the year. In total, £18.910m has been added to the capital programme. This brings the total Capital budget for 2024/25 to £78.247m.

The programme has made steady progress in year, achieving a delivery rate of 83%. It is expected that most of the remaining schemes will be delivered in the next financial year. From this total spend of £64.726m, £37.931m was capitalised and added to the value of assets in the Council's Balance Sheet. The remainder was charged to the Comprehensive Income and Expenditure Statement, as it was either in support of assets that are not in direct Council ownership (£9.761m) or did not increase the fair value of the capital assets (£17.034m). However, this capital expenditure improved the condition of the assets and, on several projects, extended the life of the assets.

The Council received an extraordinary amount of capital grants during the year from Welsh Government, UK Government and other sources of £36.657m (£17.981m in 2023/24). This included £17.2m of capital grants from Welsh Government for the improvement and development of Council dwellings. This will help the Council continue with improvements to meet the Welsh Housing Quality Standards and to increase the number of Council dwellings on Anglesey. The Council Fund also benefitted from substantial grants including £7.9m on economic and regeneration schemes, £8.2m for low carbon heat pumps in several schools and care homes, £3.4m of Highways grants, £4.3m on educational projects along with additional funding for several other projects.

The table below details the capital expenditure, per service: -

Services	2024/25 £'000	2023/24 £'000
Education, Young People and Skills	8,265	13,159
Adult Services	486	296
Housing	1,966	1,450
Housing HRA	27,468	19,806
Highways, Waste, Property	18,197	7,049
Regulation	7,948	6,784
Transformation	396	486
Total Council Fund	64,726	49,030

A note of the Authority's current borrowing facilities and capital borrowing: -

Funded By	2024/25 £'000	Percentage %
Unsupported Borrowing	2,491	3.85%
Supported Borrowing	4,243	6.56%
Capital Grants	36,657	56.63%
Capital Receipts	1,173	1.81%
Revenue Contribution	9,126	14.10%
REFCUS grants	8,762	13.54%
Loan	119	0.18%
Capital Reserve	2,155	3.33%
Total	64,726	100%

The Authority had £122.083m of External Borrowing (excluding accrued interest of £1.850m) as at 31 March 2025. In addition, the Council held £1.387m of right of use liabilities for the right of use (leased) assets into the Council. This relates to the liabilities outstanding at 31 March 2025 for leased assets of £10k or higher. IFRS16 Leases from 1 April 2024 requires all local authorities to add leased assets in, above the small value leases exemption (less than £10k for the Council) to the Council's balance sheet similar to owned assets. The outstanding payments under the lease or contract are then treated as borrowing and are split between principal and interest similar to traditional loans.

The Authority's Capital Financing Requirement (CFR), which essentially is a measure of the Council's underlying borrowing need, was £152.285m, which indicates that the Council has used £28.816m of its own surplus cash balances to fund capital expenditure. In the Treasury Management Strategy Statement for 2024/25, the Authorised Borrowing Limit approved by the Council was £205m, therefore, the Authority is well within its borrowing limit.

Reserves, Financial Performance and Financial Position

The Council's General Fund balance as at 31 March 2025 stood at £18.165m, which equates to 9.9% of the net revenue budget for 2024/25. The Council's financial strategy aims to hold a minimum of 5% of the net revenue budget as General Balances (£9.208m). As a result, the Council's General Balance is higher than the target. However, with the current cost and demand pressures increasing costs facing the Council, this surplus provides more financial stability for the Council especially with the funding issues affecting Government and all public sector organisations.

The financial performance for 2024/25 showed a net underspend of £3.873m on the Council Fund. This is made up of overspends from some services such as an overspend of £1.948m in Children's Services which has experienced increased demand. The Highways, Waste and Property Service underspent by £711k. The significant majority of this was from the Highways Service due to surplus income. The continuing high levels of interest rates by the Bank of England is benefitting the Council as the interest receivable from its investment of surplus funds continues to generate significantly higher levels of interest than in the previous decade.

However, increased interest rates continue to negatively impact the Council when borrowing in the future for capital projects, despite the modest Bank of England base rate reductions, which have slowed due to uncertainty from global events. No borrowing was taken out in 2024/25, and the Council will use cash balances for as long as possible to save on borrowing costs though this reduces the amount available to invest.

Housing Revenue Account

The Council's Housing Revenue Account balance stood at £7.978m as at 31 March 2025. The reserve is earmarked to fund the cost of the development of new properties as set out in the Council's 30-year HRA Business Plan. This balance will delay the need for the HRA to borrow for refurbishing or building new council dwellings. The HRA has had a very successful year of improving, purchasing and building new council dwellings and due to the high levels of external grants this has not impacted significantly on the HRA balances in 2024/25.

Provisions

The Council's total provisions amounted to £4.703m on 1 April 2024. During the year, the balance increased by £77k to £4.780m. Insurance coverage was increased to £581k in line with estimated need. The total short-term provisions amounted to £662k, to accommodate expected future costs that may arise from past liabilities. The total provision for Penhesgyn Waste Site was reduced by £129k due to the cost of improvement works undertaken on the landfill site in 2024/25. Details of the movements in provisions are shown in Note 21 of the Accounts

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

Local Government Pension Scheme - As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits by participating in the Gwynedd Pension Fund defined benefit scheme which is administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Benefits will not actually be payable until employees retire, but the Council has a commitment to make the payments to the Pension Fund that need to be disclosed at the time that the employees earn their future entitlement.

There are two valuations completed for the pension fund. These are completed by an Actuary, which is a pension valuation specialist. The first is the funding valuation which is completed every three years. This is important as it considers the actual assets that the fund is invested in at the valuation date and assesses whether the returns on the assets will fully fund the value of all future payments to members based on all benefits earned up to the valuation date. The present value of the liabilities are then discounted, so that the value are converted to their value as at the valuation date. If the valuation calculates that the pension fund is not fully funded, then the Council's contributions rates will increase to move towards 100% funding over an agreed time period. If the valuation shows the scheme is more than 100% funded, then contributions into the pension fund may reduce.

The second valuation is the accounting valuation (used for the purpose of these accounts) which is more theoretical and projects what the Council's liability or asset would be if the pension fund would cease to exist. This valuation is based on assets and obligations at the balance sheet date. It is theoretical because of the rules and regulations to protect the pension fund to ensure that it exists for as long as the pension fund obligations require and due to the assumptions, the Actuary is required to make. This is based on accounting requirements which do not affect the Council's actual funds. The results of the funding valuation only affect council funds.

The pension accounting valuation is the value reported each year in the Council's statement of accounts. Some charges affect the Comprehensive Income and Expenditure Statement, CIES and the valuation at the end of the financial year is reported in the balance sheet. However, these are offset by adjustments in the movement in reserves statement to cancel them out so that the council tax is not required to fund these statutory accounting adjustments.

Historically, the Council's balance sheet has shown that the value of the Pension Fund as a significant liability. The fair value of all the Pensions Fund investments are offset against the present value of the obligations of the Pension Fund though typically it is not enough to cover of all the estimated present value of the pension obligations.

Similar to last year, the Actuary's accounting valuation has determined that the value of the assets exceeds the value of the liabilities and that the Pension Fund is in a net asset position. In drawing up the valuation, the Actuary uses the yield rate on Government Gilts as the discount rate for future liabilities. As this rate increases, the discount rate increases, which has the overall effect of reducing the current value of future liabilities.

The pensions accounting standard IAS19 which was updated by IFRIC14 does not permit reporting a pension net asset for defined funded benefits pensions such as the Gwynedd Pension Fund, as the Council cannot realise the value of the asset at this point. In determining the carrying value on the Balance Sheet, the Council has applied the prudence concept and has the adjusted net asset position on funded obligations from £139.086m to £0. However, the actuary has advised that the net liability of unfunded obligations should be shown on the balance sheet. Therefore, a liability of £9.259m (£10,522m in 2023/24) is included in the long-term pensions liability on the balance sheet funded by the pensions unusable reserve. The full results of the accounting valuation is reported in the Local Government Pensions note 34 on page 49.

Going Concern

The accounts are prepared on the 'going concern' basis. This means that the accounts have been prepared on the basis of the Council continuing in its current form into the future. The Isle of Anglesey County Council was created by statute law in 1996 and will continue in its current form until changed by statute. The increase in the Council's usable reserves improves the Council's financial resilience and the Council is very unlikely to issue a S114 notice in the 2025/26. These notices are issued by Councils in difficulty where their expenditure exceeds its income and are in budget deficit.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Isle of Anglesey County Council's responsibilities

The Isle of Anglesey County Council is required to: -

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Function (Resources) who is also the designated Section 151 Officer;
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Section 151 Officer's responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code").

In preparing this Statement of Accounts, the Section 151 Officer has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with CIPFA Local Authority Code of Practice.

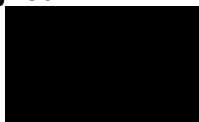
The Section 151 Officer has also: -

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

Certificate

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Isle of Anglesey County Council at the accounting date and its income and expenditure for the year ended 31 March 2025: -

Signed:



Richard Marc Jones FCPFA

DIRECTOR OF FUNCTION (RESOURCES) AND SECTION 151 OFFICER

Signed: Councillor Non Dafydd
CHAIR OF ANGLESEY COUNTY COUNCIL

Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2025

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Services reported below are based on the organisational structure of the Council. The Council raises taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2024/25			Services	Note	2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Restated Gross Expenditure £'000	Restated Gross £'000	Net Expenditure £'000
92,985	(19,892)	73,093	Education, Young People and Skills		86,965	(16,625)	70,340
55,413	(17,620)	37,793	Adult Services		50,771	(14,649)	36,122
23,109	(6,760)	16,349	Children's Services		20,661	(5,689)	14,972
10,364	(8,162)	2,202	Housing		9,756	(7,810)	1,946
34,171	(9,688)	24,483	Highways, Property and Waste		35,261	(9,553)	25,708
21,940	(16,089)	5,851	Regulation and Economic		17,000	(10,635)	6,365
7,079	(562)	6,517	Transformation		7,157	(302)	6,855
25,885	(14,832)	11,053	Resources		26,527	(16,244)	10,283
2,596	(545)	2,051	Council Business		2,144	(181)	1,963
346	(268)	78	Corporate and Democratic Costs		1,145	(773)	372
741	(10)	731	Corporate Management		742	-	742
242	-	242	Non-distributed costs		27	-	27
16,366	(23,083)	(6,717)	Housing Revenue Account (HRA)		14,978	(21,479)	(6,501)
291,237	(117,511)	173,726	Deficit on Continuing Operations		273,134	(103,940)	169,194
		18,567	Other operating expenditure	10			17,738
		2,024	Financing and investment income and expenditure	11			9,013
		(232,885)	Taxation and non-specific grant Income	12			(208,221)
		(38,568)	(Surplus)/Deficit on Provision of Services				(12,276)
		15,865	Impairment losses on non-current assets charged to the Revaluation Reserve				14,102
		(23,155)	Surplus on revaluation of non-current assets				(50,441)
		139,086	Write-off Net Pension Asset	9c & 34			71,144
		(138,345)	Re-measurement of net Pension liability	9c & 34			(59,453)
		(6,549)	Other Comprehensive Income and Expenditure				(24,648)
		(45,117)	Total Comprehensive Income and Expenditure				(36,924)

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) aims to show the real impact of the year's financial performance on the Council's balances. The Comprehensive Income and Expenditure Statement (CIES) includes many accounting adjustments, such as depreciation and pension adjustments, which, by law, are not allowed to be funded by Council Tax. These are not true costs which affect Council usable balances. To ensure that these accounting costs do not affect Council taxpayers and Council funds, these costs are cancelled out in the EFA and are also shown in the Movement in Reserves Statement (MIRS) and Note 6.

2024/25			Services	2023/24		
Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B	Adjustments between Funding and Accounting Basis - B	Net Expenditure in the Comprehensive Income and Expenditure Statement - C		Net Expenditure Chargeable to the General Fund and HRA Balances - A = C - B	Adjustments between Funding and Accounting Basis - B	Net Expenditure in the Comprehensive Income and Expenditure Statement - C
£'000	£'000	£'000		£'000	£'000	£'000
67,309	5,784	73,093	Education, Young People and Skills	63,418	6,922	70,340
37,605	188	37,793	Adult Services	35,341	781	36,122
16,300	49	16,349	Children's Services	14,640	332	14,972
1,990	212	2,202	Housing	1,917	29	1,946
18,499	5,984	24,483	Highways, Property and Waste	19,853	5,855	25,708
5,250	601	5,851	Regulation and Economic	5,201	1,164	6,365
6,109	408	6,517	Transformation	6,334	521	6,855
11,151	(98)	11,053	Resources	10,195	88	10,283
2,088	(37)	2,051	Council Business	1,925	38	1,963
791	(713)	78	Corporate and Democratic Costs	1,361	(989)	372
751	(20)	731	Corporate Management	731	11	742
76	166	242	Non-distributed costs	-	27	27
16,460	(23,177)	(6,717)	Housing Revenue Account (HRA)	9,489	(15,990)	(6,501)
184,379	(10,653)	173,726	Net Cost of Services	170,405	(1,211)	169,194
(188,120)	(24,174)	(212,294)	Other Income and Expenditure	(165,429)	(16,041)	(181,470)
(3,741)	(34,827)	(38,568)	(Surplus) or Deficit on the Provision of Services	4,976	(17,252)	(12,276)
(49,838)			Opening General Fund and HRA balance at 1 April	(54,814)		
(3,741)			Less (Surplus)/Deficit on General Fund and HRA Balance in Year	4,976		
(53,579)	Comprised of: Council Fund HRA		Closing Council Fund Balances and HRA Balance at 31 March	(49,838)	Comprised of: Council Fund HRA	
(45,601)				(41,140)		
(7,978)				(8,698)		
(53,579)				(49,838)		

MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2025

This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Deficit)/Surplus on the 'provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the Council Fund Balance for Council Tax setting purposes and the Housing Revenue Account for rent setting purposes. The 'Net (Decrease)/Increase before transfers to earmarked reserves' line shows the in-year movement on the Council Fund and Housing Revenue Account balances before any discretionary transfers to or from earmarked reserves are made by the Council.

	Council Fund Balance	Earmarked Council Fund Reserves (Note 7)	Capital Receipts Reserve (Note 8)	Capital Grants Unapplied	Schools Balances (Note 7)	NWEAB Reserves	Total Council Fund Usable Reserves	HRA Balance (Supplementary Financial Statements)	HRA Capital Receipts Reserve	Total HRA Usable Reserves	Total Usable Reserves	Total Unusable reserves (Note 9)	Total Reserves (of the Council)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 April 2023	14,039	19,637	1,908	407	6,716	-	42,707	12,107	-	12,107	54,814	349,836	404,650
Movement in reserves during the year													
Adjustment to opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) on provision of services	(150)	-	-	-	-	-	(150)	12,426	-	12,426	12,276	-	12,276
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	-	24,647	24,647
Total Comprehensive Income and Expenditure	(150)	-	-	-	-	-	(150)	12,426	-	12,426	12,276	24,647	36,923
Adjustments between accounting basis and funding basis under regulations (Note 6)	(1,337)	-	482	(407)	-	-	(1,262)	(16,499)	509	(15,990)	(17,252)	17,252	-
Net Increase/ (Decrease) before Transfers to Earmarked Reserves	(1,487)	-	482	(407)	-	-	(1,412)	(4,073)	509	(3,564)	(4,976)	41,899	36,923
Transfers to/(from) Earmarked Reserves (Note 7)	3,053	(3,120)		464	(1,139)	587	(155)	155		155	-	-	-
(Decrease) / Increase In Year	1,566	(3,120)	482	57	(1,139)	587	(1,567)	(3,918)	509	(3,409)	(4,976)	41,899	36,923
Balance 31 March 2024	15,605	16,517	2,390	464	5,577	587	41,140	8,189	509	8,698	49,838	391,735	441,573
Movement in reserves during the year													
Adjustment to opening balance													
Surplus/(Deficit) on provision of services	16,035	-	-	-	-	-	16,035	22,533	-	22,533	38,568	-	38,568
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	-	6,549	6,549
Total Comprehensive Income and Expenditure	16,035	-	-	-	-	-	16,035	22,533	-	22,533	38,568	6,549	45,117
Adjustments between accounting basis and funding basis under regulations (Note 6)	(11,336)		226	(464)	-	-	(11,574)	(22,744)	(509)	(23,253)	(34,827)	34,827	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	4,699	-	226	(464)	-	-	4,461	(211)	(509)	(720)	3,741	41,376	45,117
Net transfer to/(from)													
Transfers to/(from) Reserves	(2,139)	1,778	-	538	(503)	326	-	-	-	-	-	-	-
(Decrease) / Increase In Year	2,560	1,778	226	74	(503)	326	4,461	(211)	(509)	(720)	3,741	41,376	45,117
Balance 31 March 2025	18,165	18,295	2,616	538	5,074	913	45,601	7,978	-	7,978	53,579	433,111	486,690

BALANCE SHEET AS AT 31 MARCH 2025

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that can only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold (for example the Revaluation Reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Note	31 March 2025 £'000	31 March 2024 £'000
Property, plant and equipment	13	584,252	540,785
Heritage assets	15	2,301	2,413
Investment property	16	9,746	7,484
Intangible assets		174	261
Long-term debtors	18	1,625	1,032
Long-term Right of Use Assets	43	1,352	-
Long-term Assets		599,450	551,975
Assets held for sale		678	619
Inventories		421	401
Short-term debtors	18	68,985	50,651
Short-term Investments	35a	-	-
Cash and cash equivalents	19	13,571	32,107
Current Assets		83,655	83,778
Short-term borrowing	35b	(2,317)	(3,341)
Short-term creditors	20	(42,349)	(40,161)
Short-term provisions	21	(661)	(456)
Short-term grants receipts in advance	30	(14,453)	(10,487)
Short-term Right of Use liabilities	43	(474)	-
Current Liabilities		(60,254)	(54,445)
Long-term creditors	20	(255)	(166)
Long-term provisions	21	(4,118)	(4,247)
Long-term borrowing	35b	(121,616)	(121,175)
Long-term grants receipts in advance	30	-	(3,625)
Other long-term liabilities	34	(9,259)	(10,522)
Long-term Right of Use Liabilities	43	(913)	-
Long-term Liabilities		(136,161)	(139,735)
Net Assets		486,690	441,573
Usable reserves	MIRS	53,579	49,838
Unusable reserves	9	433,111	391,735
Total Reserves		486,690	441,573

CASH FLOW FOR YEAR ENDED 31 MARCH 2025

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

	Note	2024/25 £'000	2023/24 £'000
Net Surplus / (Deficit) on the provision of services		38,568	12,276
Non Cash Items charged to the Income and Expenditure Accounts	22	27,799	37,140
Cash items not charged to the Income & Expenditure Account	22	(12,774)	(11,980)
Movements in Net Current Assets	22	(16,254)	(2,359)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(37,774)	(26,076)
Net cash flows from operating activities		(435)	9,001
Net cash flows from investing activities	23	(17,518)	4,518
Net cash flows from financing activities	24	(583)	(1,152)
Net (decrease)/increase in cash and cash equivalents		(18,536)	12,367
Cash and cash equivalents at the beginning of the financial year		32,107	19,740
Cash and cash equivalents at the end of the financial year	19	13,571	32,107

NOTES TO THE ACCOUNTS

NOTE 1 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2024/25

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Education, Young People and Skills	5,702	(375)	457	5,784
Adult Services	604	(326)	(90)	188
Children's Services	266	(196)	(21)	49
Housing	291	(47)	(32)	212
Highways, Property and Waste	6,102	(187)	69	5,984
Regulation and Economic	745	(180)	36	601
Transformation	503	(99)	4	408
Resources	-	(87)	(11)	(98)
Council Business	-	(36)	(1)	(37)
Corporate and Democratic Costs	334	(1,047)	-	(713)
Corporate Management	-	-	(20)	(20)
Non-distributed costs	-	242	(76)	166
Housing Revenue Account (HRA)	(23,084)	(93)		(23,177)
Net Cost of Services	(8,537)	(2,431)	315	(10,653)
Other Income and Expenditure from the Funding Analysis	(24,601)	427	-	(24,174)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(33,138)	(2,004)	315	(34,827)

2023/24

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Lifelong Learning	7,784	(42)	(820)	6,922
Adult Services	624	(38)	195	781
Children's Services	222	(22)	132	332
Housing	1	(5)	33	29
Highways, Property and Waste	5,796	(20)	79	5,855
Regulation and Economic Development	1,101	(24)	87	1,164
Transformation	484	(12)	49	521
Resources	-	(10)	98	88
Council Business	-	(5)	43	38
Corporate and Democratic Costs	(11)	(978)	-	(989)
Corporate Management	-	-	11	11
Non-distributed costs	-	27	-	27
Housing Revenue Account (HRA)	(16,093)	(14)	117	(15,990)
Net Cost of Services	(92)	(1,143)	24	(1,211)
Other Income and Expenditure from the Funding Analysis	(16,014)	(27)	-	(16,041)
Difference between General Fund and HRA (Surplus) or Deficit and the Comprehensive Income and Expenditure Statement (Surplus) or Deficit	(16,106)	(1,170)	24	(17,252)

NOTE 2 – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- 2.1 **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. On rare occasions the Council purchases goods/services from foreign organisations which tend to be low value and are usually subscriptions and licences. These are in exchangeable currencies therefore the amendments to IAS21 will have no impact on the Council.
- 2.2 **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. This primarily affects providers of insurance rather than customers but could affect the Council's insurance costs if the new requirements impact on the stability and profits of insurance companies.
- 2.3 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. The purpose of applying indexation to asset values is to ensure the value of an asset is kept materially up-to-date. The changes will not affect 2024/25 as the changes are not retrospective.

