

## 2023/24 Effects of Capitalisation of Interest

### ***Proposed amendment to the Accounting Policies***

To be able to allocate borrowing costs to assets under construction the Council will need to amend its accounting policies.

The 2023/24 Accounting Policies have been updated (Xviii) to include the capitalisation of interest.

#### Quantifying the Change of Accounting Policy

Asset	Completion	Part year interest	2021/22	2022/23	2023/24	2024/25	Total interest Capitalised
			£	£	£	£	£
Grange Paddocks (New Build)	Oct-21	6 months	2,463				2,463
Northgate End	Jun-22	2 months	5,556	32,899			38,455
Hartham Leisure Centre	Sep-23	5 months	1,037	72,200	84,809		158,046
Hertford Theatre	Aug-24	4 months	389	127,346	653,704	310,058	1,091,498
Old River Lane Development	Ongoing		165	11,828	24,768	30,385	67,146
<b>Total Borrowing Costs</b>			<b>9,610</b>	<b>244,273</b>	<b>763,282</b>	<b>340,443</b>	<b>1,357,608</b>

- **22/23 and before Total £253,883**

All adjustments up to and including 23/24 will be put through the Statement of Accounts as 'in year transactions' totalling £1,017,165.

This will reduce the interest charged through the CIES in year, once the draft SOA has been produced for 23/24 a review can be undertaken and any surplus can be moved into the Interest Equalisation Reserve.

#### Effects on 23/24 Statement of Accounts

1. A total of **£1,017,165** of interest will be capitalised in 2023/24.
2. The Accumulated effect of changes in value of assets due to the capitalisation of interest will be as follows: -
  - Old River Lane - £36,761
  - Grange Paddocks - £2,463
  - Hartham Leisure Centre - £158,047
  - Northgate End - £38,455
  - Hertford Theatre - £781,439