



**STATEMENT OF  
ACCOUNTS  
2025/26**

DRAFT UNAPPROVED

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# NARRATIVE STATEMENT

This narrative statement provides an explanation of the Council's overall financial position and some key messages which aim to assist readers in the interpretation of the accounting statements.

## **The Borough of Test Valley**

Test Valley covers 62,758 hectares on the western side of Hampshire. The borough contains a mixture of urban, semi-urban and rural areas, with a large proportion of residents living in either Andover or Romsey and the surrounding areas, or in towns and villages scattered across the borough.

### **Key facts about Test Valley**

Population 134,300 (Small Area Population Forecast 2025 base)<sup>1</sup>

Average house price £373,400 March 2026 (£268,100 National Average)<sup>2</sup>

74.3% of 16 – 64 year olds in employment (75.5% National Average)<sup>3</sup>

Average gross weekly (full time) earnings by place of residence £795.30, by place of work £741.60 (£766.60 National Average)<sup>3</sup>

1,600 (2.0%) of working age residents claiming universal credit (4.0% National Average)<sup>3</sup>

5,725 Business Enterprises<sup>3</sup>

17,100 tonnes of waste recycled or composted in 2025/26, including food waste

Source:

1. *Hampshire County Council*
2. [www.gov.uk](http://www.gov.uk) *House Price Index*
3. *NOMIS – Official Labour Market Statistics*

## **Governance and Organisational Structure**

During 2025/26, Test Valley Borough Council consisted of 43 elected Councillors representing 20 wards. The political structure at the end of the year was:

Conservative 25  
Liberal Democrat 17  
Independent 1

The roles of key committees and officers are set out below:

### *Full Council*

The Borough Council (comprising all 43 elected members) meets at least six times each year to conduct business. The Mayor of Test Valley acts as Chairman of these meetings. When the full Council meets, its agenda is largely devoted to discussion of reports and recommendations from Committees.

## *Cabinet*

The Cabinet comprises nine elected members, who are appointed by the Leader and have powers to take decisions on the Council's behalf (generally concerned with operation of Council services and the formulation of policy). They also make recommendations for approval by the Council relating to the Council's overall policy framework. The Cabinet's Work Programme includes those 'key decisions' which the Council proposes to make. The Cabinet Work Programme is published every month.

## *Overview & Scrutiny Committee (OSCOM)*

The main functions of this Committee include:

- developing and reviewing policy
- holding the Cabinet to account in public for the discharge of the functions for which it is responsible.

The Committee is a key mechanism for enabling Councillors to represent the views of their constituents and other organisations to the Cabinet and seek to ensure that these views are taken into account in policy development.

## *Audit Committee*

The role of the Audit Committee is to assist the Council by providing independent assurance on the adequacy of internal control, governance arrangements within the council, and reviewing and approving the Council's Statement of Accounts. The Committee's full terms of reference and delegated functions can be reviewed on the Council's constitution.

## *Northern Area Planning Committee, Southern Area Planning Committee, and Licensing Committee*

These Committees deal with planning matters and the Council's licensing function. They have delegated authority to make certain decisions and may make recommendations in other cases.

## *General Purposes Committee*

This Committee, essentially, deals with those matters relating to the Council's staff.

## *Management Team and Officer Support*

The Chief Executive leads the Council's Management Team supported by the Deputy Chief Executive, the Director of Property & Asset Management, the Director of Finance and Revenues (S151 Officer), Director of Legal and Democratic Services (Monitoring Officer), Director of Community & Leisure, Director of Environmental Services, Director of Housing and Environmental Health, Director of Planning & Development, Director of Strategic Planning and Growth, and the Director of Strategy & Innovation. They carry out the Council's day-to-day management and oversee the delivery of council services. As at 31<sup>st</sup> March 2026, the Council employed 533 staff (full time equivalent).

Further details of the governance arrangements in place at the Council are contained in the Annual Governance Statement accompanying these accounts.