NOTE 3 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 44, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are: -

- The Accounts have been prepared on a going concern basis, which assumes that the functions and services provided by the Council will continue in operational existence for the foreseeable future. The Council is a local government body created by the Local Government (Wales) Act 1994. The Council operates within a difficult financial climate, similar to all local authorities in Wales. However, there are no indications from either the financial performance of the Authority or Welsh Government plans which undermine the view that the Council will continue as a going concern into the future.
- The Council has determined that a number of assets which are used for social or economic development purposes, most notably the Council's Smallholdings Estate, are not solely held for income generation or capital appreciation purposes and, therefore, do not meet the definition of investment properties. Consequently, these assets are shown as Non-Current Assets - Property, Plant and Equipment within the Balance Sheet.

NOTE 4a – ASSUMPTIONS MADE ABOUT 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 taking into account 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 following items in the Council's Balance Sheet at 31 March 2025 may be considered to be most vulnerable for estimating error in the forthcoming financial year: -

Non-Current Assets – Property, Plant and Equipment (PPE) - Assets are depreciated over useful lives in accordance with standard accounting practices. Any difference between the depreciation applied and actual deterioration to assets will naturally reflect in future spending patterns. Information relating to Property, Plant and Equipment is contained in Note 13 and note 13b Infrastructure Assets. The value of the Council's PPE assets at 31 March 2025 was £584.252m (£540.785m at 31 March 2024).

Provisions - The Council has made provisions amounting to £4.780m, (£4.703m on 31 March 2024) for a series of uncertainties which could result in significant costs in later years. These principally relate to after-care costs for the Penhesgyn landfill site and potential liabilities arising from insurance claims. Full details are contained in Note 21.

Pensions Liability - Similar to last year, the Council's Actuary has valued the Pension Fund to a surplus position and therefore a net pension asset of £139.086m, excluding £9.259m unfunded pensions obligations. This surplus has been reduced to nil as a result of pensions rules restricting the reporting of a net pensions asset in the balance sheet. This is due to a change in the assumptions the Actuary has used in relation to the discount factor due to increased interest and bond rates. This is used to calculate how much the future pension obligations will be at today's prices, so that it can be compared with the current value/market value of investments and assets. (an asset of £71.145m excluding unfunded obligations was reported for the value on 31 March 2023). A net liability of £9.259m (£10.522m in 2023/24) remains on the pension liability for unfunded obligations which cannot be offset against the surplus on the pension fund.

The pension's accounting valuation is based on a number of complex assessments and judgements relating to discount rates, projected salary increases, changes in retirement ages, mortality rates and expected returns on pension assets. A firm of consulting actuaries is engaged by the administering Council to provide expert advice on the assumptions to be applied. Further details are contained in Note 34 and the narrative report. The note includes the surplus, however, as outlined in the narrative report, this is not included in the balance sheet due to restrictions prescribed by IAS19 and IFRIC14 on accounting for pensions.

Impairment Loss Allowance and Bad Debt provision - As at 31 March 2025, the Council had a net debtor balance of £70.610m. A review of arrears balance suggested that impairment or provision of doubtful debts of £8.532m was appropriate. Any differences between the impairment level applied and the actual arrears position will naturally reflect in future spending patterns. Impairment loss allowances / provision for bad debts are contained within the figures for Short-Term Debtors contained in Note 18.

Fair Value Measurement - The majority of the Council's non-current assets are measured at Fair Value, with the exception of infrastructure assets valued at £71.93m, community assets valued at £259k, assets under construction valued at £41.376m and plant, vehicles and equipment valued at £10.231m. These are all valued at depreciated historical cost. Note 43, sections 7 and 8 provides further information on this.

Leasing – The Council has implemented the requirements of IFRS16 Leases from 1 April 2024. This has resulted in the estimation of the duration of some leases where there are rolling contracts which go beyond the original lease date. Leased vehicles and properties to reduce homelessness tend to be rolling leases. Where a lease or contract with a right of use asset does not specify the implicit interest rate, the Council uses the PWLB annuity rate for the duration of the lease, as its incremental borrowing rate. Many leases are valued on the cost model basis but some assets especially some properties are valued on fair value.

4b ESTIMATES AND ERRORS – PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Changes in accounting policies or estimates are outlined separately above. The following prior period adjustments had been made and restated in the comparator year 2023/24

Reduction in North Wales Pooled Budget for Care Homes for Older People expenditure and funding figure from Conwy County Borough Council (CCBC) – Note 37

The 2023/24 funding figure from CCBC has been restated to exclude client contributions, resulting in the figure being reduced by £2.881m.

North Wales Pooled Budget for Care Homes for Older People	2024/25 £'000	2023/24 £'000 (Restated)
Expenditure		
Care Home Costs*	136,047	124,041
Total Expenditure	136,047	124,041
Funding		
Isle of Anglesey County Council	(7,126)	(7,214)
Conwy County Borough Council*	(18,090)	(15,301)
Denbighshire County Council	(12,423)	(11,914)
Flintshire County Council	(14,980)	(13,578)
Gwynedd Council	(13,084)	(12,044)
Wrexham County Borough Council	(16,470)	(14,957)
Betsi Cadwaladr University Health Board	(49,033)	(49,033)
Total Funding	(131,206)	(124,041)
(Surplus)/Deficit transferred to Reserve	-	-

*Conwy County Borough Council 23/24 Care Home Funding and Care Home Costs have been restated

NOTE 5 – EVENTS AFTER BALANCE SHEET DATE

The Council must report material events which occur after the reporting period of 31 March 2025 and up to the date the final accounts were authorised for issue on 30 June 2025.

There were no material events between the reporting period and the date the draft accounts were published.

NOTE 6 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2024/25	Usable Reserves							Movement in Unusable Reserves £'000
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Reserve £'000	Total Council Fund £'000	Housing Revenue Account £'000	HRA Capital Receipt Reserve £'000	Total HRA £'000	
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation, impairment and amortisation of non-current assets	14,638	-	-	14,638	3,700		3,700	(18,338)
Revaluation (gains)/losses on Property, Plant and Equipment	(91)	-	-	(91)	-	-	-	91
Movements in the market value of Investment Properties loss/(gain)	(2,295)	-	-	(2,295)	-	-	-	2,295
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(19,456)			(19,456)	(17,201)	-	(17,201)	36,657
Revenue expenditure funded from capital under statute	3	-	-	3		-	-	(3)
Derecognition	-	-	-	-			-	-
Carrying amount of non-current assets sold	235	-	-	235	843	-	843	(1,078)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Minimum Revenue Provision for Capital Funding	(1,569)	-	-	(1,569)	(141)		(141)	1,710
Minimum Revenue Provision for Leasing	(314)			(314)	(13)		(13)	327
Capital expenditure charged against the Council Fund and HRA balances	(1,159)			(1,159)	(9,126)		(9,126)	10,285
Adjustments involving the Capital Receipts Reserve:								
Proceeds from Sale of Non-Current Assets	(258)	258		-	(632)	632	-	-
Use of the Capital Receipts Reserve to finance capital expenditure	-	(32)		(32)		(1,141)	(1,141)	1,173
Use of capital reserve to finance capital expenditure	464		(464)	-			-	-
Other Capital Receipts		-		-			-	-
Adjustments involving the Financial Instruments Adjustment Account:								
Amounts 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	(14)	-		(14)	(5)		(5)	19
Total adjustments for capital purposes	(9,816)	226	(464)	(10,054)	(22,575)	(509)	(23,084)	33,138
Adjustments involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 34)	10,863			10,863	(93)		(93)	(10,770)
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,774)			(12,774)			-	12,774
Total pensions adjustments	(1,911)	-	-	(1,911)	(93)	-	(93)	2,004
Adjustment involving the Accumulating Compensated Absences Adjustment Account								
Adjustments in relation to short-term compensated absences	391			391	(76)		(76)	(315)
Total other adjustments	391	-	-	391	(76)	-	(76)	(315)
				-			-	-
Total Adjustments	(11,336)	226	(464)	(11,574)	(22,744)	(509)	(23,253)	34,827

2023/24	Usable Reserves							Movement in Unusable Reserves £'000
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Reserve £'000	Total Council Fund £'000	Housing Revenue Account £'000	HRA Capital Receipt Reserve £'000	Total HRA £'000	
Adjustments primarily involving the Capital Adjustment Account:								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation, impairment and amortisation of non-current assets	14,729	-	-	14,729	3,083	-	3,083	(17,812)
Revaluation (gains)/losses on Property, Plant and Equipment	1,270	-	-	1,270	275	-	275	(1,545)
Movements in the market value of Investment Properties loss/(gain)	5,291	-	-	5,291	-	-	-	(5,291)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(17,981)	-	-	(17,981)	(7,006)	-	(7,006)	24,987
Revenue expenditure funded from capital under statute	625	-	-	625	-	-	-	(625)
Derecognition	130	-	-	130	-	-	-	(130)
Carrying amount of non-current assets sold	1,058	-	-	1,058	494	-	494	(1,552)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:								
Minimum Revenue Provision for Capital Funding	(1,446)	-	-	(1,446)	(134)	-	(134)	1,580
Capital expenditure charged against the Council Fund and HRA balances	(3,576)	-	-	(3,576)	(12,800)	-	(12,800)	16,376
Adjustments involving the Capital Receipts Reserve:								
Proceeds from Sale of Non-Current Assets	(580)	580	-	-	(509)	509	-	-
Use of the Capital Receipts Reserve to finance capital expenditure		(98)	-	(98)	-	-	-	98
Use of capital reserve to finance capital expenditure	407	-	(407)	-	-	-	-	-
Other Capital Receipts		-	-	-	-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account:								
Amounts 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	(15)	-	-	(15)	(5)	-	(5)	20
Total adjustments for capital purposes	(88)	482	(407)	(13)	(16,602)	509	(16,093)	16,106
Adjustments involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 34)	10,824	-	-	10,824	(14)	-	(14)	(10,810)
Employer's pensions contributions and direct payments to pensioners payable in the year	(11,980)	-	-	(11,980)	-	-	-	11,980
Total pensions adjustments	(1,156)	-	-	(1,156)	(14)	-	(14)	1,170
Adjustment involving the Accumulating Compensated Absences Adjustment Account								
Adjustments in relation to short-term compensated absences	(93)	-	-	(93)	117	-	117	(24)
Total other adjustments	(93)	-	-	(93)	117	-	117	(24)
Total Adjustments	(1,337)	482	(407)	(1,262)	(16,499)	509	(15,990)	17,252

NOTE 7 – EARMARKED RESERVES

	Balance as at 31/03/2023 £'000	Transfers In 2023/24 £'000	Transfers Out 2023/24 £'000	Balance as at 31/03/2024 £'000	Opening Balance 01/04/2024 £'000	Transfers In 2024/25 £'000	Transfers Out 2024/25 £'000	Balance as at 31/03/2025 £'000
<i>Restricted Reserves - smaller service reserves less than £500k*</i>	5,855	2,780	(1,796)	6,839	5,976	3,183	(1,759)	7,400
<i>Restricted Reserves - which have since March 2023 fallen below £500k</i>	1,276	215	(697)	794	794	21	(131)	684
<i>Restricted Reserves - which have since March 2024 increased to £500k or over:</i>								
Waste / Recycling*	-	-	-	-	-	987	-	987
Schools Rationalisation*	-	-	-	-	402	279	(133)	548
Education Sinking Fund ICT Equipment*	-	-	-	-	461	150	-	611
<i>Restricted Reserves - Larger service reserves - £500k or more:</i>								
Insurance (Catastrophe) Reserve	1,250	98	(98)	1,250	1,250	-	-	1,250
Revenue Contributions to Capital Unapplied	2,974	810	(2,444)	1,340	1,340	1,626	(1,716)	1,250
Housing Developer Contributions S106	808	187	(155)	840	840	-	(187)	653
Affordable Housing	617	652	-	1,269	1,269	82	(649)	702
Archaeological Works at Wylfa	522	-	(87)	435	435	-	(67)	368
Leisure Improvements	762	-	-	762	762	-	-	762
Additional Revenue Settlement - response to increase in inflation	3,177	-	(1,462)	1,715	1,715	-	(723)	992
Out of County Education	500	-	-	500	500	-	-	500
Homes for Ukraine	467	75	(23)	519	519	80	(165)	434
Council Tax Risk Reserve	-	-	-	-	-	900	-	900
Funds from General Reserves for Capital Reserves	1,429	-	(1,175)	254	254	-	-	254
Total Earmarked Reserves	19,637	4,817	(7,937)	16,517	16,517	7,308	(5,530)	18,295
School Balances	6,716	5,654	(6,793)	5,577	5,577	5,223	(5,726)	5,074
Total	26,353	10,471	(14,730)	22,094	22,094	12,531	(11,256)	23,369

The more significant reserves are:

Waste / Recycling – this reserve is used to fund future waste management projects.

Schools Rationalisation – to be used to fund school rationalisation.

Education Sinking Fund ICT Equipment – this is to fund the cost of replacement IT equipment in schools.

Insurance Reserve – this is to fund uninsured losses and policy excesses.

Revenue Contributions Unapplied to Capital – this is a capital reserve which is made up of revenue contributions to projects which have not been completed or have been funded by general grant to minimise capital financing costs. Where projects have received alternative funding this frees up the revenue contribution to fund another project in the future, again to reduce capital financing costs.

Housing Developer Contributions S106 – contributions received by housing developers which will be used to fund projects which are in line with the terms of agreement.

Affordable Housing – this reserve is for funding projects that will increase the affordable housing stock on Anglesey.

Archaeological Works at Wylfa – this is a reserve to fund the completion of archaeological works at the site which was previously being developed for a new nuclear power station by Horizon Nuclear Power Ltd. This is restricted to works agreed between the Council and Horizon.

Leisure Improvements – this reserve is funded from a windfall from HMRC, after HMRC lost a court case which argued that HMRC should not be collecting VAT on leisure services. The Council was repaid approximately £900k from HMRC. The current balance of £762k will be used to fund improvements to the Council's Leisure facilities on Anglesey.

Additional Revenue Settlement – this is to fund unknown inflationary pressures as they arise during the financial year.

Out of County Education – this reserve will be used to reduce the risk associated with the demand led budget and fund in-year unexpected increases.

Homes for Ukraine – support for families from Ukraine to establish a life in Wales.

Council Tax Risk Reserve – to fund council tax refunds arising from successful appeals from owners of self catering accommodation whose properties were transferred from the Non-Domestic Rates register to the Council Tax register as from 1 April 2023.

Funds from General Reserves for Capital Reserves – unspent funds to support capital projects in accordance with grant conditions.

Schools Balances – these balances are reserved for each school's use in pursuance of its educational objectives. On 31 March 2025, four of the thirty-eight primary schools had balances in a deficit position (five as at 31 March 2024). None of the five secondary schools are in a deficit position at the end of the financial year (none as at 31 March 2024), the Special school is not in a deficit position at 31 March 2025. The combined value of the schools in deficit is £194k (£267k as at 31 March 2024). Copies of the Section 52 Statements, which each Council is required to prepare after the end of each financial year under Section 52(2) of the School Standards and Framework Act 1998, can be obtained from the Accountancy Section, Resources Function, County Offices, Llangefni, Anglesey, LL77 7TW.

NOTE 8 – CAPITAL RECEIPTS RESERVES

These are cash receipts from the sale of Council assets. These are used to fund capital expenditure in the year or to carry forward for future years. A balance of £2.616m will be carried forward to 2025/26 to help fund next year's capital programme.

	2024/25 £'000	2023/24 £'000
Balance 1 April	2,899	1,908
Capital Receipts in year (net of reduction for administration costs)	890	1,089
	3,789	2,997
Less:		
Receipts set aside to repay debt	-	-
Capital Receipts used for financing	(1,173)	(98)
Other	-	-
Balance 31 March	2,616	2,899

NOTE 9 – UNUSABLE RESERVES

	31/03/2025 £'000	31/03/2024 £'000
a) Capital Adjustment Account	238,087	200,735
Financial Instruments Adjustment Account	(289)	(308)
b) Revaluation Reserve	208,101	205,044
c) Pensions Reserve	(9,259)	(10,522)
ch) Accumulating Compensated Absences Adjustment Account	(3,529)	(3,214)
Total Unusable Reserves	433,111	391,735

NOTE 9a – 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 is debited with costs such as depreciation, impairment losses and amortisations that are charged to the Comprehensive Income and Expenditure Statement and postings from the Revaluation Reserve to convert fair value figures to historic cost.

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.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2024/25 £'000	2023/24 £'000
Balance at 1 April	200,735	179,955
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation, impairment and amortisation of non-current assets	(18,338)	(17,812)
Derecognised assets	-	(130)
Revaluation losses on Property, Plant and Equipment	91	(1,545)
Revenue expenditure funded from capital under statute	(3)	(625)
Amounts of non-current assets written off on disposal or sale (including impairment) as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(1,078)	(1,552)
	(19,328)	(21,664)
Adjusting amounts written out of the Revaluation Reserve	4,233	4,694
Net written out amount of the cost of non-current assets consumed in the year	(15,095)	(16,970)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	1,173	98
Use of capital reserve	1,159	3,731
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	36,657	24,987
Statutory provision for the financing of capital investment charged against the Council Fund and HRA balances	2,037	1,580
Capital expenditure charged against the Council Fund and HRA balances	9,126	12,645
	50,152	43,041
Movements in the market value of Investment Properties charged to the Comprehensive Income and Expenditure Statement	2,295	(5,291)
Balance at 31 March	238,087	200,735

NOTE 9b – REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Heritage 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 only 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

Revaluation Reserve	2024/25 £'000	2023/24 £'000
Balance at 1 April	205,044	173,399
Revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	7,290	36,339
Difference between fair value depreciation and historical cost depreciation	(4,060)	(4,290)
Revaluation balances on assets scrapped or disposed of	(173)	(404)
Balance at 31 March	208,101	205,044

NOTE 9c -PENSION 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.

Pensions Reserve	2024/25 £'000	2023/24 £'000
Balance at 1 April	(10,522)	-
Re-measurement of net defined liability	138,345	59,453
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(10,770)	(10,810)
Employers' pension contribution and direct payment to pensioners payable in the year	12,774	11,980
Remove net pension asset as at 31 March	(139,086)	(71,145)
Balance at 31 March	(9,259)	(10,522)

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 employers' 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 difference 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.

NOTE 9CH – ACCUMULATING COMPENSATED ABSENCES ADJUSTMENT ACCOUNT

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

Accumulating Compensated Absences Adjustment Account	2024/25		2023/24	
	£'000	£'000	£'000	£'000
Balance at 1 April		(3,214)		(3,190)
Settlement or cancellation of accrual made at the end of the preceding year	3,214		3,190	
Amounts accrued at the end of the current year	(3,529)		(3,214)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(315)		(24)
Balance at 31 March		(3,529)		(3,214)

NOTE 10 – OPERATING EXPENDITURE

	2024/25 £'000	2023/24 £'000
Precept paid to the North Wales Police and Crime Commissioner	11,598	10,932
Precept paid to Community Councils	1,995	1,849
(Gains)/Losses on the disposal of non-current assets (Including Derecognition)	84	462
North Wales Fire and Rescue Authority	4,871	4,403
North Wales Community Joint Committee	77	76
Towyn Trewan Board of Conservators	2	12
Natural Resources Wales	4	4
Total	18,631	17,738

NOTE 11 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £'000	2023/24 £'000
Interest payable and similar charges	5,335	5,515
Net interest on the defined liability	453	(27)
Interest receivable and similar income	(2,002)	(2,483)
Income and Expenditure in relation to investment properties and changes in their fair value	(2,307)	5,265
Derecognition and impairment of Financial Assets	545	743
Total	2,024	9,013

NOTE 12 – TAXATION AND NON-SPECIFIC GRANT INCOME

	2024/25 £'000	2023/24 £'000
Council Tax Income	67,607	59,569
Non-Domestic Rates Redistribution	25,341	22,823
Revenue Support Grant	103,280	100,842
Capital Grants Applied to Fund Capital Expenditure	36,657	24,987
Total	232,885	208,221

NOTE 13a – NON-CURRENT ASSETS, PROPERTY, PLANT AND EQUIPMENT (PPE)

2024/25	Property, Plant and Equipment						
	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	PPE Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2024	203,805	228,614	21,056	259	27,792	1,452	482,978
Adjustment opening balance		(64)					(64)
Additions (Note 17)	11,817	5,034	1,615	452	31,275		50,193
Revaluation inc./(decr.) to Revaluation Reserve	(1,915)	13,487				49	11,621
Revaluation inc./(decr.) to (Surplus) / Deficit on the Prov. of Services		(466)					(466)
Derecognition - Disposals		(720)	(40)			(88)	(848)
Reclassification	6,988	10,606			(17,748)	154	-
Reclassified (to) / from Infrastructure							-
Reclassified (to) / from Assets Held for Sale		(270)					(270)
Reclassified (to) / from Investment Property		58			54		112
Reclassified (to) / from Heritage Assets							-
Balance as at 31 March 2025	220,695	256,279	22,631	711	41,373	1,567	543,256
Depreciation and Impairment							
At 1 April 2023	-	3,356	10,248	-	-	4	13,608
Adjustment opening balance		(64)					(64)
Depreciation Charge	3,261	8,070	2,152			16	13,499
Impairment charge to (Surplus) or Deficit on the Provision of Services		(321)		452			131
Impairment charge to Revaluation Reserve	11,547	4,318					15,865
Depreciation written out to Revaluation Reserve		(7,398)				(10)	(7,408)
Depreciation written out to (Surplus) or Deficit on the Provision of Services		(269)					(269)
Impairment written out to the Revaluation Reserve		(4,126)					(4,126)
Impairment written out to the Surplus/Deficit on the Provision of Services		(288)					(288)
Reclassified (to) / from Investment Property							-
Derecognition - Disposals						(6)	(6)
Balance as at 31 March 2025	14,808	3,278	12,400	452	-	4	30,942
Net Book Value							
Balance as at 31 March 2025	205,887	253,001	10,231	259	41,373	1,563	512,314
Balance as at 31 March 2024	203,805	225,258	10,808	259	27,792	1,448	469,370

2023/24	Property, Plant and Equipment						
	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	PPE Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2023	173,412	214,080	19,853	259	29,034	1,452	438,090
Adjustment opening balance							-
Additions (Note 17)	9,497	5,321	1,220		23,884		39,922
Revaluation inc./ (decr.) to Revaluation Reserve	18,678	(1,566)					17,112
Revaluation inc./ (decr.) to (Surplus) / Deficit on the Prov. of Services		(1,688)					(1,688)
Derecognition - Disposals		(1,035)	(17)				(1,052)
Reclassification	2,218	13,862			(16,080)		-
Reclassified (to) / from Infrastructure					(2,571)		(2,571)
Reclassified (to) / from Assets Held for Sale		(247)					(247)
Reclassified (to) / from Investment Property		(113)			(6,267)		(6,380)
Reclassified (to) / from Heritage Assets					(208)		(208)
Balance as at 31 March 2024	203,805	228,614	21,056	259	27,792	1,452	482,978
Depreciation and Impairment							
At 1 April 2023	8,577	3,145	8,107	-	-	4	19,833
Depreciation Charge	2,680	8,347	2,158			12	13,197
Impairment charge to (Surplus) or Deficit on the Provision of Services		414					414
Impairment charge to Revaluation Reserve	9,497	4,606					14,103
Depreciation written out to Revaluation Reserve	(5,338)	(8,076)				(6)	(13,420)
Depreciation written out to (Surplus) or Deficit on the Provision of Services		(437)				(6)	(443)
Impairment written out to the Revaluation Reserve	(15,416)	(4,494)					(19,910)
Impairment written out to the Surplus/Deficit on the Provision of Services		(28)					(28)
Reclassified (to) / from Investment Property		(53)					(53)
Derecognition - Disposals		(68)	(17)				(85)
Balance as at 31 March 2024	-	3,356	10,248	-	-	4	13,608
Net Book Value							
Balance as at 31 March 2024	203,805	225,258	10,808	259	27,792	1,448	469,370
Balance as at 31 March 2023	164,835	210,935	11,746	259	29,034	1,448	418,257

Revaluations

The Council has £584.251m recognised as Property, Plant and Equipment (PPE). This includes £71.937m of infrastructure assets, such as roads and street lighting. This value for infrastructure is not included in Note 13a above for PPE but is, instead, reported below in Note 13b. The Council adopts a five-year rolling programme for the valuation of its land and property. The programme is constructed in such a way as to ensure that entire classes of assets within its land and property portfolio are revalued at least every five years, with the valuation effective on 31 March each year. In addition, to ensure that the valuations are materially correct, all Council property assets valued at £500k or higher will be valued each year and Council Dwellings will be valued every three years. The valuations are undertaken by the Council's in-house valuation team, who are members of the Royal Institute of Chartered Surveyors (RICS). The valuations have been completed in accordance with IFRS 13. Non-property assets have not been revalued as the Council has judged that the carrying value of these assets is approximate to fair value, given their relatively short useful economic lives and the relative value of these assets. Additional information on the Council's policy on the measurement and valuation of non-current assets is included in sections 7 to 10 of Note 44 Accounting Policies.

NOTE 13b – INFRASTRUCTURE ASSETS

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets, the below 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 Council 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.

	2024/25 £'000	2023/24 £'000
Net Book Value at 1 April	71,415	68,807
Additions	4,771	4,137
Reclassification	-	2,571
Depreciation	(4,249)	(4,100)
Net Book Value at 31 March	71,937	71,415

Total PPE Assets

	2024/25 £'000	2023/24 £'000
Infrastructure assets	71,937	71,415
Other PPE assets	512,314	469,370
Total PPE assets	584,251	540,785

NOTE 14 – SIGNIFICANT CAPITAL COMMITMENTS

At 31 March 2025, the Council was committed to capital works for the construction of Property, Plant and Equipment, giving rise to significant capital commitments of £18.797m in 2025/26 and future years, as shown in the table below: -

	Commitment into 2025/26 & future years as of 31 March 2025 £'000
Planned Maintenance Contracts - HRA	7,433
Development of New Properties - HRA	3,518
Refurbishment of Existing Properties - HRA	1,417
Heat Pump Installation	5,545
Energy Projects	884
Total	18,797

NOTE 15 – HERITAGE ASSETS

2024/25

	Art Collection and Civic Regalia £'000	Heritage Land & Buildings £'000	Total Heritage Assets £'000
Cost or Valuation At 1 April 2024	2,299	114	2,413
Transfer (to) / from Investment Properties	-	(114)	(114)
At 31 March 2025	2,299	-	2,299
Accumulated Depreciation and Impairment			
At 1 April 2024	-	-	-
Depreciation Charge	-	8	8
Transfer from Investment Properties	-	(8)	(8)
At 31 March 2025	-	-	-
Net Book Value			
At 31 March 2025	2,299	-	2,299
At 31 March 2024	2,299	114	2,413

2023/24

	Art Collection £'000	Heritage £'000	Total £'000
Cost or Valuation At 1 April 2023	2,299	144	2,443
Revaluation increase/(decrease) to the Revaluation Reserve	-	(238)	(238)
Transfer from AUC	-	208	208
At 31 March 2024	2,299	114	2,413
Accumulated Depreciation and Impairment			
At 1 April 2023	-	12	12
Depreciation Charge	-	6	6
Depreciation Charge written out to the Surplus/Deficit on the Provision of Services	-	(18)	(18)
At 31 March 2024	-	-	-
Net Book Value			
At 31 March 2024	2,299	114	2,413
At 31 March 2023	2,299	132	2,431

Revaluation of Heritage Assets (Land and Buildings)

A small number of Land & Buildings assets have been identified as meeting the definition of Heritage Assets. The Heritage Assets (Land & Buildings) were revalued in 2023/24, as per the Council's revaluation procedures. The most notable heritage assets are: -

Felin Y Graig - This asset transferred in 2020/21 from Investment Properties to Heritage Assets to reflect its classification more accurately.

Revaluation of Heritage Assets (Art Collections) - The Council's Art Collections were revalued for 2022/23. The valuation was carried out by Bonhams of London, a firm of international Art Auctioneers and Valuers.

Revaluation of Heritage Assets (Civic Regalia) - The Heritage Assets (Civic Regalia) have been revalued in 2021/22 as per the Council's revaluation procedures and in line with the five-year rolling programme adopted for Property, Plant and Equipment (PPE) and Heritage Assets.

NOTE 16 – INVESTMENT PROPERTIES

a) Investment Properties

	2024/25 £'000	2023/24 £'000
Balance at start of the year	7,484	6,579
Disposals	(24)	-
Net gains/(losses) from fair value adjustments	2,294	(5,291)
Derecognition	-	(130)
Transfers:		
- (to)/from Property, Plant and Equipment	(112)	6,326
- (to)/from Heritage Assets	104	-
Balance at end of the year	9,746	7,484

There are no restrictions on the Council's ability to realise the value inherent in its wholly owned investment property which relates to the significant majority of the investment properties, or on the Council's right to the remittance of income and the proceeds of disposal on these assets.

The Council entered into a joint venture with Welsh Government for the construction of industrial units at Penrhos Industrial Estate, Holyhead which were completed in 2022/23. Phase 2 of the project was completed in 2023/24. The Council's share in the properties is 16% and Welsh Government's share is 84% due to Welsh Government's contribution to construction costs. The Council receives 16% of the income and holds 16% of the value of the property. There is also a restriction on the duration of the joint venture.

b) Fair Value Measurement of Investment Properties 2024/25 Fair Value Hierarchy

Recurring fair value measurements using:	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
Retail Properties		1,359		1,359
Office units		1,026		1,026
Commercial units		7,361		7,361
Total	-	9,746	-	9,746

2023/24 Fair Value Hierarchy

Recurring fair value measurements using:	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
Retail Properties	-	852	-	852
Office units	-	617	-	617
Commercial units	-	6,015	-	6,015
Total	-	7,484	-	7,484

NOTE 17 – CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, 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 that has yet to be financed. The net movement in the Capital Financing Requirement illustrates the change in the underlying need for the Council to borrow during the year to fund capital investment which has not been funded immediately from resources such as grants, capital receipts and direct funding from revenue.

Capital Expenditure and Financing	2024/25 £,000	2023/24 £'000
Opening Capital Financing Requirement	145,754	144,112
Capital Invested in Year		
Property, Plant and Equipment	54,965	44,058
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	9,761	4,972
Right of Use Assets	1,715	-
Total	66,441	49,030
Source of Finance		
Capital receipts	(1,173)	(98)
Reserve	(2,155)	(3,731)
Government Grants and Contributions	(36,657)	(24,987)
Revenue Provisions	(9,126)	(12,645)
REFCUS Grants	(8,762)	(4,347)
Minimum Revenue Provision and Set Aside	(1,709)	(1,580)
Minimum Revenue Provision and Set Aside - Right of Use Assets	(328)	-
Total	(59,910)	(47,388)
Net Increase/(Decrease) in Capital Financing Requirement	6,531	1,642
Closing Capital Financing Requirement	152,285	145,754
Explanation of Movement in Year		
Increase in underlying need to borrow unsupported by Government assistance	1,715	-
Increase in underlying need to borrow supported by Government assistance	4,243	3,049
Increase in underlying need to borrow unsupported by Government assistance	2,491	38
Loan	119	135
Minimum Revenue Provision and Set Aside	(1,709)	(1,580)
Minimum Revenue Provision and Set Aside - Right of Use Assets	(328)	-
Net Increase/(Decrease) in Capital Financing Requirement	6,531	1,642

NOTE 18 – DEBTORS

	Long-Term Debtors		Short-Term Debtors	
	31/03/2025 £'000	31/03/2024 £'000	31/03/2025 £'000	31/03/2024 £'000
Trade Receivables	-	-	2,184	1,804
Prepayments	-	-	2,132	1,529
Other Receivable Amounts	1,625	1,032	64,669	47,317
Total	1,625	1,032	68,985	50,651

The above debtors' figures are net of bad debt provisions totalling £8.957m in 2024/25 (£8.784m in 2023/24).

The past due date but not impaired amount for Council Tax can be analysed by age as follows: -

	31/03/2025 £'000	31/03/2024 £'000
Less than one year	3,235	2,685
More than one year	5,297	4,038
Total	8,532	6,723

NOTE 19 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year, as shown in the Statement of Cash Flow can be reconciled to the related items in the Balance Sheet as follows: -

	31 March 2025 £'000	31 March 2024 £'000
Cash held by the Authority	37	78
Bank current accounts	569	426
Demand Deposits	5,965	16,603
Fixed Short Term Deposits	7,000	15,000
Total	13,571	32,107

NOTE 20 – CREDITORS

	Long-Term Creditors		Short-Term Creditors	
	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000
Trade Creditors		-	(2,783)	(4,480)
Other Payables	(255)	(166)	(39,566)	(35,681)
Total Creditors	(255)	(166)	(42,349)	(40,161)

NOTE 21 – PROVISIONS

	Balance at 1 April 2023 £'000	Increase / (Decrease) in Provisions during year £'000	Utilised during year £'000	Balance at 31 March 2024 £'000	Increase / (Decrease) in Provisions during year £'000	Utilised during year £'000	Balance at 31 March 2025 £'000
Insurance Claims Provision	380	76	-	456	327	(202)	581
Penhesgyn Waste Site	4,335	-	(88)	4,247	-	(129)	4,118
Gwynedd and Anglesey Additional Learning Needs & Inclusion Service	322	-	(322)	-	-	-	-
ADY Strategaeth Provision	-	-	-	-	81	-	81
Total	5,037	76	(410)	4,703	408	(331)	4,780
Short-Term Provisions	702	76	(322)	456	408	(202)	662
Long-Term Provisions	4,335	-	(88)	4,247	-	(129)	4,118
Total	5,037	76	(410)	4,703	408	(331)	4,780

Purpose of Main Provisions – Penhesgyn Waste Site

The provision is for the aftercare of the areas of the site formerly used for landfill. There is no defined timescale for this work to be completed although, for management purposes, a time span of 30 years has been used on an ongoing basis until there is evidence that a shorter period would be sufficient. This funds annual decontamination works at Penhesgyn each year and provides for the risk of the culvert at the site collapsing.

NOTE 22 – CASH FLOW FROM OPERATING ACTIVITIES

	2024/25 £'000	2023/24 £'000
Adjustment to surplus or deficit on the Provision of Services for non-cash movements		
Depreciation, Impairment and amortisation	18,338	17,812
Downward/(upwards) revaluations and non-sale derecognitions	(91)	1,675
(Increase)/decrease in Inventories	(21)	(8)
(Increase)/decrease in debtors	(18,927)	(11,594)
Increase/(decrease) in impairment for bad debts	-	-
Increase/(decrease) in creditors	2,277	5,600
Increase/(decrease) in grants receipts in advance	340	3,977
Transactions within the CIES relating to retirement benefits	(2,004)	(1,170)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	1,078	1,552
Increase/(Decrease) in Provisions	77	(334)
Movement in value of investment properties - Impairment and downward revaluations (and non-sale derecognitions)	(2,295)	5,291
Total	(1,228)	22,801
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	(890)	(1,089)
Capital Grants and Contributions Received	(36,557)	(24,987)
Impact of Minimum Revenue Provision on Leases	(327)	-
Total	(37,774)	(26,076)

NOTE 23 – CASH FLOW FROM INVESTING ACTIVITIES

	2024/25 £'000	2023/24 £'000
Movement in short term Investments	-	22,500
Purchase of Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Assets	(54,965)	(44,058)
Proceeds from the sale of Property, Plant and Equipment, investment property and assets held for sale	890	1,089
Capital Grants and Contributions Received	36,557	24,987
Net Cash flows from Investing Activities	(17,518)	4,518

NOTE 24 – CASH FLOW FROM FINANCING ACTIVITIES

	2024/25 £'000	2023/24 £'000
Movement in Borrowing		
Short Term Borrowing	(1,024)	(770)
Long Term Borrowing	441	(382)
Net Cash flows from Financing Activities	(583)	(1,152)

NOTE 25a – EXPENDITURE AND INCOME ANALYSED BY NATURE

The Comprehensive Income and Expenditure Statement provides financial information in relation to expenditure and income per service. This nature of expenses note provides financial information per type of expenditure rather than by service.

	2024/25 £'000	2023/24 £'000
Expenditure		
Employee benefits	120,289	114,632
Other services	152,610	140,441
Depreciation, amortisation, impairment & movement in market value of investment properties	16,067	23,233
Interest Payments	23,177	22,815
De-recognition and Impairment of Financial Assets	545	743
Precepts and levies	18,546	17,276
Gain on the disposal of assets	84	462
Total Expenditure	331,318	319,602
Income		
Fees, charges and other service income	(41,669)	(37,321)
Interest and investment income	(19,428)	(19,966)
Income from Council Tax, Non-Domestic Rates	(92,948)	(82,392)
Government grants and contributions	(215,841)	(192,199)
Total Income	(369,886)	(331,878)
Surplus or Deficit on the provision of services	(38,568)	(12,276)

NOTE 25b – SEGMENTAL INCOME

The table below shows the total of the Council's income from fees, charges, and rents for the provision of services. This excludes grant income and council tax income.

Services	2024/25 Income from Services £'000	2023/24 Income from Services £'000
Education, Young People and Skills	(655)	(730)
Adult Services	(8,106)	(6,508)
Housing	(713)	(537)
Highways, Property and Waste	(5,249)	(4,626)
Regulation and Economic Development	(3,279)	(3,067)
Transformation	(37)	(61)
Resources	(209)	(218)
Council Business	(468)	(167)
Corporate and Democratic Costs	(265)	(212)
Housing Revenue Account (HRA)	(22,688)	(21,195)
Total Income	(41,669)	(37,321)

Most transactions the Council enters into with service recipients are straightforward. All transaction prices are based on the Council's Fees and Charges booklet which has been approved by the Executive and which are outlined on the Council's website at the following link/web address: -

Council fees and charges

Service recipients, typically, are given 14 days to pay the Council fees and charges owed. This excludes fees and charges payable at the point of provision of the goods/services.

Contracts can relate to the financial year from 1 April 2024 to 31 March 2025. Any income not received by the end of March is accrued to match with the services provided. Some income is received at the same time as the services/goods are provided, for example, sale of gifts in the Oriel shop, admission for a swimming session at the Leisure Centres. One of the most complex income types relates to fees and charges for complex Adult Social Care placements. These charges can be deferred until income is available from sale of property. The Adult Services does recognise this income each financial year, despite it being deferred to match with the period when the care is provided.

NOTE 26 – MEMBER'S ALLOWANCES

A total of £1.061m (£1,013m in 2023/24) was paid in respect of allowances to Council Members during the year, as follows: -

	2024/25 £'000	2023/24 £'000
Basic and Special responsibility allowances	865	830
Chairman and Deputy Chairman's Allowance	10	13
Pension Costs	101	85
National Insurance Costs	77	72
Travel Costs	3	2
Subsistence	2	2
Miscellaneous	3	9
Total	1,061	1,013

In addition, the Council spent £27,510.71 on expenses for lay members (£37,847 in 2023/24).