## **Council Priorities, Corporate Plan and Performance**

In April 2023, the council launched its Corporate Plan, *A Place for Everyone – Supporting our Communities to Thrive*, which sets the authority's strategic direction from 2023 through to 2027. Following the Government's announcement on Local Government Reorganisation (LGR), Council agreed at its meeting in April 2026 to extend the lifetime of the current Corporate Plan to vesting day for the new unitary authority in 2028. The plan includes the following strategic priorities:

- *Sustainability*, delivering lasting benefits for our communities.
- *Prosperity*, economic growth that impacts positively on our communities.
- *Connection*, building upon the identity, strengths and ambitions of our communities.
- *Inclusion*, working together to create opportunities for our communities.
- *Environment*, a greener borough for our communities.

The Corporate Plan is underpinned by a Corporate Action Plan (CAP) which runs for the lifetime of the plan and is updated annually to show in detail how the council is making progress against these priority aims.

Each year, a review is undertaken to update the CAP to ensure it continues to highlight the significant projects that the council is taking forward in pursuit of its corporate priorities.

More information on our Corporate Plan can be found on our website:

[www.testvalley.gov.uk/corporateplan](http://www.testvalley.gov.uk/corporateplan)

### **Achievements against the Corporate Action Plan**

Given the scale and scope of the projects that form the CAP, it is expected that most projects that feature on the CAP will do so for multiple years.

Headline examples of progress in year three of the Corporate Plan include:

- Following approval of the £2.2M budget for the demolition of Unit 62 in the Chantry Centre, the planning application for the design of the new theatre was approved in October 2025; this included designs for the new 'theatre square' space at the entrance of the theatre and Chantry Centre. Next steps are to progress the tender for the construction of the new theatre.
- Planning permission was granted in September 2025 for the Western Avenue / Riverside Park project. Work progressed to prepare a report to Cabinet in April 2026 seeking delegated authority to go out to tender for contracts for highways, public realm and planting.
- Vigo Park - following approval of £3.5M for the scheme, public engagement is now complete and focussed on understanding priorities for the design of the park and surrounding facilities.
- In Romsey, Council approved the preferred scheme in December 2025 for the location of a new community facility public realm and decked car parking. In considering where to locate the community facility, we held public engagement sessions on the proposals focussing on main priorities of health, active travel, young people and communication. The report included outcomes from these engagement

activities as well as other evidence and analysis. Next steps are to commence the tender process for architects. A number of highways / footpath infrastructure projects have been delivered, or findings identified. The UK Shared Prosperity Fund (UKSPF) funded two projects in partnership with Romsey Future: changing place toilets and bringing electrical power to Romsey Memorial Park (underway).

- A report was presented to the Climate Emergency Working Group (CEWG) in October 2025 with a summary of the outcomes of the carbon sequestration study and the proposed next steps. The recommendations generally related to smaller changes to some of our existing sites, including through tree planting, extension of urban meadows and natural regeneration. The CEWG agreed to provide a budget to enable better promotion of existing grants that are available to help residents access insulation and other energy efficiency measures.
- Solar Business grants were launched in Summer 2025; three grants have been awarded to date. The community climate change grant was launched in June 2025. This was a one-year pilot, with a linked offer to community organisations for some advice on where to start if they were unsure. 23 grants were awarded to a range of community organisations. This included funding to support solar panels, battery storage systems, LED lighting, replacement windows, thermal blinds and curtains, and a range of other measures.
- Food waste collections commenced in October 2025, with 1,200 tonnes collected within the first 16 weeks. The participation rate is over 60% which is considered 'good' by the Waste and Resources Action Programme (WRAP). We delivered a comprehensive communications campaign for the rollout of our new food waste collections. This included letters, bin hangers, news releases, leaflets, a social campaign, and in-person events.
- The Andover Health Hub has been recognised for its innovative approach to community healthcare. It has been nominated for the Public Partnership award by the Local Government Chronicle, which celebrated councils that have worked with other public sector bodies to improve lives and outcomes for their communities. We have also established a programme of town centre events supported through collaborative seasonal marketing campaigns. 52% of event visitors who answered our survey in 2025 said that the event was their primary reason for coming into town.
- The Community Wellbeing Worker project launched engaging 64 households with some receiving ongoing support. Door knocks have resulted in successfully reaching some residents who do not self-refer, including isolated older adults who have unmet needs. Early identification of risks led to coordinated support involving Adult Social Care, Occupational Therapy, and Mental Health services. This demonstrates the value of proactive, place-based work in uncovering hidden needs and reducing risk.
- We have been making connections with local employers through TVBC Andover Manufacturers' Group and ensuring that courses meet the requirements of local businesses by providing training on the right technology and equipment. UKSPF funding has helped deliver the extension to the future skills and technology centre (construction completed).
- The Community Delivery Fund, totalling £2M, has awarded over £500,000 to high impact community-led projects which will deliver projects with a combined total value of £1.1M (including match funding). We have created a Rural Business and