NOTE 27 – OFFICERS’ REMUNERATION

The number of employees (including senior officers) whose annual remuneration paid was more than £60k but not more than £150k in 2024/25, excluding pension contributions but including severance pay, is as follows :-

Officer Remuneration	Non-Schools 2024/25 Number of Employees	Non-Schools 2023/24 Number of Employees	Schools 2024/25 Number of Employees	Schools 2023/24 Number of Employees
£60,000 to £64,999	17	18	34	23
£65,000 to £69,999	2	3	23	29
£70,000 to £74,999	2	-	22	7
£75,000 to £79,999	-	-	6	6
£80,000 to £84,999	1	-	7	5
£85,000 to £89,999	6	6	5	3
£90,000 to £94,999	-	1	5	-
£95,000 to £99,999	3	3	1	3
£100,000 to £104,999	-	-	2	1
£105,000 to £109,999	1	1	1	1
£110,000 to £114,999	-	-	-	-
£115,000 to £119,999	-	-	1	-
£120,000 to £124,999	-	-	-	-
£125,000 to £129,999	-	1	-	-
£130,000 to £134,999	-	-	-	-
£135,000 to £139,999	1	-	-	-
Total	33	33	107	78

The following table provides details of remuneration paid to senior employees who are employed on a permanent basis and whose annual salaries and other benefits exceed £60k per annum. Senior employees whose remuneration exceeds £150k per annum are also named individually to comply with statutory requirements: -

Senior Officer Remuneration 2024/25	Note	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	1	133,698	-	26,496	160,194
Deputy Chief Executive		111,127	-	21,960	133,087
Director of Function (Council Business) / Monitoring Officer		90,636	-	17,841	108,477
Director of Function (Resources) & S151		99,841	-	19,691	119,532
Director of Social Services		99,841	-	19,691	119,532
Director of Education, Skills and Young People	2	91,677	-	18,050	109,727
Director of Education, Skills and Young People	2	9,512	-	1,535	11,047
Head of Profession: HR & Transformation		89,099	-	17,532	106,631
Head of Service: Housing		89,099	-	17,532	106,631
Head of Regulation and Economic Development		89,099	-	17,532	106,631
Head of Service: Adult Services		89,099	-	17,532	106,631
Head of Service: Highways, Waste & Property		89,099	-	17,532	106,631
Total		1,081,827	-	212,924	1,294,751

¹ The Returning Officer element of the Chief Executive’s salary is £2,496 and is not included in the figures above.

² The Director of Education, Skills & Young People left the council's employment on 28/02/25 and new Director commenced on 03/03/25.

The remuneration ratio of the Chief Executive to the median remuneration of all employees during 2024/25 is 4.39:1 (4.71:1 in 2023/24). The median salary for all employees in 2024/25 is £30,060 (£27,334 in 2023/24). This is the salary at the mid-point of all employees' salaries, from lowest to highest.

Comparative figures for 2023/24 are shown in the following table: -

Senior Officer Remuneration 2023/24	Note	Salary, fees and allowances £	Expenses allowances £	Pension contribution £	Total £
Chief Executive	1	128,608	-	25,850	154,458
Deputy Chief Executive		106,587	-	21,424	128,011
Director of Function (Council Business) / Monitoring Officer		86,596	-	17,406	104,002
Director of Function (Resources) & S151		95,577	-	19,211	114,788
Director of Social Services		95,577	-	19,211	114,788
Director of Education, Skills and Young People		95,577	-	19,211	114,788
Head of Profession: HR & Transformation		85,097	-	17,105	102,202
Head of Service: Housing		85,097	-	17,105	102,202
Head of Regulation and Economic Development		85,097	-	17,105	102,202
Head of Service: Adult Services		85,097	-	17,105	102,202
Head of Service: Highways, Waste & Property		85,097	-	17,105	102,202
Total		1,034,007	-	207,838	1,241,845

¹ The Returning Officer element of the Chief Executive's salary is £340 and is not included in the figures above.

NOTE 28 – EXIT PACKAGES

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

Exit cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	10	9	4	5	14	14	65	122
£20,001 - £40,000	2	1	5	4	7	5	216	137
£40,001 - £60,000	-	-	-	2	-	2	-	89
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	1	-	-	-	1	-	84
£100,001 - £250,000	-	-	-	-	-	-	-	-
Total	12	11	9	11	21	22	281	432

In accordance with requirements, exit costs which the Council were committed to incurring at the 31 March, but paid after this date are included in the above. The totals disclosed are made up of payments made to the individual and any payments made by the Council to the pension fund when an employee retires early without actuarial reduction in pension in accordance with the Council's Discretionary Compensation Policy.

NOTE 29 – EXTERNALAUDIT FEES

The Council has incurred the following costs relating to external audit and inspection:-

	2024/25 £'000	2023/24 £'000
Fees payable to Audit Wales with regard to external audit services carried out by the appointed auditor for the year	236	244
Fees payable to Audit Wales in respect of statutory inspections	97	109
Fees payable to Audit Wales for the certification of grant claims and returns for the year	80	75
Total	413	428

NOTE 30 – GRANTS INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25 and 2023/24 as follows: -

	Note	2024/25 £'000	2023/24 £'000
Credited to Taxation and Non-Specific Grant Income			
Revenue Support Grant (Non-ring-fenced Government Grants)	12	102,245	100,842
Other (non ring fenced Government Grants)		1,035	
Capital Grants and Contributions		19,456	17,981
Non-Domestic Rates AEF (NDR)	12	25,341	22,823
Grant - HRA (Capital Grants and Contributions)		17,101	7,006
Total		165,178	148,652
Credited to Services			
Grants:			
Post-16 Grant (Education)		3,326	3,200
Education Improvement Grant (Education)		-	2,568
Pupil Development Grant (Education)		-	1,795
Local Authority Education Grant (includes Education Improvement and Pupil Development Grants)		11,365	
Children and Communities Grant (Children's Services)		3,425	3,132
Concessionary Fares Grant		521	446
Housing Benefit Subsidy		12,575	13,029
Housing Support Grant		3,899	3,809
Environment and Sustainable Development Grant		464	464
Levelling Up Fund		5,132	2,903
Integrated Care Fund		2,184	1,947
Total		42,891	33,293
Covid Related Grants			
Covid Local Government Single Emergency Hardship Fund:			
NDR Relief Grant		18	2,238
Total		18	2,238
Other Covid Grants:			
Education, Skills and Young People		-	1,005
Total		-	1,005
Other Grants:			
Education, Skills and Young People		3,251	5,440
Adult Services		2,002	1,447
Children's Services		1,971	1,467
Housing		3,400	3,259
Highways, Property and Waste		2,352	3,839
Economic Development and Regulatory		6,922	3,684
Corporate Transformation		520	240
Resources		2,010	618
Council Business		77	14
Corporate and Demotracitic		1	-
Corporate Management		10	-
Corporate Finance		63	-
Housing Revenue Account		167	116
Total		22,746	20,124
Contributions:			
		10,350	9,711
Total grants and contributions credited to services		76,005	66,371
Total		241,183	215,023

Revenue Grants Received in Advance

Revenue Grants Received in Advance	2024/25 £'000	2023/24 £'000
Education, Skills and Young People	185	228
Economic Development and Regulatory	693	988
Housing	3	43
Social Services	23	365
Corporate Transformation	30	16
Rate Relief	8	8
Total	942	1,648

Capital Grants Received in Advance

The following capital grants were received in advance and have not been applied to the Comprehensive Income and Expenditure Statement: -

Capital Grants Received in Advance	2024/25 £'000	2023/24 £'000
Welsh Government Capital Grants and Contributions Received in Advance:		
Long-term		
North Wales Economic Ambition Board	1,349	3,625
Short-term		
Contaminated Land	17	17
Gateway Units	-	22
21st Century Schools	121	50
Community Disabled Hub Grant	-	10
Green Recovery Grant	71	71
Tourism Attractor Destination	-	374
Electric Vehicle Infrastructure	166	179
Low Carbon Heat Grant	494	513
North Wales Economic Ambition Board	3,846	2,990
Additional Learning Needs	153	261
Other	98	32
Capital Grants and Contributions Received in Advance from other Organisations:		
Housing Revenue Grant	84	34
Shared Prosperity Fund	-	250
Levelling Up Fund	6,794	3,964
Sports Wales	177	2
Other	141	70
Total	13,511	12,464

NOTE 31 – RELATED PARTIES

The Council is required to disclose information in relation to the Authority’s transactions and outstanding balances with its related parties. The materiality of individual transactions arising through related parties and the following disclosures are concerned with transactions between the Council and its related parties. Details regarding joint committees and joint arrangements can be found in Note 37 Joint Committees and Pooled Budgets.

Members - Members are responsible for the direct control of the policies of the Council. The total Members’ allowances paid during the year is shown in Note 26. The Council appoints Members to certain public, charitable and voluntary bodies, which are independent from the Council but have an impact on its service areas. In order that the Council can maintain effective partnerships with a number of these organisations, representatives of the Council, usually elected Councillors, sit on the various committees and forums that are responsible for them.

Senior Officers - Senior Officers’ remuneration totals can be seen under Note 27. Senior Officers are required to complete a personal declaration of interest, stating any interests they may hold with any organisation which may receive payments from the Council.

A summary of transactions with related parties are as follows:

	2024/25 £'000	2023/24 £'000
Payments made	10,184	11,553
Payments Received	5,139	9,498
Amounts owed by the Council	6,279	3,255
Amounts owed to the Council	15,808	7,829

A summary of the individual organisations which have transactions with the Council in excess of £10k:

Body	Relationship	Payments Made £'000	Payments Received £'000	Amount owed by the Council £'000	Amounts owing to the Council £'000
2024/25					
Welsh Joint Education Committee	Member has declared an interest	404	-	185	-
Cyngor Cymdeithas Llanbadrig	Member has declared an interest	30	-	-	1
Aberffraw Football Club	Member has declared an interest	18	1	-	1
Llangefni Youth Football Club	Member has declared an interest	20	-	2	-
Action For Children	Member has declared an interest	271	-	12	-
Valley Parish Council	Member has declared an interest	11	-	-	-
Age Cymru Gwynedd a Môn	Member has declared an interest	88	-	5	-
Cymell Ltd	Member has declared an interest	249	13	20	2
Urdd Gobaith Cymru	Member has declared an interest	-	16	-	6
Bwyd Da Môn CBC	Member has declared an interest	23	-	-	-
Menai Bridge Town Council	Member has declared an interest	30	-	-	-
Mencap	Member has declared an interest	89	1	4	1
Conwy County Borough Council	Member has declared an interest	555	3	193	78
North Wales Advice & Advocacy Association	Member has declared an interest	-	-	18	-
Cyngor Gwynedd Council	Member has declared an interest	5,765	394	4,429	8,427
The Church in Wales	Member has declared an interest	-	45	-	27
Citizens Advice Ynys Môn	Member appointed by the Council to be a representative	95	-	-	-
Bangor University	Member appointed by the Council to be a representative	35	23	-	19
Betsi Cadwaladr University Health Board	Member appointed by the Council to be a representative	1,334	3,813	755	7,015
Cwmni'r Frân Wen	Member appointed by the Council to be a representative	13	-	12	-
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	292	181	123	12
Medrwn Môn	Member appointed by the Council to be a representative	89	-	414	5
Menter Môn	Member appointed by the Council to be a representative	529	125	104	112
North Wales Housing Association	Member appointed by the Council to be a representative	23	10	-	-
North Wales Police	Member appointed by the Council to be a representative	19	46	-	82
Welsh Local Government Association	Member appointed by the Council to be a representative	145	448	-	3
2023/24					
Age Cymru Gwynedd a Môn	Member has declared an interest	108	-	-	-
Cymell Ltd	Member has declared an interest	187	10	25	3
Action for Children	Member has declared an interest	275	-	12	-
Holyhead Town Council	Member has declared an interest	118	-	41	-
Cyngor Gwynedd	Member has declared an interest	6,447	1,012	2,811	177
Betsi Cadwaladr University Health Board	Member has declared an interest	1,076	5,041	291	5,301
Conwy Council	Member has declared an interest	591	80	64	-
Network Rail	Member has declared an interest	21	-	-	1
Dawns i Bawb	Senior Officer has declared an interest	4	-	-	-
Bryngwran Cymunedol Cyf	Member and Senior Officer has declared an interest	11	-	-	-
Grŵp Llandrillo Menai	Member appointed by the Council to be a representative	291	26	1	198
Medrwn Môn	Member appointed by the Council to be a representative	135	-	-	-
Menter Môn	Member appointed by the Council to be a representative	258	69	-	59
Cwmni'r Frân Wen	Member appointed by the Council to be a representative	24	-	-	-
Bangor University	Member appointed by the Council to be a representative	38	-	-	19
Citizens Advice Ynys Môn	Member appointed by the Council to be a representative	141	-	-	-
Welsh Joint Education Committee	Member appointed by the Council to be a representative	515	-	-	-
Welsh Local Government Association	Member appointed by the Council to be a representative	131	324	-	1

Welsh Government - Welsh Government has effective control over the general operations of the Council as it provides the statutory framework within which the Council operates. It also provides the majority of the Council's funding is in the form of grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. council tax, housing benefits). Details of Grant Income is set out in Note 30. Totals for Taxation and Non-Specific Tax is included in Note 12.

INTERESTS IN COMPANIES

The Council has interests in the following companies:-

The Isle of Anglesey Charitable Association (Y Gymdeithas) - The Isle of Anglesey Charitable Association, previously the Isle of Anglesey Charitable Trust, was established by the Isle of Anglesey Borough Council, a forerunner of the County Council, to administer investments purchased from monies received from Shell (UK) Limited when the company ceased to operate an Oil Terminal on Anglesey. The Association is now a separate legal entity with the same charitable purposes as the Isle of Anglesey Charitable Trust.

The Association is governed by a Membership of all of the Council's elected members in an ex-officio capacity, and a Board of 12 Trustees, six elected from the Membership, with the remaining six (including the Chair) appointed independently from the wider community.

The objectives of the Association are to provide amenities and facilities for the general public benefit of persons resident in the Isle of Anglesey. This is achieved by contributing towards spending on public services and by making grants to charitable and voluntary organisations.

The Council received £93k from the Association towards the running costs of Oriel Ynys Môn (£165k in 2023/24).

Caergeiliog Foundation School - Balances for current assets and liabilities controlled by Caergeiliog Foundation School are included in these accounts and so the school's reserves, as stated in this Balance Sheet, represent only the net current assets. The school also has non-current assets that are stated on the school's Balance Sheet at £770k at 31 March 2025 (£768k at 31 March 2024), on a combination of valuation and historical cost, less depreciation. The non-current assets are vested in the school's Governing Body and are not consolidated in this Council's Balance Sheet.

Porthladd Rhydd Ynys Môn Limited - This company was incorporated in November 2024 to run the free port at Holyhead. Currently, the Council is the only shareholder for this company with the Chief Executive listed as the Director. It is expected that this will change during the next financial year to include other companies. The Council received a grant from Welsh Government of £301k in 2024/25 (£449 in 2023/24) to develop an Outline and Final Business Case for the establishment and development of the free port.

Once the company is operational, it will receive payments from landowners of land designated as tax sites/locations. The Council will receive the value of the tax from the developments from the Welsh Government for a number of years, some of this income will be used to fund the company's running costs. If the value of the taxes received is greater than the financial need of the company, the excess will be used by the Council to fund projects in-line with the free port's objectives. In addition, the Council will also receive a capital grant with the aim to attract companies on to the Island.

NOTE 32 – TRUST FUNDS

The Council acts as trustee for a number of trust funds some of which are registered charities. The financial administration of the trusts is completed by the Council as Trustee though the financial information held about each trust is separately identifiable. The Isle of Anglesey County Council Welsh Act Fund and the Anglesey Further Education are the two larger trusts for which the Council is trustee for.

2024/25	2024/25 Income £'000	2024/25 Expenditure £'000	2024/25 Assets £'000	2024/25 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund	25	0	807	-
Anglesey Further Education Trust Fund	198	160	3,395	9

2023/24	2023/24 Income £'000	2023/24 Expenditure £'000	2023/24 Assets £'000	2023/24 Liabilities £'000
Isle of Anglesey County Council Welsh Church Act Fund	27	0	782	-
Anglesey Further Education Trust Fund - final accounts	169	203	4,817	9

Anglesey Further Education Trust Fund (Reg No 525254)

The Anglesey Further Education Trust is made up of three funds. This includes the David Hughes Estate of farms and smallholdings which is managed by the Council's Smallholdings team within the Property Section. The David Hughes fund collects rents from its smallholdings and interest on its other investments. The other two funds earn income from non-property managed investments. The net income from the trust is to fund financial assistance for eligible older pupils and young people under 25 to help them to complete courses where they are at a financial disadvantage.

The current final audited accounts for the trust relate to 2023/24 which can viewed using the below link.

[Further Education Trust Annual Report and Accounts 2023/24.pdf](#)

Isle of Anglesey County Council Welsh Church Act Fund

This fund was previously managed by Gwynedd County Council which transferred the assets of the fund to the Council in May 2019. A consultant is currently reviewing the trust with a view to launching a new scheme which will outline the purpose of the fund, its plan for the provision of charitable aid as well creation of the fund as a new charity. The net assets of the fund at 31 March 2025 was £807k (£782k at 2023/24).

Minor Trusts

The Council is also trustee for a number of small education trusts as shown below:-

Minor Education Trusts	2024/25 Assets £'000	2023/24 Assets £'000
Amlwch		
Sir Thomas Jones and feeder schools	1	1
Mrs Dilys Evans BA	2	2
Mr Caradoc Evans MSc	2	2
Holyhead		
Stanley Scholarship	14	14
Menai Bridge		
F C Baines AP	35	34
Others		
Llanyngghenedl War Heroes	7	7
John Williams-Hughes	3	3
Anwen Williams	6	6
Total Minor Education Trusts	70	69

Other funds administered by the Council

The Council as part of its safeguarding and supporting vulnerable people remit also administer a number of client bank accounts which the Council has been appointed to manage by the Department of Work and Pensions (DWP) as Corporate Appointee or the Court of Protection as relevant. This is on behalf of individuals who lack the capacity to manage their financial affairs themselves. These are managed by a team in Adults services and are monitored biannually by the Court of Protection. The total value of these accounts at 31 March 2025 was £1.023m (£933k at 31 March 2024). This value is not included in the Council balance sheet as the funds do not belong to the Council.

NOTE 33 - TEACHER'S PENSION SCHEME

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

The scheme is technically a 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 performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts it is, therefore, accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £8.530m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.47% of pensionable pay (£6.819m and 23.68% in 2023/24).

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the teachers' scheme. These costs are accounted for on a defined benefits basis and detailed in Note 34 below.

NOTE 34 – LOCAL GOVERNMENT DEFINED BENEFIT PENSION SCHEME

Retirement Benefits Participation in the Local Government Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Gwynedd Pension Fund which provides defined benefits and is administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. In addition, the Council's share of the pension income, costs, assets and liability relating to the North Wales Economic Ambition Board are included in these figures.

a) Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when the employees earn them, rather than when they are eventually paid as pensions. However, the charge made against the Council Fund 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 through the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year: -

	2024/25 £'000	2023/24 £'000
Service cost comprising:		
Current service cost	10,075	10,810
Losses on settlements or curtailments	242	27
Total Service cost	10,317	10,837
Financing and Investment Income and Expenditure		
Interest cost on defined benefit obligation	17,843	17,300
Interest on the effect of the asset ceiling	3,451	939
Interest Income on scheme Assets	(20,841)	(18,266)
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	10,770	10,810
Return on Plan Assets (excluding amounts included in net interest expense)	1,958	(24,839)
Actuarial losses / (gains) arising on changes in demographic assumptions	(643)	(2,190)
Actuarial losses / (gains) arising on changes in financial assumptions	(61,449)	(23,019)
Other	(3,616)	11,295
Impact of the Asset Ceiling	(74,595)	(20,700)
Total re-measurement of net defined benefit liability - Asset	(138,345)	(59,453)
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(127,575)	(48,643)
Reversal of net charges made for retirement benefits in accordance with the code	(982)	(193)
Actual amount charged against the Council Fund balance for pensions in the year:		
Employers' contributions payable to scheme	11,752	11,003
Total Post-employment benefits charged to the Surplus or Deficit on Provision of Service	10,770	10,810

b) Pension Assets and Liabilities recognised in the Balance Sheet

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the Scheme as at 31 March 2025.

Amounts included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan are as follows:	31 March 2025 £'000	31 March 2024 £'000
Present Value of Scheme Assets	450,508	428,411
Present Value of Scheme Liabilities	(311,422)	(357,267)
Present Value of Scheme Liabilities - Unfunded	(9,259)	(10,522)
Net Asset/(liability) arising from defined obligation	129,827	60,622

Reconciliation of Present Value of the Scheme Liabilities

	2024/25 £'000	2023/24 £'000
Balance as at 1 April	367,789	363,983
Adjustment to opening balance to amend NWEAB	-	53
Current service cost	10,075	10,810
Interest cost	17,843	17,300
Contributions from scheme participants	3,624	3,449
Remeasurement losses / (gains)	(65,708)	(13,914)
Past service costs	242	27
Estimated unfunded benefits paid	(1,022)	(976)
Estimated benefits paid	(12,162)	(12,943)
Balance as at 31 March	320,681	367,789

Reconciliation of Present Value of the Scheme Assets

	2024/25 £'000	2023/24 £'000
Opening Fair Value of Scheme Assets as at 1 April	428,411	383,797
Adjustment to opening balance to amend NWEAB 2021/22	-	-
Interest Income	20,841	18,266
Return on plan assets (excl. net interest expense)	(1,958)	24,839
Other Experience	-	-
Contributions by members	3,624	3,449
Contributions by employer	11,752	11,003
Contributions in respect of unfunded benefits	1,021	976
Unfunded benefits paid	(1,021)	(976)
Benefits paid	(12,162)	(12,943)
Balance as at 31 March	450,508	428,411

c) Fair Value of Scheme Assets

The table below shows the categorisation of equities and other investments between the Prices Quoted in Active Markets and Prices Not quoted in Active Markets and the percentage of each type of investments. The investment fund managers vary the investments to achieve the best returns in secure investments.

The Pension fund managers have, since 2018/19, started to move investments from those quoted in active markets to two global pooled funds in the Wales Pensions Partnership (WPP). These investments are shown within Investment Funds and Unit Trusts which are not quoted in open markets. More information about the Gwynedd Pension Fund in its entirety is available on the following link:

<https://www.gwynedd-pensionfund.wales/en/Home.aspx>

The Council's share of the Pension Scheme assets comprise :-

	2024/25 Prices Quoted in Active Markets £'000	2024/25 Prices not quoted in Active Markets £'000	2024/25 Percentage of Total Assets £'000	2023/24 Prices Quoted in Active Markets £'000	2024/25 Prices not quoted in Active Markets £'000	2024/25 Percentage of Total Assets £'000
Cash and cash equivalents	-	4,916	1%	1,167	4,353	1%
Private Equity		23,140	5%	-	22,464	5%
Investment Funds and Unit Trusts						
Equities		239,467	53%	-	237,189	55%
Bonds		131,455	29%		122,613	29%
Infrastructure		27,032	6%		10,887	3%
Other		-	0%		69	0%
Real Estate						
UK Property		24,498	6%		29,663	7%
Overseas property		-	0%	0	0	0%
Derivatives		-	0%		6	0%
Total Value – All Assets	-	450,508	100%	1,167	427,244	100%
Total Value of Active and Non-Active Assets		450,508			428,411	

ch) Scheme History

Analysis of scheme assets and liabilities: -

	31 March 2025 £'000	31 March 2024 £'000
Fair Value of Assets in pension scheme	450,508	428,411
Present Value of Defined Benefit Obligation	(320,681)	(367,789)
(Deficit)/Asset in the Scheme	129,827	60,622

The analysis of scheme assets and liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. For 2024/25 there is a present value of defined benefit obligations of £320.681m which is significantly lower than usual value due to the increased discount factor prescribed by accounting standards and used by the Actuary. This as mentioned in the narrative report is linked to the increased bank base rate and the value of UK corporate bonds which the discount factor is based on. The fair value of assets in the pension scheme is £450.508m which is higher than the present value of the defined benefit obligations of £320.681m. This resulted in a net asset position excluding unfunded benefits of £139.086m. Under accounting rules (IFRIC14) the council is not allowed to show a net pension asset on the balance sheet due to restrictions on the pensions fund.

The Council has applied a net asset ceiling of £139.086m which will bring the asset to nil on the balance sheet on page 13. However, unfunded obligations cannot be offset against the net pension asset for the purposes of the asset ceiling. Therefore, the net pension liability on the balance sheet is £9.259m despite the positive performance of the pension fund in 2024/25.

d) The Significant Assumptions used by the actuary have been:-

	2024/25	2023/24
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>		
Men	20.7 years	20.8 years
Women	23.5 years	23.5 years
<i>Longevity at 65 for future pensioners:</i>		
Men	21.8 years	21.9 years
Women	25.3 years	25.3 years
 Inflation/Pension Increase Rate	2.75%	2.75%
Salary Increase Rate	3.25%	3.25%
Expected Return on Assets	4.40%	11.20%
Rate for discounting scheme liabilities	5.80%	4.85%
 Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2008	50%	50%
Service post April 2008	65%	65%

dd) Sensitivity Analysis

Change in assumptions as at 31 March 2025	Approximate % increase to employer	Approximate Monetary Amount £'000
0.1% decrease in real Discount Rate	2%	6,059
1 year increase in member life expectancy	4%	12,827
0.1% increase in the Salary Increase Rate	0%	300
0.1% increase in the Pension Increase Rate (CPI)	2%	5,927

The sensitivity analysis above is based on reasonably possible changes to the assumptions occurring at the end of the reporting period. It assumes for each change in assumption that all the other assumptions remain constant. The sensitivity analysis shows that the impact of a 0.1% decrease in the real discount rate due to potential market changes which could decrease the fund's liabilities by £6.059m. A one-year increase in member life expectancy could increase liabilities by £12.827m. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e if improvements to survival rates predominately apply to younger or older ages). A 0.1% increase in the salary increase rate, could increase the fund's costs by £300k. A 0.1% increase in the pension rate could increase liabilities by £5.927m. The estimations in the sensitivity analysis have been calculated in accordance with professional actuarial assumptions, IAS 19, and FRS 102.

This means that the use of the 0.1% assumptions below were selected by the specialist actuary in accordance with his/her professional judgement. The Actuary would have considered current and past information. Information about people's lifespans and demographic information would have also influenced this.

e) Impact on the Authority's Cash Flows

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. The Council has a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed by 31 March 2028.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013.

Under the Act, the LGPS in England and Wales, and other main existing public service schemes, may not provide benefits in relation to service after 31 March 2014 (or Service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for schemes' regulation to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The net asset/liability show underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The net asset of £139.086m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. This is a statutory accounting asset which does not affect Council balances. However, the accounting standard for Pensions IAS19 and IFRIC14 requires that a net pension asset cannot be included as an asset on the balance sheet, this has therefore been excluded and the pension liability shows the £9.259m balance on unfunded obligations in accordance with the rules.

f) Estimated contributions to be paid to Gwynedd Pension Fund in 2024/25

The Council anticipates paying £11.631m contributions to the scheme in 2025/26. The amount outstanding to Gwynedd Council in respect of the LGPS contributions for 2024/25 as at 31 March 2025 is £1.270m and is included in the short-term creditors' disclosure note.

ff) Uncertainty about the potential impact of the Virgin Media case in relation to changes to member's benefits between 1996 and 2016

In June 2023, the High Court found in the Virgin Media case, that changes to member benefits in contracted out defined benefits pension schemes between 1996 and 2016, were void if an actuarial certificate was not completed in accordance with section 37 of the Pension Schemes Act 1993. This applies to past service rights and future service rights and to changes to the detriment of benefit scheme members. The judgement was appealed in June 2024 but the appeal was dismissed. The actuary for the Gwynedd Pension Fund which includes the Isle of Anglesey County Council pensions, has confirmed that there is considerable uncertainty about whether this ruling will impact on the Local Government Pensions Scheme.

NOTE 35 – FINANCIAL INSTRUMENTS

Financial instruments are contractual agreements between two or more parties regarding a right to payment of money. One party would have a financial asset where money or another financial asset is given to the other party, in exchange for the agreed return of the money or financial instrument, often with interest or a favourable return on the investment. The transaction would be a financial liability for the other party or parties. This would be the agreement to repay the money at the contracted time and for the agreed return. For example, the Council's main financial assets are its investments in bank deposits.

Examples of financial assets are cash, bank deposits, trade receivables (debtors), equities, bonds, and derivatives. Examples of financial liabilities are borrowings, trade payables (creditors) and any contractual obligation to deliver cash or financial assets to another entity.

NOTE 35a – FINANCIAL ASSETS

This note shows the different categories of financial assets required by IFRS 9 and the value of the Council's financial assets at 31 March 2025. It also provides the value of non-financial assets, which includes the value of Land and Property and other assets. The Council can only enter into financial assets and liabilities in accordance with the Council's Treasury Management Strategy Statement. The strategy specifies strict criteria; therefore, the Council can only invest in financial assets which are highly secure, and which can be accessed when the Council needs the cash.

Most investments are deposits in UK banks which meet the Council's credit rating criteria, or loans to other local authorities. These all fall under the IFRS 9 classification of Financial Assets measured at Amortised cost as highlighted by Note 35a.

The table below shows the carrying amount of the financial assets. This is the value of the financial assets in the Balance Sheet based on amortised cost. The fair value would be the price to sell the financial assets on 31 March 2025.

Financial Assets	Short-term				Long-term				Total			
	31/03/2025		31/03/2024		31/03/2025		31/03/2024		31/03/2025		31/03/2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000	£'000	£'000
Financial assets held at amortised cost												
Cash and cash equivalents												
Cash and cash equivalents - deposits	5,965	5,965	16,603	16,603	-	-	-	-	5,965	5,965	16,603	16,603
Other Cash and cash equivalents	606	606	504	504	-	-	-	-	606	606	504	504
Other Short-term Investments	7,000	7,000	15,000	15,000	-	-	-	-	7,000	7,000	15,000	15,000
Total Investments	13,571	13,571	32,107	32,107	-	-	-	-	13,571	13,571	32,107	32,107
Debtors												
Rents	367	367	306	306	-	-	-	-	367	367	306	306
Employee Loans	334	334	337	337	14	14	14	14	348	348	351	351
Trade Debtors	2,535	2,535	2,158	2,158	-	-	-	-	2,535	2,535	2,158	2,158
Deferred Income			-	-	1,611	1,611	1,018	1,018	1,611	1,611	1,018	1,018
Housing Benefits Overpayments	171	171	181	181	-	-	-	-	171	171	181	181
Other debtors	4,367	4,367	2,420	2,420	-	-	-	-	4,367	4,367	2,420	2,420
Total Financial Assets - Debtors	7,775	7,775	5,402	5,402	1,625	1,625	1,032	1,032	9,400	9,400	6,434	6,434
Total Financial Instruments	21,346	21,346	37,509	37,509	1,625	1,625	1,032	1,032	22,971	22,971	38,541	38,541
Assets not Defined as Financial Instruments	62,309	62,309	46,269	46,269	597,825	597,825	550,943	550,943	660,134	660,134	597,212	597,212
Total Assets	83,655	83,655	83,778	83,778	599,450	599,450	551,975	551,975	683,105	683,105	635,753	635,753

The financial assets are split between investments and debtors. The investments are the cash deposits in UK banks along with other cash and cash equivalents which relate to the amounts held for operational banking and payment of day-to-day costs. The Council also invested in fixed term deposits at a higher interest rates. The amounts held as cash and cash equivalents in UK bank deposit accounts are surplus to the day-to-day needs, but which will be required in the future. These earn interest for the period invested. The other category of financial assets is debtors.

These relate to organisations or individuals who owe the Council money. The most significant are trade debtors which relate to amounts due for services received. Employee loans are also shown; these are soft loans which mainly relate to car loans for members of staff who travel more extensively on Council business. The loans were provided at lower than market value rate due to the need for work-related travel. Debtors exclude transactions with government departments, and income and payments arising from taxation, including Council Tax and business rates.

NOTE 35b – FINANCIAL LIABILITIES HELD BY THE COUNCIL

All of the Council's Financial Liabilities are classified as Financial Liabilities at Amortised Cost. This is shown below. The note also shows the value of non-financial liabilities.

The Council's borrowing liabilities amounted to £123.933m at 31 March 2025. This is the borrowing taken out over the years to fund capital expenditure on the construction of or refurbishment of Council assets. The short-term loans are the amounts due to be repaid by 31 March 2026. The long-term loans are due to be paid in more than one year's time. The main provider of loans to the Council is the Public Works Loans Board (PWLB), which is part of Central Government's Treasury Department.

The fair value of the Council's borrowing was calculated by the Council's Treasury Management consultants, Link Asset Services. The total fair value on the Council's borrowing was £99.481m, lower than the carrying value on the Balance Sheet of £123.933m at 31 March 2025. The fair value of the assets is £24.452m lower than the carrying amount because the PWLB is offering a net discount if the Council replaces these loans with new loans. The Council has benefitted from lower interest loans while the base rate of interest has been low. This has helped ensure that interest repayable each year is lower than previous years when interest rates were higher. The cost in increased interest repayable each year would be higher than the value of the PWLB total discount and the annual interest cost on the new loans would not be affordable.

Financial Liabilities	Short-term				Long-term				Total			
	31/03/2025		31/03/2024		31/03/2025		31/03/2024		31/03/2025		31/03/2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value Restated £'000
Financial liabilities held at amortised cost												
Borrowing												
PWLB	1,850	1,858	2,977	1,861	117,690	94,009	117,690	103,865	119,540	95,867	120,667	105,726
Salix	467	467	364	364	3,926	3,147	3,485	2,845	4,393	3,614	3,849	3,209
Total Financial Liabilities - Borrowing	2,317	2,325	3,341	2,225	121,616	97,156	121,175	106,710	123,933	99,481	124,516	108,935
Creditors												
Trade	1,957	1,957	3,672	3,672			-	-	1,957	1,957	3,672	3,672
Other Creditors	20,355	20,355	19,831	19,831	-	-	-	-	20,355	20,355	19,831	19,831
Total Financial Liabilities - Creditors	22,312	22,312	23,503	23,503	-	-	-	-	22,312	22,312	23,503	23,503
Total Financial Liabilities	24,629	24,637	26,844	25,728	121,616	97,156	121,175	106,710	146,245	121,793	148,019	132,438
Total Liabilities not defined as Financial Liabilities	35,625	35,625	27,601	27,601	14,545	14,545	18,560	18,560	50,170	50,170	46,161	46,161
Total Liabilities	60,254	60,262	54,445	53,329	136,161	111,701	139,735	125,270	196,415	171,963	194,180	178,599

NOTE 35c- INCOME, EXPENDITURE, GAINS AND LOSSES

The table below shows the impact of the Council's financial instruments held on the Council's annual revenue account for 2024/25.

Income, Expense, Gains and Losses	2024/25		2023/24	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Net (gain)/losses on:				
Financial assets measured at amortised cost (impairment loss allowance and derecognition)	545		743	-
Total net gains/losses	545	-	743	-
Interest revenue:				
Financial assets measured at amortised cost	(2,084)		(2,475)	-
Total interest revenue	(2,084)	-	(2,475)	-
Interest expense:				
Financial liabilities measured at amortised cost	5,335		5,515	
Total Interest Expense	5,335	-	5,515	-

The table shows that the Council was charged £545k (£743k in 2023/24) for the impairment and de-recognition of the financial assets noted above in Note 35a. Impairment and de-recognition charges are shown in more detail in Note 36a. The debtor's asset is impaired to consider the risk that not all outstanding debts will be paid. A charge for de-recognition is made for outstanding income unlikely to be paid. This reduces the value of the assets by this amount and charged the Comprehensive Income and Expenditure Statement (CIES).

The Council received £2.084m (£2.473m in 2023/24) in interest from its deposits in UK banks and loans to other local authorities. Interest on investments previously increased significantly due to the impact of the increasing interest rates to control inflation. The Bank of England has started to reduce interest rates as inflation has reduced significantly. Council cash balances are also reducing due to cost pressures and reduced funding. Interest receivable, therefore, is likely to be lower in 2025/26 and beyond. The interest payable on borrowings relating to 2024/25 was £5.335m (£5.515m in 2023/24).

NOTE 36 – THE 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.

Market Risk – the possibility that financial loss might arise for the Council because of changes in such measures as interest rates. The overall management of significant risks arising from Financial Instruments is supported by the Council's Treasury Management Strategy Statement and Annual Investment Strategy which is approved by the full Council. The Council has only invested in UK banks and other local authorities during the year. The base rate increases have led to a significant increase in interest receivable. However, if the Council borrows from the PWLB in the future the interest rates will be much higher which would increase annual interest costs.

Credit Risk – Credit Risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers (debtors on the Balance Sheet). The standard requires the Council to provide for potential credit losses from potential non-payment of income due to the Council. This is called the Impairment loss allowance (ILA). Instead of basing potential losses on historic information only, the Council will consider potential future credit losses earlier and has revised the impairment policy to impair for potential credit losses on more current debtors. The revised policy can be found in Note 44 Accounting Policies.

The Council has assessed the credit risk of bank deposits on the likelihood of the bank defaulting in repaying the investment. There are increased risks to the banking sector from Brexit, the impact of the Pandemic and more recently, the war in Ukraine. However, the risk of default is still considered low. This is due to banks' increased financial resilience following new legislation following the 2008 banking crises. The bank deposits have, therefore, not been impaired. Deposits are not made with banks and financial institutions unless, having been rated independently, they have attained a minimum credit rating or level of government guarantee, and credit limits are set for each counterparty. The Council has set a number of limits based on credit quality for different types of institutions, different periods and amounts and has a policy of not lending more than £15m to any one institution other than the UK government. The Council monitors credit ratings regularly and is alerted to changes by its Treasury Management consultants. Appropriate action is taken following any changes in accordance with the Annual Investment Strategy. An Annual Treasury Report is produced to report on investment activity.

There were no material breaches of credit limits during the financial year and there were no breaches of the counterparty criteria. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers; it has prescribed collection procedures for amounts owed by its customers and appropriate provisions are made for potential

credit losses. In some circumstances, the Council obtains a legal charge on property to cover deferred debts, such as self-funding of residential care. The Council also has a number of longer-term debtors, mainly car loans to employees and residual mortgages from a closed scheme offering home loans to tenants and to members of the public. The residual mortgages are low risk due to the charge held by the Council on mortgaged properties. The car loans are considered low risk due to the ability to deduct repayments of car loans from employees' salaries, reciprocal arrangements with other local authorities for any staff transferring with outstanding car loans, insurance for loans unpaid due to death in service and normal debt recovery procedures for any employees who leave local government employment.

NOTE 36a – IMPAIRMENT AND DERECOGNITION OF FINANCIAL ASSETS

In order to ensure that the Council's income is not overstated in these accounts, debtors balances are impaired to account for the credit risk of receiving less income than is outstanding. This impairment takes into account more current debtors as well as debts outstanding over a longer period of time. In order to ensure that the Council does not recognise any income which might never be recovered, these debts are considered for write-off, which must be approved in accordance with the Council's constitution. Those approved for write-off are removed from the debtor's balance and charged against revenue in the Financing and Investment Income and Expenditure section of the CIES.

The changes in impairment allowance and amount de-recognised is shown below: -

Asset Class (amortised cost)	2024/25 Lifetime expected credit losses - not credit impaired £'000	2023/24 Lifetime expected credit losses - not credit impaired Restated £'000
Opening Balance as at 1 April	5,246	4,605
Deposits in UK Banks	-	-
Trade Debtors (excluding public sector and taxation)	289	496
Soft Loans	-	-
Housing Benefit Overpayments	(86)	97
Rents	106	48
Total Impairment Allowance 31 March	5,555	5,246
Financial Assets that have been derecognised	235	102
Total Impairment and Derecognition charged	544	743

NOTE 36b – Credit risk from investments

The below criteria provides the minimum credit ratings for institutions the Council invests in. In practice the Council invests in UK banks and building societies and other UK local authorities after assessment of their financial information. The criteria also allows for UK Central Government financial instruments and triple A rated money market funds. This criteria below is included in the annual Treasury Management Strategy Statement and has been approved by Full Council.

Category	Short Term Credit Rating (Fitch)	Short Term Credit Rating (Moody's)	Short Term Credit Rating (Standard & Poor's)	Long Term Credit Rating (Fitch)	Long Term Credit Rating (Moody's)	Long Term Credit Rating (Standard & Poor's)	Cash Limit	Time Limit
Bank and Building Societies (not nationalised or part nationalised)	F1+	P-1	A-1+	AAA	Aaa	AAA	£10m	5 years
	F1+	P-1	A-1+	AA	Aa2	AA	£10m	3 years
	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	364 days
	F1	P-1	A-1	A	A2	A	£7.5m	6 months
Nationalised / Part Nationalised UK Banks	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
NatWest Bank (Part Nationalised)	n/a	n/a	n/a	n/a	n/a	n/a	£30m	364 days
UK Central Government (irrespective	n/a	n/a	n/a	n/a	n/a	n/a	No maximum	No maximum
UK Local Authorities*	n/a	n/a	n/a	n/a	n/a	n/a	£10m	364 days
Money Market Funds	n/a	n/a	n/a	AAA	AAA	AAA	£5m	6 months

NOTE 36c – LIQUIDITY RISK AND PROFILE OF WHEN THE COUNCIL IS DUE TO REPAY LOANS

Liquidity Risk is low as the Council had no difficulty in the past in obtaining finance and has ready access to the Public Works Loans Board (PWLb) as lender of last resort. The key aims of the Treasury Management Strategy are to ensure the Authority is exposed to low risk and to ensure liquidity. The majority of the Authority's investments are in instant access deposit accounts. Therefore, there is a reduced risk that it will be unable to raise finance to meet its commitments under financial instruments.

However, there is often a risk that the Council will need to renew a significant proportion of its borrowings at a time of high interest rates. The current low interest rates would reduce interest rates on new loans that are taken out to repay the debt maturing. To assist in achieving this, the Council uses external treasury management advisors.

The maturity analysis of outstanding loans is shown in Note 36c below. Trade and other payables are due to be paid in less than one year.

	2024/25 Outstanding principal £'000	2024/25 Accrued interest £'000	2024/25 Cost less accumulated amortisation £'000	2023/24 Outstanding principal £'000	2023/24 Accrued interest £'000	2023/24 Cost less accumulated amortisation £'000
>45 years	-	-	-	-	-	-
34-45 years	32,963	-	32,963	32,963	-	32,963
23-33 years	50,251	-	50,251	50,251	-	50,251
15-22 years	17,994	-	17,994	22,994	-	22,994
11-14 years	6,522	-	6,522	2,162	-	2,162
7-10 years	3,127	-	3,127	4,307	-	4,307
4-6 years	5,339	-	5,339	3,493	-	3,493
1-3 years	5,419	-	5,419	5,004	-	5,004
Total Long-Term Borrowing	121,615	0	121,615	121,174	-	121,174
Total Short-Term Borrowing (< 1 year)	467	1,850	2,317	1,236	2,105	3,341
Total	122,082	1,850	123,932	122,410	2,105	124,515

NOTE 36ch – MARKET RISK AND ESTIMATED IMPACT OF A ONE PERCENT INCREASE IN INTEREST RATES ON FINANCIAL ASSETS

Interest Rate Risk – The Council faces potential risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For example, a rise in interest rates would have the following effects: -

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Comprehensive Income and Expenditure Statement would rise;
- Borrowings at fixed rates – the fair value of the borrowings' liabilities would fall;
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Comprehensive Income and Expenditure Statement would rise; and
- Investments at fixed rates – the fair value of the assets would fall.

Borrowings are not carried at fair value as these are carried at Amortised Cost in accordance with the CIPFA code. Therefore, nominal gains and losses on fixed rate borrowings would not affect 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 Council Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Council policy is to borrow mainly at fixed rates, thus obtaining certainty as to interest payable over the period of the loans. The Council, supported by its treasury advisors, continually monitors the prevailing interest rates and the market forecasts. If there was a significant risk of a sharp rise in long and short-term rates, then the portfolio position would be re-appraised with the likely outcome being that fixed rate funding would be drawn down whilst interest rates were still relatively cheap. If there was a significant risk of a sharp fall in long and short-term rates, then long-term borrowings would be postponed and any appropriate rescheduling from fixed rate funding into short rate funding would be undertaken.

All of the Council's current and long-term borrowings are held at fixed rates. This helps reduce the impact of bank rate changes on the Council. Note 36ch shows the impact of a 1% interest rate increase on the fair value of the Council Financial Instruments. The value of the loans in the Balance Sheet would remain the same due to the interest rates being fixed. However, the fair value would reduce. The rate increase would have a positive impact on the Council's deposits as an extra £115k interest receivable would be received if there was a 1% increase in interest rates. However, as the Council's investments are mainly fixed term which offer much higher returns, the impact of a 1% increase on this is not included in the below figure.

Impact of a 1% interest rate increase	£'000
Increase in interest receivable from investments	15
Impact on other Comprehensive Income and Expenditure	15
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)	(11,122)

The Council receives regular market information and advice from its treasury management consultants and potential outcomes in relation to Brexit, Covid-19 and more recently the war in Ukraine.

The Council has sufficient cash balances and has not had to take out PWLB borrowing during the year. However, the Council did undertake two new Salix loans that are specific towards the development of more efficient energy usage.

NOTE 37 – JOINT COMMITTEES AND POOLED BUDGETS

NOTE 37a – JOINT COMMITTEES

GwE

The Isle of Anglesey Council and the Councils of Gwynedd, Conwy, Flintshire, Wrexham and Denbighshire are parties to a joint committee relating to GwE (Gwasanaeth Effeithiolrwydd a Gwella Ysgolion Rhanbarthol) (Regional School Effectiveness and Improvement Service).

Gwynedd Council is responsible for the operation of this committee, and the year-end balances are reflected in its Balance Sheet. The accounts for the committee can be viewed by following:-

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/GwE-Joint-Committee.aspx>

On 31 January 2024, the Minister for Education and the Welsh Language announced that new arrangements were to be implemented in relation to school improvement. This included moving away from the regional model. As a consequence, the GwE collaboration agreement will cease on 31 May 2025.

North Wales Economic Ambition Board

The Council is part of the North Wales Economic Ambition Board which comprises representatives from all six of the North Wales Local Authorities. A key role of this committee is to coordinate the planning and delivery of the Growth Vision for North Wales, with an initial emphasis on the Growth Deal. The Growth Deal is a package of funding from Central Government and the Welsh Government, with a budget of £240m to deliver projects across Wales to deliver sustainable and economic growth.

Additional information about the Joint Committee can be found on Gwynedd Council's website at the following web address/link:-

<https://www.gwynedd.llyw.cymru/en/Council/Performance-and-spending/Budgets-and-finance/Statement-of-Accounts/North-Wales-Economic-Ambition-Board.aspx>

The North Wales Economic Ambition Board was discontinued as of 31 March 2025 with its role and function being transferred to the Corporate Joint Committee (CJC).

North Wales Corporate Joint Committee (CJC)

The North Wales CJC was established during 2021/22 and comprises of the six North Wales local authorities and Snowdonia National Park. This joint committee is responsible for strategic development, planning, regional transport planning and promoting the economic well-being of North Wales. Isle of Anglesey Council's contribution for 2024/25 is £77k (2023/24 £76k). The Statement of Accounts can be found here:

[North Wales Corporate Joint Committee \(llyw.cymru\)](#)

Parc Adfer (North Wales Residual Waste Treatment Project)

The Parc Adfer plant became fully operational during 2019/20. Service costs are being incurred and are reflected under the Highways, Property and Waste part of the Comprehensive Income and Expenditure Statement. Flintshire Council acts as lead authority on this project. A copy of the 2022/23 accounts can be viewed using the following (item 6):

[Agenda for North Wales Residual Waste Joint Committee on Monday, 30th October, 2023, 2.00 pm \(flintshire.gov.uk\)](https://flintshire.gov.uk)

The Isle of Anglesey County Council is also involved in various joint arrangements with neighbouring North Wales Councils and the Welsh Government, as follows:-

- North Wales Adoption Service (Lead: Wrexham. Parties: Flintshire, Denbighshire, Conwy, Gwynedd);
- Minerals and Waste Service (Lead: Flintshire. Parties: Denbighshire, Conwy, Gwynedd);
- Regional Emergency Planning Service (Lead: Flintshire. Parties: Wrexham, Denbighshire, Conwy, Gwynedd);
- Galw Gofal (Lead: Conwy, Parties: Gwynedd, Flintshire).
- Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, a pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board (see Note 37b);
- Penrhos Industrial Estate – A joint arrangement since 2020/21 with Welsh Government where the Council keeps 16% of the net rental income and the remainder is transferred to the Welsh Government.

The Bus Network Grant was introduced in April 2024, replacing the Bus Emergency Scheme which was put in place following the pandemic.

The joint operations relating to Anglesey which were a result of the Covid-19 crisis have now come to an end, with the remaining Bus Emergency Scheme coming to an end in its present form March 2024. The Bus Emergency Scheme is funding from Welsh Government to support regional bus operators. Flintshire County Council acts as agent for the six North Wales local authorities. The income and expenditure is shared between the North Wales authorities on the basis of the Bus Services Support Grant. Isle of Anglesey County Council's share amounted to £1.117m in 2023/24.

NOTE 37b POOLED BUDGETS FOR HEALTH AND SOCIAL CARE

Under regulation 19(1) of the Partnership Arrangements (Wales) Regulations 2015, an informal pooled budget arrangement has been agreed between North Wales local authorities and the Betsi Cadwaladr University Health Board in relation to the provision of care home accommodation for older people for 2024/25. Income and expenditure for these pooled budget arrangements are included for information only and have not been accrued in each partners' accounts. The transactions for Isle of Anglesey County Council only are included in the Adults Services line of the Comprehensive Income and Expenditure Statement. This amounts to £7,126k in 2024/25 (£7,214k 2023/24).

North Wales Pooled Budget for Care Homes for Older People	2024/25 £'000	2023/24 £'000 (Restated)
Expenditure		
Care Home Costs*	136,047	124,041
Total Expenditure	136,047	124,041
Funding		
Isle of Anglesey County Council	(7,126)	(7,214)
Conwy County Borough Council*	(18,090)	(15,301)
Denbighshire County Council	(12,423)	(11,914)
Flintshire County Council	(14,980)	(13,578)
Gwynedd Council	(13,084)	(12,044)
Wrexham County Borough Council	(16,470)	(14,957)
Betsi Cadwaladr University Health Board	(49,033)	(49,033)
Total Funding	(131,206)	(124,041)
(Surplus)/Deficit transferred to Reserve	-	-

*Conwy County Borough Council 23/24 Care Home Funding and Care Home Costs have been restated

NOTE 38 – AGENCY ARRANGEMENTS

The Isle of Anglesey County Council acts as an agent for various schemes on behalf of the Welsh Government.

Houses into Homes

The Council acts as an agent for Welsh Government for the provision of loans to individuals for renovation of empty homes in order to reduce the number of empty homes on Anglesey and increase housing opportunities:-

Houses into Homes £777k (£922k 2023/24);

Home Improvements Empty Homes £55k (£32k 2023/24);

Town Centre Scheme £490k (£740k 2023/24);

Empty Homes Renovations Scheme £333k (£333k 2023/24).

Homes for Ukraine

The agency element of this scheme consisted of a £350 a month thank you payment to those who host families fleeing from the Ukraine, this raised increases to £500 after 12 months, up to a maximum of two years. The other element of this scheme is a £200 payment to Ukrainian families to help them to start a life in Wales.

Grant Title	2024/25				2023/24			
	Payments Made	Grant (Received)/R epaid from Government	Admin Fee Received	Balance due (to)/from Welsh Government at 31 March	Payments Made	Grant Received from Welsh Government	Admin Fee Received	Balance due (to)/from Government at 31 March
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Winter Fuel Payments	-	-	-	-	8	(208)	(11)	-
Energy Bills Support Scheme	-	-	-	-	140	310	-	-
Social Care Payments*	-	-	-	-	-	(2,890)	-	-
Homes for Ukraine	100	(54)	-	47	98	(76)	-	22
Total	100	(54)	-	47	246	(2,864)	(11)	22

Note: The table includes payments made to individuals and businesses during the year and not the grant amounts claimed.

NOTE 39 – COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1 April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for the Council and the North Wales Police Authority for the forthcoming year and dividing this amount by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts. The Council Tax base for 2024/25 was 33,170.03 (32,819.56 in 2023/24).

The amount for a band D property in 2024/25, £1,982.09 (£1,825.30 in 2023/24), is multiplied by the proportion specified for the particular band to give the amount due by band. Individual amounts due are calculated by applying discounts and benefits to the amount due by band.

Council Tax bills were based on the following multipliers for bands A to I :-

Band	Total Dwellings	Multiplier	Band "D" Equivalent
A*	8	5/9	4.44
A	4,253	6/9	2,835.33
B	6,213	7/9	4,832.14
C	6,609	8/9	5,874.44
D	7,129	9/9	7,128.50
E	5,441	11/9	6,650.11
F	2,690	13/9	3,884.83
G	1,104	15/9	1,839.17
H	181	18/9	361.50
I	57	21/9	133.60
Total			33,544.06

The Council Tax Base is calculated as follows:-

	2024/25	2023/24
Band D equivalent as above	33,544.06	33,178.33
Collection Rate	98.50%	98.50%
Revised Band D equivalent	33,040.89	32,680.66
MoD Properties – Band D equivalent	129.14	138.9
Council Tax Base	33,170.03	32,819.56

Analysis of the net proceeds from Council Tax:	2024/25 £'000	2023/24 £'000
Gross Council Tax	67,924	59,731
Add/Less: provision for non-payment not required or not previously accounted for	(317)	(162)
Council Tax collectable	67,607	59,569
Less Council Tax Reduction awarded to residents	(6,729)	(6,030)
Net Proceeds from Council Tax	60,878	53,539

In 2013/14, the Welsh Assembly Government introduced the Council Tax Reduction Scheme to replace the Council Tax benefit scheme. £6.729m of Council Tax reductions were awarded in 2024/25 (£6.030m in 2023/24).

NOTE 40 – NON-DOMESTIC RATES (NDR)

Non-domestic properties are normally assessed every five years for the purpose of calculating liability for NDR. The most recent list came into force on the 1 April 2023. Revaluations do not raise extra revenue overall but reflect changes in the property market values across the country, redistributing the same total tax liability for NDR. Some rates bills will rise and some will fall but the average national bill will only change with inflation.

The Welsh Government specifies an amount for the rate – 56.2p in 2024/25 (53.5p in 2023/24), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NDR pool administered by the Welsh Government. The Welsh Government then redistributes the sums paid into the pool back to local authorities on the basis of a fixed amount per head of population.

NDR income, after reliefs and provisions (including Small Business Rates Relief provided by the Welsh Government), amounted to £15.258m for 2024/25 (£9.663m in 2023/24) and was based on rateable value at the year-end of £41.889m (£41.985m in 2023/24).

Analysis of the net proceeds from non-domestic rates:	2024/25 £'000	2023/24 £'000
Non-domestic rates collectable	15,258	9,663
Cost of collection allowance	(189)	(188)
Interest paid on overpayments	(3)	(20)
Provision for bad debts	(142)	(121)
Contribution to cost of charitable relief	64	53
Retail, Leisure and Hospitality Business Rates Relief Scheme met from grant	1,384	2,237
High Street and Retail Relief met from grant	-	(3)
Payments into national pool	16,372	11,621
Redistribution from national pool	25,341	22,823

NOTE 41 – CONTINGENT LIABILITIES

Electrical Installation Condition Report (EICR) Certificates

Landlords are required to produce EICR certificates from an experienced and qualified electrician who has assessed the electrical installation within a property and deemed it be safe. These are usually required to be undertaken at least every five years. These electrical checks have been completed in accordance with the law but in some instances copies of the certificates were not provided to Council tenants. Failure to issue EICR certificates to housing tenants within seven days of the electrical inspection may result in the Council having to repay rent to those tenants who did not receive copies of the certificates as compensation. Whether the council will have to pay, depends on the outcome of ongoing legal action relating to another body on this matter.

Waste Recycling Targets

Welsh Government, in a bid to increase recycling, have issued waste recycling targets for Local Authorities for several years. Failure to reach those targets will result in a fine for those Councils. Isle of Anglesey's waste recycling target was missed for 2021/22 and 2022/23.

Public Liability Claim against Isle of Anglesey County Council's Predecessor

Due to the current circumstances surrounding a former headteacher of schools in Gwynedd, Gwynedd Council is assessing and considering the potential public liability claims against the Council and its predecessor. In the event that Gwynedd Council has to settle claims relating to events prior to 31 March 1996, Isle of Anglesey Council may have to make a contribution, at a previously agreed rate, to cover policy excesses and any liabilities not covered by insurance policies taken out by the former Gwynedd County Council. Gwynedd Council hold an earmarked reserve to meet the costs of claims in respect of the former Gwynedd County Council and Isle of Anglesey Council would only have to make a contribution in the event that this reserve is insufficient to meet any costs that have to be funded by the Council.

NOTE 42 – CONTINGENT ASSETS

Legal Charges

The Council retains a number of legal charges over privately owned residential properties, where it provided support to the buyers under schemes for assisted home purchase, with the Council being entitled to a share of proceeds on the sale of the properties. The actual amount that will be received will vary, dependent upon both the selling prices of individual properties and the nature of any other legal charges against them which may take precedence over the Council's. The timing of any receipts is dependent upon the occurrence of sale.

Porthladd Rhydd Ynys Môn Cyf

The above company has been established during the year with the Chief Executive currently listed as the only Director. This is the company that will be responsible for running the free port. The company will receive tax payments from owners of recognised development land. The Council will receive the tax worth from from these developments from Welsh Government for a number of years, some of this income will fund the running costs of the company. In addition, the Council will receive substantial capital grants to help entice companies to operate on Anglesey.

Financial Assessments

There has been a delay in the completion of financial assessments of Social Services service users. These assessments determine how much, above the minimum charge, the service users pay for their care. As these assessments have not been completed, some service users are yet to start paying for their care.

NOTE 43 – LEASING

NOTE 43a – RIGHT OF USE ASSETS

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
1 April 2024	840	116	956
Additions	609	150	759
Revaluations	-	-	-
Depreciation and Amortisation	(297)	(66)	(363)
Disposals	-	-	-
Balance at 31 March 2025	1,152	200	1,352

NOTE 43B – TRANSACTIONS UNDER LEASES

	2024/25 £'000	2023/24 £'000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	271	-
	271	-

NOTE 43C – MATURITY ANALYSIS OF LEASE LIABILITIES

	31/03/2025 £'000	31/03/2024 £'000
Less than one year	474	-
One to five years	533	-
More than five years	375	-
Total Undiscounted liabilities	1,382	-

NOTE 44 – ACCOUNTING POLICIES

This section discloses the specific accounting policies adopted by the Council for completion of the accounts.

Policy Reference	Policy Title
1	General Principles
2	Accruals of Income and Expenditure
3	Events After the Balance Sheet Date
4	Jointly Controlled Operations and Jointly Controlled Assets
5	Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors
6	Value Added Tax (VAT)
7	Fair Value Measurement
8	Non-Current Assets (Property, Plant and Equipment)
9	Investment Properties
10	Intangible Assets
11	Inventories and Long-term Contracts
12	Cash and Cash Equivalents
13	Financial Instruments
14	Provisions, Contingent Liabilities and Contingent Assets
15	Reserves
16	Revenue Recognition
17	Internal Interest
18	Leases
19	Charges to Revenue for Non-Current Assets – Minimum Revenue Provision (MRP)
20	Government Grants and Contributions
21	Revenue Expenditure Funded from Capital Under Statute (REFCUS)
22	Overheads and Support Services
23	Foreign Currency
24	Employee Benefits
25	Exceptional Items
26	Accounting for NDR
27	Agency Income and Expenditure
28	The Authority as Lessee

General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its financial position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations and the Accounts and Audit (Wales) (Amendment) Regulations 2018. These regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the CIPFA Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS). All principal accounting policies have been applied consistently throughout the year. The Statement of Accounts has been prepared on a "going concern" basis.

Accruals of Income and Expenditure

Transactions are accounted for in the year that they take place, not simply when cash payments are made or received. This accruals accounting approach provides a more complete basis for reporting the Council's financial performance as it includes the Council's future commitments to pay/receive cash for goods and services received but not paid by 31 March 2023. Income and expenditure are accounted for in the year the activity it relates to takes place, not simply when cash is paid or received, i.e., on an accruals basis. This means income is recorded when it is earned not received and expenditure when it is incurred not when it is paid. Income from the sale of goods is included in the accounts when the sale is completed, not when the cash is received. Income from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and, as a result of this, the Council is due income in return for the services provided. In addition: -

- Supplies 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 inventories 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 receivable on investments and bank deposits and payable on borrowings (including bank overdrafts) is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than necessarily the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.

Events after the Balance Sheet Date

Events can occur after the year-end which might have a significant effect on the financial results for that year. Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is authorised for issue when the Section 151 Officer signs the final

audited accounts, after the accounts are approved by full Council. The law requires that the audited, authorised final accounts are completed by 31 July following the year-end. Two types of events can be identified: -

- Those that provide evidence of conditions that existed at the end of the financial year – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the financial year – the Statement of Accounts is not adjusted to reflect such events but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Council recognises on its Balance Sheet its share of the assets and the liabilities that it incurs. The Comprehensive Income and Expenditure Statement is debited with the expenditure it incurs and credited with the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities, and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

Prior Period Adjustments, Changes in Accounting Policies and Estimates of Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and the conditions on the Council's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue & Customs. VAT receivable is excluded from income.

Fair Value Measurement

IFRS 13 Fair Value Measurement requires most non-current assets, liabilities, and financial instruments to be valued at fair value, often with regard to an active market value where available. For operational assets, the standard introduces the concept of fair value being based on current value (often value in use) for revaluations of Property, Plant and Equipment. This means measurements should reflect the market conditions for the service or function at the reporting date. The standard provides different fair valuation approaches to differing asset types. For non- operational assets, i.e., investment assets, assets held for sale and surplus assets, these are valued at their highest and best use. Where there is an alternative use which would be of a higher fair value that is the fair value which would be used for the valuation of non-operational assets. The code does not require infrastructure assets to be revalued at current value. Infrastructure assets are, instead, valued at depreciated historical cost.

The Authority 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.

Non-Current Assets (Plant, Property and Equipment)

Recognition

Non-current assets – Plant, Property and Equipment (PPE) – are physical assets which last a year or more and will be used by the Council in support of its provision of goods and services. The Council has set a minimum amount for expenditure on assets to be classed as capital expenditure. This de-minimis amount is £10k. Expenditure on the acquisition, creation or enhancement of non-current assets which cost £10k or more is capitalised on an accruals basis providing that it meets the above definition of a non-current asset. Plant, Property and Equipment would include assets such as machinery; it would not typically include assets held for sale as they would normally be expected to be disposed of within 12 months.

The costs of these assets may include initial costs of acquisition and construction and subsequent costs to enhance or replace part of the asset. All other expenditure arising from day-to-day servicing of assets, including repairs and maintenance, is recognised in the Comprehensive Income and Expenditure Statement as the costs are incurred.

1.1 Measurement

Assets are initially measured at cost, comprising: -

- The purchase price;

- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located in cases where, in order to bring an asset into use, any relocation of the asset is required.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be their fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheets using the following measurement bases: -

- Infrastructure, community assets and assets under construction are valued at depreciated historical cost;
- Council dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH);
- Council offices – current value, determined by the amount that would be paid for the asset in its existing use;
- School buildings – would be valued at current value in use but, because of their specialist nature, are measured at depreciated replacement cost;
- Surplus assets – the current value measurement is fair value, estimated at the highest and best use from a market participant's perspective;
- All other operational assets have been measured at current value based on existing use value (EUV). This means that the current value of land and buildings would be that amount which would be exchanged for an asset in its existing use. If there is no market evident for an asset due to its specialist nature or if the type of asset is rarely sold, the Authority estimates the current value using a depreciated replacement cost approach. For example, for property comprising land and buildings, depreciated replacement cost would be the market value for the existing use for the land on which the building sits plus the current gross replacement cost of the building less allowances for physical deterioration, obsolescence, and optimisation;
- Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Where there are conditions on any donated assets, the gain is instead credited to the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement;

- Where a part or component of an asset is replaced, the carrying value of the old part/component is derecognised to avoid double counting. The new component is then added to the carrying amount. If it is not practicable to determine the carrying amount of the replaced part, the cost of the new part is used as an indication of the cost of the replaced part; and
- Where an asset is not held for the purpose of generating cash flows, value in use is assumed to be at least equal to the cost of replacing the asset's service potential.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. 'Short Useful life' typically means seven years or less, although it may be longer for specialist items of plant and equipment.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. In practice, the Council undertakes valuations of its Property, Plant and Equipment assets based on a five-year rolling programme. However, assets with a carrying value over £500k are revalued each year. Increases in asset values are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, revaluation gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value 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); and
- Where there is 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 (CIES).

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.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have occurred include: -

- Significant decline (i.e., more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, which is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;

- A commitment by the Council to undertake a significant reorganisation; and
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

Where indicators exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified on revalued assets, they are accounted for by: -

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the impairment against 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, the impairment against 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, to the extent that the original loss was recognised in the CIES, adjusted for depreciation that would have been charged if the loss had not been recognised. Any excess is recognised in the Revaluation Reserve.

Where the impairment is on a non-revalued asset (i.e., an asset with a carrying value based on historical cost), the impairment is recognised in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets in order to allocate their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction). However, if any assets whose estimated useful economic lives are expected to be below or higher than the periods indicated below, due to professional opinion or provided by the manufacture or indicated as an industry standard. Depreciation can be charged on the estimated economic useful life outside the below boundaries.

Depreciation is calculated on the following bases: -

- Dwellings and other buildings – straight-line allocation over periods of up to 75 years, as estimated by the Valuer;
- Infrastructure – straight-line allocation over periods of up to 45 years;
- Vehicles, plant, furniture, and equipment – straight-line allocation over 5 to 15 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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 chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation is not charged in the year an asset is acquired.

Where an item of Property, Plant and Equipment (Non-Current Asset) has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Applying this in practice requires an assessment against the below criteria, to establish if; -

- The economic useful life is significantly different from the other components of the asset i.e., 15 years or more;
- The value of the asset is £2m or greater and the component is over 25% of the total value of the asset; and
- The economic useful life is significantly different but the value represents less than 25% of the total value of the asset; the component will be separately identified if, in the Valuer's judgement, it is deemed to be material, e.g. where the value of a component is, say, £3m (10%) of the depreciating asset that has a total value of £30m.

If the depreciation asset is part of a wider group held for the same purpose, for example, leisure centres, this recommended policy on componentisation will be applied to the total of the wider group and not to each individual depreciating asset within the group.

Disposals and Non-Current Assets Held-for-sale

These assets are actively marketed for sale and where the Council expects that sale will go through in the next 12 months. The assets are identified separately as the value in the Balance Sheet will be recovered principally through a sale transaction rather than future continued use. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Fair value of non-current assets held for sale is measured at the highest and best use. 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 previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held-for-Sale.

If assets no longer meet the criteria to be classified as Assets Held-for-Sale, they are reclassified back to non-current assets and valued 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 had they not been classified as Held-for-Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets-Held-for-Sale.

Disposals of Non-Current Assets

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held-for-Sale) 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. This cost is subsequently transferred to the Capital Adjustment Account in the Movement in Reserves Statement.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Capital Receipts Reserve from the Council Fund Balance in the Movement in Reserves Statement.

The written-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 appropriated to the Capital Adjustment Account from the Council Fund Balance in the Movement in Reserves Statement.

Surplus Assets

The fair value of surplus assets 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. This will be based on the highest and best use estimated using Level 1 inputs.

Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental, or historical associations. They are held by the Council in pursuit of its overall objectives to preserve the heritage of the Isle of Anglesey.

The Council owns a number of tangible heritage assets such as historical buildings and works of art.

Operational Heritage Assets (i.e., those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are valued and accounted for as operational assets, in the same way as other assets of that general type (e.g., operational buildings).

Heritage Assets are valued on the basis that is most appropriate and relevant in respect of the individual asset or class of assets. Where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements, Heritage Assets are measured at historical cost (less any accumulated depreciation, amortisation, and impairment losses as appropriate). Where Heritage Assets are measured at valuation, then the carrying amount is measured with sufficient frequency to ensure that the valuations remain current, and at intervals of no greater than five years. Where a cost or valuation cannot be determined for a Heritage Asset without disproportionate cost, the

assets will not be recognised in the Balance Sheet. Instead, the asset will be disclosed in the notes to the accounts.

Where a Heritage Asset has a finite life, depreciation is provided for on the same basis as for other classes of asset (for detail see Accounting Policy for Depreciation, 8.4 above).

Depreciation is not provided on Heritage Assets which have indefinite lives and a high residual value. The carrying amount of a Heritage Asset is reviewed where there is evidence of impairment, for example, where it has suffered physical deterioration or breakage, or new doubts arise as to its authenticity. Any impairment is recognised on the same basis as for other classes of asset (for detail see under Accounting Policy 8.3, Impairment). The Council does not currently actively seek further acquisitions of Heritage Assets but responds to opportunities to enhance its portfolio as they arise. The art collections are housed at Oriel Ynys Môn, with maintenance work being carried out as required. Parts of the collection are on display at any one time, while access to the remainder is available by arrangement. The Heritage Properties are managed and maintained, with due regard for their heritage characteristics, as part of the Council's overall portfolio of land and buildings.

Treatment of School Assets

Local Authority maintained schools are deemed to be in the control of local authorities. The assets, liabilities, reserves and cash flows of the Authority's maintained schools are, therefore, included in the Council's financial statements.

Land and buildings of voluntary aided and foundation schools are owned and controlled by the trustees of the schools or the foundation body and are, therefore, not shown on the Balance Sheet of the Council.

Capital expenditure on community schools is added to the balances for those schools. Individual schools' balances as of 31 March each year, are included in the Balance Sheet of the Council as any unspent delegated schools' budgets remain the property of the Council.

For accounting purposes, the status of the assets of voluntary controlled and voluntary aided schools are as follows: -

- Voluntary Controlled Schools: the land has been included on the Balance Sheet but not the buildings;
- Voluntary Aided Schools: neither the land nor the buildings are included in the Balance Sheet; and
- Additionally, neither the land nor the buildings of Caergeiliog Foundation School are included on the Balance Sheet, as these assets vest with the trustees of the school.

Investment Properties

Investment properties are those land and buildings that are used solely to earn rentals and/or for 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.

Investment properties are recognised when it is probable that future planned economic benefits will flow to the Authority and that the cost or fair value of the investment property can be reliably measured. Investment properties are measured initially at cost and, subsequently, at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. The Code requires that Investment Properties be valued at their highest and best use regardless of the intentions of the Council. This means that alternative uses have been considered for each investment property and, if there were an alternative use that would maximise fair value, then that is the fair value which is to be used. The properties are not depreciated but are revalued annually in accordance with IFRS 13 according to market conditions at the Balance Sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

Intangible Assets

Intangible assets are non-current, non-financial assets which are separately identifiable, but which do not have physical substance (for example, computer software). These are controlled by the Council as a result of past events. Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services. Expenditure on intangible assets is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. The useful economic life of intangible assets is determined by the relevant professional leading on the purchase of/development of the intangible asset. The useful economic life of intangible assets is shorter than tangible assets, for example, between five to seven years. Intangible assets are amortised on a straight-line basis over the useful economic life of the asset.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion and they are, therefore, carried at cost less accumulated amortisation. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Intangible assets are evaluated for any impairment annually and whenever there is an indication that an asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. 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 Council Fund Balance. The gains and losses are, therefore, reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the 'First In, First Out' (FIFO) costing formula.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Work-in-progress is included in the Balance Sheet at cost.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument, are initially measured at fair value, and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority 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 CIES 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.

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: -

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income (FVOCI).

The Authority'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).

13.3 Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment 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 Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Authority has made a number of loans to employees at less than market rates (soft loans). The Council uses HMRC's rate for beneficial employee loans as a proxy for market value/effective interest rate. Where the difference between the discounted rate and the effective interest rate is more than £100k, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the employees, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain 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.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

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

The Council will also extend the simplified approach to lease receivables and trade receivables and contract assets where there is a significant financing component.

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.

In respect of Sundry Debtors the following bad debt percentages applied: -

6 months to 1 year: 50%;

1 year to 2 years: 75%;

Over 2 years: 100%.

Higher percentages would apply for certain debtors, taking regard of individual circumstances, e.g., company liquidation, personal bankruptcy.

Debtors which had been deferred i.e., Social Services residential fees that had been deferred pending sale of property (where a charge on the property applied), a provision of 10% applied irrespective of age – although a higher provision would apply in certain circumstances e.g., current state of property or property value or dispute.

IFRS requires earlier recognition of debt (current practice does not provide for debts earlier than six months old, although a provision would be made for known individual debtor circumstances, e.g. bankruptcy, aged less than this) and public sector debts are to be excluded (currently debts for local health board, major and local preceptors (councils)/levying bodies etc. and central/devolved administrations etc. are included). Having regard to IFRS 9, revised impaired loss allowances are required and the following considerations are made to arrive at the revised allowances:

IFRS 9 does not define default of a debt but requires an organisation to provide such a definition consistent with its credit management purposes. The following definition is used for the purposes of

impaired loss allowance requirement for Sundry Debt, which is simple enough and is consistent with this Authority's credit management-

A debtor is in default of a debt (for impaired loss allowance purposes in respect of Sundry Debt) if payment has not been received against a debt in the Civica Debtor system (by 31 March each year) where the age of the debt is more than 14 calendar days from the tax point date.

The following allowances are applied for periods up to 6 months: -

- Day 1 to 14 days from invoice being raised – 2%;
- 1 – 30 days past due date i.e., 15 days to 45 days from tax point date – 2.5%;
- 31 – 60 days past due date i.e., 46 days to 75 days from tax point date – 4.5%;
- 61 – 90 days past due date i.e., 76 days to 105 days from tax point date – 7.5%;
- 91 – 168 days past due date i.e., 106 days to 182 days from tax point date – 15%.

The Council would then continue to apply the current percentages for debts older than six months from the tax point date i.e.:

- 183 – 365 days from tax point date – 50%;
- 366 – 730 days from tax point date – 75%;
- 731 days or more from tax point date – 100%.

Deferred charges

These from 183 days from tax point date are to be applied at 10% ONLY and not at the higher rates shown. No provision for deferred debts aged less than six months old. The Council has legal charges secured against individuals' homes, hence the reduced amount for impairment. The annual impairment gain, or loss will be the change in lifetime expected credit losses over the year.

Housing Benefits Overpayments

The Council's impairment loss allowance is 90% of the outstanding debtor for housing benefits overpaid to service users at year-end. The impairment loss allowance is high as recipients of benefits tend to have limited financial resources and the risk of not recovering benefits overpaid is high.

Rents

The impairment loss allowance on rental debtors is based on the amount of debt owed, with higher values impaired on a higher percent as the risk of non-payment increases as the amount of debt escalates. The percentage for loss allowance per banding is then applied to the actual debt outstanding within each band. The banding and percentage of loss allowance applied is as follows: -

Current Tenants

<u>Value of arrears</u>	Impairment Loss Allowance
£0.01 i £49.99	10%
£50 i £99.99	20%
£100 i £249.99	30%
£250 i £499.99	45%
£500 i £999.99	60%
>£1,000	85%

An impairment loss allowance of 90% is applied to all outstanding amounts owed by former tenants as these debts are less likely to be recovered than from existing tenants.

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Service.

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

Instruments with quoted market price – the market price of other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

Level 3 inputs – unobservable inputs for the asset.

The Financial Statements

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

Available-for-Sale Financial Assets

The Council does not have any available-for-sale financial assets and is unlikely to have any in the short-term as these financial assets are not included in the Treasury Management Strategy Statement 2022/23.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

When some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council an obligation,

whose existence will only be confirmed by the occurrence, or otherwise, of uncertain future events not 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.

Material contingent liabilities are not recognised in the Balance Sheet, but disclosed as a note in the accounts should they arise.

Contingent Assets

A contingent asset arises where an event had taken place that give the Council a possible asset, the existence of which will only be confirmed by the occurrence, or otherwise, of uncertain future events not within the control of the Council.

Material contingent assets are not recognised in the Balance Sheet, but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

The Council maintains a range of reserves, reflecting both the extent to which its overall assets exceed its liabilities and any restrictions, either statutory or voluntary, which are placed upon the usage of these balances. The Council has discretion to set aside specific amounts as reserves where it wishes to earmark available funds for future policy purposes, to cover contingencies or manage cash flow. These are summarised in the Movement in Reserves Statement.

Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserve Statement so that there is no net charge against Council Tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies and notes.

Revenue Recognition

Revenue is recognised in the Comprehensive Income and Expenditure Statement for the year in which it is earned rather than when the cash is received. This relates to income from the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the provision of services (excluding services directly related to construction contracts), interest, royalties and dividends, non-

exchange transactions (i.e., Council Tax) and where previously a liability had been recognised (i.e., creditor) on satisfying the revenue recognition criteria.

Revenue is also recognised on gains which may or may not arise from ordinary activities such as gains on the revaluation of non-current assets, gains on the sale of non-current assets and gains on available-for-sale financial assets. Where the Authority is acting as an agent, only the income the Council is paid for its role of agent will be recognised in the accounts. The amount relating to the third party (the principal) will not be included in the accounts.

Revenue is recognised and measured at the fair value of the consideration receivable. This 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. Rebates and cash settlements, where relevant, will be considered in measuring the fair value of the consideration received.

If payment is on deferred terms, the consideration receivable is discounted to present value in order to achieve a fair value. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on Provision of Services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non- contractual, non-exchange transactions i.e., revenue relating to Council Tax and general rates and, therefore, these transactions are measured at their full amount receivable.

Internal Interest

The council invests its cash balances in accordance with its Treasury Management and Investment Policies and the interest is accrued and credited to the Comprehensive Income and Expenditure Statement. Interest is credited to trust funds and other third-party funds based on the average rate of interest earned by the Council. Some reserves receive interest by way of an appropriation calculated on the same basis.

Leases

Where applicable and material, 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. The Council does not hold any leases of this type and, therefore, the leases that the Council does hold are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. Leases have been reviewed considering the materiality level of both annual rentals and capital values and inclusion in the accounts is based on these levels.

The Council as Lessee

Finance Leases

If applicable and of a material value, items of Property, Plant and Equipment held under finance leases would be recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between: -

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability; and
- A finance charge - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

If Property, Plant and Equipment are recognised under finance leases, they would be accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are, therefore, substituted by a revenue contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

If 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. If applicable, at the commencement of the lease the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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 Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between: -

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); 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 written-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 in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life 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). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Charge to Revenue for Non-Current Assets – Minimum Revenue Provision (MRP)

Services and support services are charged with the following amounts to record the real cost of holding non-current assets during the year: -

- Depreciation of assets used by the 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; and
- Amortisation of intangible assets attributable to the Service.

The Council is not required to raise council tax to cover these costs. However, it is required to set aside an annual contribution from revenue towards its overall borrowing requirement. These costs are, therefore, replaced by the Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Welsh Government issued new regulations in 2008/09 requiring local authorities in Wales to make a prudent provision for MRP, including an option to provide an MRP over the life of an asset. The policy also allows MRP to be deferred until the asset is commissioned.

The MRP charge on HRA borrowing has historically been charged at 2% of the HRA's proportion of Capital Financing Requirement (CFR). In 2015, Welsh Government changed the determination to allow the HRA MRP charge to be calculated by more options. It was recommended that the annuity asset life method would result in the highest NPV for both supported and unsupported borrowing, and the most affordable option for the present and future generations is the option where the annuity is based on 60-year asset lives, using the Council's average borrowing rate of 4.58%. Therefore, for both HRA supported and unsupported borrowing the annuity methods as recommended over 60 years at the interest rate of 4.58% should be implemented from 1 April 2022. It would allow a more prudent approach rather than a current one as, instead of the CFR taking 300 years to be reduced to zero, it would only take 60.

Transactions in relation to investment properties are recorded against the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that: -

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until the conditions attached to the grant or contribution have been met. Grant conditions are the requirements which have to be met in order to qualify for the grant, for example, the building of a school or key outcomes specified within the conditions. Monies advanced as grants and contributions, for which conditions have not been satisfied, are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Some grants' bodies impose restrictions which limit or direct the purposes for which the grant may be used but do not stipulate that the grant is to be repaid.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure 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 Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

Overheads and Support Services

The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the Authority's arrangements for accountability and financial performance for the purpose of full-cost accounting for the statutory statistical returns, for example, the annual RA and RO Government returns. However, for budget monitoring and the statutory annual accounts, recharges are excluded, and the corporate and support services are reported as service segments and held accountable for budget management.

Foreign Currency

The Council has a diminishing number of European grant aided schemes where the grants may be denominated in Euros. A Euro Bank account was opened to support these schemes. The balance on this bank account at the year-end is converted at the spot exchange rate on 31 March with resulting gains or losses being recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. To prevent fluctuations from impacting on Council Tax, the year-on-year change in cost generated by this accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulating Absences Adjustment Account, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The Council does not award long-term employee benefits, i.e., those which are not expected to be paid or settled within 12 months of the Balance Sheet date.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions (usually in the form of added years), statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are entitled to be members of two separate pension schemes: -

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education; and
- The Local Government Pension Scheme, administered by Gwynedd Council.

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

Teachers' Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified to the Council. The scheme is, therefore, accounted for as if it were a defined contributions scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Lifelong Learning Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Agency in the year.

The Local Government Pension Scheme

All employees (other than teachers) and Councillors, subject to certain qualifying criteria, are able to join the Local Government Pension Scheme. The Scheme is known as the Gwynedd Pension Fund

and is administered by Gwynedd Council in accordance with the Local Government Pension Scheme Regulations 2013 on behalf of all participating employers. Under International Accounting Standard (IAS19), the Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Gwynedd 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 real discount rate that is based on the indicative rate of return on UK Government bonds adjusted for an addition to the yield that reflects the extra risk involved in using AA Corporate Bond yields – known as the credit spread.

The assets of Gwynedd 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;
- Unities securities – current bid price; and
- Property – market value.

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

- a) Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- b) Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs. Net interest on the net defined benefit liability, i.e., the net interest expense for the Council - the change during the period in the net defined benefit liability that arises from the passage of time, is charged to the Financing and Investment Income and Expenditure line of 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 (considering any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments).
- c) Benefit liability (asset) during the period as a result of contributions and benefit payments).
- d) Re-measurement comprising: -
 - The return on plan assets (excluding amounts already included in the net interest on net defined benefit) which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- e) Contributions paid to the Gwynedd Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; 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 Authority 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 transfers 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 and pensioners and any such amounts payable but unpaid at the year- end. The negative balance that arises on the Pensions 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 also 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 employee (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.

Exceptional Items

Where items of income and expense are material in the context of these accounts, 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.

Accounting for NDR (Non-Domestic Rates)

As the Council acts as an agent in the collection of NDR income, it does not include the financial position with regard to the ratepayers and only reports the net cash position with Welsh Government in its Balance Sheet. Therefore, if the amount collected from NDR taxpayers by the Authority (net of the cost of collection allowance) exceeds that paid to Welsh Government on 31 March, the amount not yet paid to the Welsh Government is included in the Balance Sheet as a creditor. Similarly, if the cash paid to Welsh Government exceeds the cash collected from NDR taxpayers (net of the cost of collection allowance), the excess is included in the Balance Sheet as a debtor. The Council maintains records of NDR arrears, impairment allowances, prepayments, and overpayments in its underlying accounting records; however, for final accounts purposes, these balances are consolidated into a single agency account, with the figures netting down to the debtor/creditor to the national pool. The cost of collection allowance received by the Isle of Anglesey County Council is the billing Council’s income and is included in the Comprehensive Income and Expenditure Statement.

Cash collected from NDR taxpayers is not included in the Cash Flow Statement except for the cash retained in respect of the cost of collection allowance. Any difference between the cash collected from NDR taxpayers and the cash paid into the NDR Pool is included within financing activities in the Cash Flow Statement.

Agency Income and Expenditure

Under various statutory powers, a Council may agree with other local authorities, water companies and government departments to do work on their behalf. The body conducting agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs. Only the amounts relating to the Council, for example the fees earned for providing the agency services, will be included in the Council's Comprehensive Statement of Income and Expenditure.

The Isle of Anglesey County Council has acted as an agent during the year on behalf of: -

Welsh Government - Collecting Non-Domestic Rates (NDR) and paying the sums collected over to Welsh Government, less the amount retained in respect of the cost of collection allowance;

Welsh Government – Empty Homes' Loans, where the Council acts as agent between;

Welsh Government and recipients of Empty Homes' Loans;

Welsh Government – the Council has acted as agent on behalf of Welsh Government in the payment of Covid Business Grants in support of specified businesses during the Pandemic particularly to support businesses during lockdowns.

The authority as lessee

The authority 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. The Code expands the scope of IFRS 16 *Leases* to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets (ROU assets) with a corresponding liability at the date from which the leased asset is available for use (or from 1 April 2024 on transition of existing leases). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. The authority's incremental borrowing rate will be based on the PWLB annuity rate for the same duration as the lease term. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance 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 authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at 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 right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

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.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges 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 in the Movement in Reserves Statement.

The authority 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 authority 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 (whether property, plant and equipment or assets held for sale) 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 authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), 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 written-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 in the Movement in Reserves Statement.

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

SUPPLEMENTARY FINANCIAL STATEMENT

HOUSING REVENUE ACCOUNT (HRA)

Income and Expenditure Statement for the year ended 31 March 2025

	2024/25 £'000	2023/24 £'000
<u>Expenditure</u>		
Management and Maintenance - Repairs and Maintenance	6,183	5,562
Management and Maintenance - Supervision and Management	6,510	5,783
Rents, Rates, Taxes and Other Charges	102	90
Depreciation, Impairment and Revaluation Losses of Non-current Assets	3,700	3,358
Debt Management Costs	12	12
Movement in the Impairment Allowance for Bad Debts	152	147
Movement in the Accumulated Absences Accrual	(76)	117
Accounting Adjustemnt IAS19	(120)	-
Total Expenditure	16,463	15,069
<u>Income</u>		
Dwelling Rents	(22,184)	(20,702)
Non-dwelling Rents	(264)	(246)
Charges for Services and Facilities	(176)	(175)
Contributions towards Expenditure	(292)	(240)
Other	(167)	(116)
Total Income	(23,083)	(21,479)
Net Expenditure of HRA Services as included in the Whole Authority Comprehensive Income and Expenditure Statement	(6,620)	(6,410)
HRA Services' Share of Corporate and Democratic Core	56	56
Net Expenditure of HRA Services	(6,564)	(6,354)
HRA Share of the Operating Income and Expenditure included in the Whole Authority Comprehensive Income and Expenditure Statement		
(Gain) / loss on sale of HRA Non-current Assets	211	(15)
Pension net interest cost	27	-
Interest Payable and Similar Charges	1,379	1,436
Interest and Investment Income	(385)	(487)
Capital Grants and Contributions receivable:		
- Major Repairs Allowance	(3,816)	(2,690)
- Other	(13,385)	(4,316)
Surplus for the Year on HRA Services	(22,533)	(12,426)

Statement of Movements on the HRA Balance

Items included in the HRA Income and Expenditure Account but excluded from the movements on HRA Balance for the year

	2024/25 £'000	2023/24 £'000
Balance on the HRA at the end of the Previous Reporting Period	(8,189)	(12,107)
(Surplus)/Deficit for the Year on HRA Services	(22,533)	(12,426)
Adjustments between Accounting and Funding Bases under Statute	22,744	16,499
Net (increase)/decrease before Transfers to/from Reserves	211	4,073
Transfers to/(from) Earmarked Reserves	-	(155)
Net (Increase)/Decrease in Year on the HRA	211	3,918
Adjustment to Reserve		
Balance on the HRA at the end of the Current Reporting Period	(7,978)	(8,189)

NOTES TO THE HOUSING REVENUE ACCOUNT (HRA)

NOTE 1 – HOUSING REVENUE ACCOUNT

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local Council housing, and the form and content of the Account is prescribed by statute. The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g., from the Council Fund) are limited to special circumstances.

NOTE 2 – HOUSING STOCK

As at 31 March 2025, the number of dwellings was 3980, which is an increase of 28 properties from the year 2023/24. The breakdown by type of dwelling is as follows:

	31 March 2025	31 March 2024
Council Owned Stock		
Houses	2,137	2,112
Bungalows	1,065	1,066
Flats	770	766
Bedsits	8	8
Total Council Owned Stock	3,980	3,952

NOTE 3 – HOUSING REVENUE ACCOUNT CAPITAL EXPENDITURE

	2024/25 £'000	2023/24 £'000
Capital Expenditure		
Land	1,388	1,941
Dwellings	24,496	16,827
Other - Disabled Facilities and Adaptations	474	422
Other - Social Care Facilities	909	307
Other - Garages	103	308
Other - Vehicles	-	-
Other - Car Parking Areas	99	-
	27,469	19,806
Sources of funding		
Government grants and other contributions	(17,201)	(7,161)
Capital receipts	(1,141)	-
Direct Revenue Financing	(9,127)	(12,645)
Total Funding	(27,469)	(19,806)

The Major Repairs Allowance for 2024/25 of £3.866m was used in full during the year (£2.690m) in 2023/24).

NOTE 4 – DEPRECIATION, IMPAIRMENT AND REVALUATION LOSSES OF PROPERTY, PLANT AND EQUIPMENT

	2024/25 Revaluation £'000	2024/25 Depreciation £'000	2024/25 Total £'000	2023/24 Impairment £'000	2023/24 Depreciation £'000	2023/24 Total £'000
Land	-	-	-	-	-	-
Dwellings	-	3,261	3,261	-	2,679	2,679
Other Property - Operational Assets	-	418	418	154	404	558
	-	3,679	3,679	154	3,083	3,237

NOTE 5 – CAPITAL RECEIPTS

Five dwellings were sold in 2024/25 with £632k capital receipts received into capital receipts reserve (£509k in 2023/24). These were sold on a shared equity basis where the Council has a legal charge for 30% of the value of the properties when the conditions of the legal agreement are met. These are not included on the Council's balance sheet on 31 March 2025 as the value of the Council's 30% in the future is too uncertain though it should be significantly higher than the value of the 30% as 31 March 2025. The Council received proceeds for 70% of the market value when the properties were sold because it retains ownership of 30%.

NOTE 6 – RENT ARREARS AND IMPAIRMENT LOSS ALLOWANCE

During 2024/25, total rent arrears increased by £107k. A summary of rent arrears is shown in the following table: -

Rent Arrears	2024/25 £'000	2023/24 £'000
Current Tenant Arrears	786	718
Former Tenant Arrears	261	222
Total Rent Arrears	1,047	940

Allowance has been made in the Balance Sheet for bad and doubtful debts. These stood at £771k against rents (£685k in 2023/24).

NOTE 7 – PENSION COSTS

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme administered by Gwynedd Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year: -

Pensions	2024/25 £'000	2023/24 £'000
Current service cost included in movement in reserves statement		
IAS19 current service cost	673	736
Unfunded costs	73	70
Total IAS19 service costs	746	806
Less: actual employer's contributions	(866)	(820)
Movement to pensions reserve	(120)	(14)
Current service cost included in movement in reserves statement	120	14
Pension net interest cost	(27)	-
Pension net interest cost included in movement in reserves statement	27	-
Total impact on usable reserve	-	-

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Anglesey Access Group	Liz Wood
Anglesey Agricultural Show	Dafydd Roberts
Anglesey and Gwynedd Community Safety Partnership	Alun Roberts
Anglesey Citizen's Advice Bureau (CAB)	Robin Wyn Williams
Anglesey Language Forum	Gwilym O Jones, Gary Pritchard, Arfon Wyn, Dafydd Roberts
Area of Outstanding Natural Beauty Joint Advisory Committee (Ynys Môn)	Paul Ellis, John Ifan Jones, Pip O'Neill, Gary Pritchard, Dafydd Rhys Thomas
Betsi Cadwaladr Stakeholder Reference Group	Alun Roberts
Champion for Additional Learning Needs	Arfon Wyn
Champion for Adults Safeguarding	Alun Roberts
Champion for Carers	Trefor Lloyd Hughes MBE
Champion for Children and Young People	Llio Angharad Owen
Champion for Children in Care	Dyfed Wyn Jones
Champion for Climate Change	Geraint ap Ifan Bebb
Champion for Equalities & Diversity	Alun Roberts
Champion for Members	Dylan Rees
Champion for Scrutiny	Douglas Massie Fowlie
Champion for the Armed Forces	Glyn Haynes
Court of Governors, Bangor University	Dafydd Roberts
Cwmni Frân Wen	Gary Pritchard
Cyngor Llyfrau Cymru	Dafydd Roberts
Destination Anglesey Partnership (DAP)	Neville Evans
Fostering Panel	Gary Pritchard
Friendly Age Champion	Gwilym O Jones
Grŵp Llandrillo/Menai	Dafydd Roberts
GwE Joint Committee	Dafydd Roberts
Gwynedd & Anglesey Adoption Panel	Alun Roberts
Gwynedd & Anglesey Youth Justices Service	Dyfed Wyn Jones

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Gwynedd Pensions Fund Committee (Gwynedd Council)	Robin Wyn Williams
Liaison Council for Wales	Carwyn Jones, Robin Wyn Williams
Medrwn Môn	Gary Pritchard
Member Board of the Consortium of Local Authorities in Wales (CLAW)	Dafydd Rhys Thomas
Menter Môn	Gary Pritchard
North and Mid Wales Trunk Road Joint Committee	Dafydd Rhys Thomas
North Wales Community Health Council (Anglesey Local Committee)	Trefor Lloyd Hughes MBE, Non Dafydd, Jeff M Evans
North Wales Economic Ambition Board	Gary Pritchard
North Wales Fire and Rescue Authority	Jeff M Evans, John Ifan Jones, Dylan Rees
North Wales Fire and Rescue Authority Audit Committee	Jeff M Evans
North Wales Fire and Rescue Authority Executive Panel	John Ifan Jones, Dylan Rees
North Wales Housing Association	Robin Wyn Williams
North Wales Police and Crime Panel	Non Dafydd
North Wales Regional Leadership Board (Care & Wellbeing)	Gary Pritchard
North Wales Regional Waste Plan Review Steering Group	Dafydd Rhys Thomas
North Wales Residual Waste Treatment Joint Committee	Nicola Roberts, Dafydd Rhys Thomas
North Wales Tourism Partnership	Neville Evans
Owen Lloyd Penrhoslligwy Educational Trust	Margaret Murley Roberts
Public Service Board (Anglesey & Gwynedd)	Gary Pritchard
Regional Partnership Board (Part 9 Social Services & Wellbeing Act Wales 2014)	Gary Pritchard, Alun Roberts
Safer North Wales Partnership Board	Alun Roberts
The Harbour Trust, Caernarfon	Dafydd Rhys Thomas
Voluntary Sector Liaison Committee	Jeff M Evans, Gwilym O Jones, Jackie Lewis, Keith Roberts, Arfon Wyn
Welsh Local Government Association	Gary Pritchard, Robin Wyn Williams

RELATED PARTY DISCLOSURE - STAKEHOLDER REPRESENTATION WITH THIRD PARTY ORGANISATIONS	
Wylfa Site Stakeholder Group	Kenneth Hughes, Aled Morris Jones, Gwilym O Jones, Jackie Lewis, Llio Angharad Owen, Derek Owen, Liz Wood

GLOSSARY

MONTH EXPECTED CREDIT LOSSES

This is the portion of lifetime expected credit losses that represent the expected credit losses that result from default on a financial instrument which are possible within the 12 months after the reporting date.

ACCOUNTING PERIOD

This is the period of time covered by the accounts, normally a period of 12 months, commencing on 1 April. The end of the accounting period is the Balance Sheet date, usually 31 March of the following year.

ACCRUALS

Sums included in the final accounts to recognise goods/services received in the year or income and expenditure earned or incurred in the financial year but for which actual payment had not been received or made as of 31 March.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because: -

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

AGENCY SERVICES

These are the services provided by the Council to a third party on behalf of another organisation.

APPROPRIATIONS

These are the amounts transferred between the Comprehensive Income and Expenditure Statement and revenue or capital reserves.

ASSET

An asset is an item having value to the Council in monetary terms. Assets are categorised as either current or non-current: -

- A current asset will be used or be of minimal value within the next financial year (e.g., cash and inventories);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible (e.g., a community centre), or intangible, (e.g. computer software licences).

AUDIT OF ACCOUNTS

This is an independent examination of the Council's financial affairs.

BALANCE SHEET

The Balance Sheet is a statement of the true and fair value of the recorded assets, liabilities, and other balances at the end of the financial year.

BUDGET

The Budget is a statement of how much the Council has allocated to each service and function to spend or raise in income for the financial year.

CAPITAL EXPENDITURE

Capital expenditure is expenditure on the purchase of a non-current asset, which will be used in providing services beyond the current financial year, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. Examples include: the building of a new school, the purchase of IT equipment, a major refurbishment of a care home.

CAPITAL FINANCING

Funds that are available to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL FINANCING COSTS

Capital Financing costs are any additional costs arising from borrowing to fund capital projects. These tend to be interest payable on loans taken out and the Marginal Revenue Provision (MRP) charge on projects financed by borrowing. The MRP is the minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

CAPITAL PROGRAMME

The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPTS

Capital receipts represent the proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government, but they cannot be used to finance revenue expenditure.

CASH AND CASH EQUIVALENTS

This is cash-in-hand, cash overdrawn, cash held in bank accounts and short-term (for example three months) investments which are readily converted into known amounts of cash.

CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents of the Council during the financial year.

CIPFA

This is The Chartered Institute of Public Finance and Accountancy, the lead professional and regulatory body for local Authority accounting.

COMMUNITY ASSETS

Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This is one of the main financial statements of the Council which records all the income and expenditure for the Council categorised on the basis of standard CIPFA requirements to enable comparisons to be made between authorities.

CONSISTENCY

This represents the concept that the accounting treatment of like items, within a financial year and from one year to the next, is the same.

CONTINGENT ASSET

A contingent asset is a possible asset 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.

CONTINGENT LIABILITY

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; or

- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities is, thus, over and above those which would be incurred by a series of independent single-purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

CREDIT LOSS

This is the difference between the cash amounts due to the Authority in accordance with the contract and all cash flows that the Authority expects to receive, discounted at the original effective interest rate.

CREDITOR

The amount owed to individuals or other organisations by the Council for work done, goods received or services provided within the financial year but for which payment has not been made by the end of that financial year.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a defined benefit pension scheme's liabilities, expected to arise from employee service in the current year.

DEBTOR

The amount owed to the Council from individuals or other organisations for works done, goods received or services provided within the financial year, but for which payment has not been received by the end of that financial year.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the financial year, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

These represent the retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Final Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXPENDITURE AND FUNDING ANALYSIS

This statement aims to show how annual expenditure is used and funded from resources. The first column, the net expenditure chargeable to the General Fund and HRA balances, shows the true impact of the cost of providing services for the year, excluding accounting adjustments.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE

A Finance Lease is one that transfers substantially all the risks and rewards of ownership of a non-current asset to the lessee.

GOING CONCERN

This represents the concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HERITAGE ASSETS

An asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

The HRA is a separate account to the Council Fund, and includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT

Impairment is a reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet. This is usually due to an event which has substantially reduced the value of the asset, for example, a fire or if an asset has become obsolete.

INFRASTRUCTURE ASSETS

Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the financial year of the present value of the scheme liabilities because the benefits are one financial year closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the share of the pension scheme assets associated with their underlying obligations.

INTEREST RECEIVABLE OR PAYABLE

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at cost less accumulated amortisation, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the

expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

INVENTORIES

Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and work-in-progress.

LIABILITY

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next financial year, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which, by arrangement, is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either: -

- Readily convertible to known amounts of cash at, or close to, the carrying amount; or
- Traded in an active market.

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which, together, constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one financial year.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted or mis-stated, could be expected to lead to a distortion of the financial statements and, ultimately, mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end of the year for all the usable reserves held by the Council which can be used to fund Council costs or reduce local taxation, and unusable reserves.

NET BOOK VALUE

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Net Debt is the Council's borrowings less cash and liquid resources.

NET WORTH

The Net Worth is the Council's value of total assets less total liabilities.

NON-DISTRIBUTED COSTS

These are overheads for which there are no direct user benefits and, as such, are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses based on a national rate in the pound set by the government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

An Operating lease is where the ownership of the non-current asset remains with the lessor.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and 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 pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior financial years arising in the current financial year as a result of the introduction of, or improvement to, retirement benefits.

PENSION SCHEME LIABILITIES

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

A Prior Year Adjustment is a material adjustment applicable to previous years arising from changes in accounting policy or from the correction of a fundamental error. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain, or very likely, to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOANS BOARD (PWLB)

A Central Government Agency which provides loans for one year and/or more to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in IAS 24. For the Council's purposes, related parties are deemed to include Central Government, Local Authorities, and other bodies, either precepting or levying demands on the Council. Related Parties can also include subsidiary and associated companies, joint venture, and joint venture parties and particularly Members and chief officers of the Council.

When considering who is a related party, regard is also taken of transactions involving members of the close family or household of any individual listed.

RELATED PARTY TRANSACTIONS

The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

All sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

RESERVES

Reserves are the accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves, such as the Revaluation Reserve, cannot be used to meet current expenditure.

RESIDUAL VALUE

The residual value of an asset is the net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

Revenue Expenditure represents the day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED BY CAPITAL UNDER STATUTE (REFCUS)

Expenditure which can be properly deferred (i.e., treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

SUPPORTED BORROWING

Council borrows money to fund part of its capital programme. This borrowing is funded by Welsh Government as part of its calculation of the formula funding for the Council.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

UNSUPPORTED BORROWING

The Council can borrow additional money to the borrowing supported by Government to finance its capital expenditure as long as it is affordable and sustainable. This power is governed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code, with which the Council fully complies.

UNUSABLE RESERVES

Unusable Reserves are those reserves used to absorb the differences between the outcome of applying proper accounting practices and the requirement of statutory arrangements for funding expenditure. Such reserves include the unrealised gains and losses in relation to revaluations of property, plant, and equipment where the value only becomes available if the asset is sold.

USABLE RESERVES

Specific amounts set aside for future policy purposes or to cover contingencies. They can be used to fund expenditure or reduce taxation.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Council will derive benefits from the use of a non-current asset.

WORK-IN-PROGRESS (WIP)

The cost of work performed on an uncompleted project at the Balance Sheet date.