Community Enterprise scheme which has a budget of £200,000 (£100,000 per year in 2025/26 and 2026/27). We've spent approximately £34,000 and allocated around £55,000 toward rural business since it went live in September 2025. We also launched the Andover Town Centre Frontage grant scheme in Summer 2025.

- We have been working more closely with communities, helping them develop local action plans and high quality projects, supporting them with skills and expertise as well as funding. We have continued to support partnerships and forums such as the Test Valley Community Association Network, the Community Resilience Forum and the Test Valley Association of Parish and Town Councils to foster connections between communities in rural areas and the southern parishes.
- The Housing Needs team continue to prevent homelessness, implementing and evolving initiatives and ways of working with people and our partners. OSCOM have made recommendations to Cabinet following two housing panels to help inform a new housing strategy. In light of LGR, the team are looking at the opportunities to work with those who will form a new unitary to understand what an exemplar housing service will look like in a new unitary.
- The Business Incentive Grant received 35 applications with a success rate of over 60%. The Rural England Prosperity Fund 25/26 awarded five grants. Since its launch in December 2024 the Small Business Service have seen nearly 200 businesses. The Andover Vision Business Breakfast was held three times in 2025/26.
- Four Manufactured in Andover meetings and three Net Zero Innovation Group meetings have been held. A new Tourism Business Network launched and we have worked closely with King John's House (KJH) to see the transfer of the old Visitor Information Centre into the new KJH Tea room.
- The Test Valley Partnership met in November and March focussing on place based working across Test Valley as well as a joint session with the Test Valley Community Resilience Forum. Creation of the Community Resilience Grant has boosted the engagement and interest with communities to develop community resilience plans.
- Work with Yellow Brick Road Projects, a charity that works with young people, saw three events help to promote their Future Leaders and Decision Makers project.
- A new Armed Forces Covenant was signed in August 2025. Regular meetings of the Civilian Military Forum continue to be helped to support this work.
- We have established an Andover Town Centre Anti-Social Behaviour Forum, working closely with partners to identify emerging groups, patterns and locations and a coordinated local response. We have also established a Youth Partnership Action Group which takes a multi-agency approach to young people involved in crime and anti-social behaviour.

## **Financial Performance**

The Council monitors its budgets under two major headings: Revenue and Capital. Revenue spending relates to items consumed in the year and is financed from Council Tax, business rates, fees & charges, government grants and other income. Capital spending creates assets with a life of longer than one year and is financed from the sale of assets, government grants, developer contributions and transfers from the revenue account.

## Revenue Outturn for 2025/26

The initial forecast of General Fund revenue requirements began soon after the budget for 2024/25 was approved. A significant range of essential savings / improved income opportunities were identified and included in the budget, and this is likely to be required again in the medium term.

The detailed budget was approved by Council on 27<sup>th</sup> February 2025. The approved net expenditure forecast for 2025/26 totalled £13.705M.

The actual outturn for 2025/26 reported to Cabinet on 24<sup>th</sup> June 2026 was £2.281M better than expected. The main reasons for this variance were:

- *Favourable:*
  - £890,000 additional government grant funding
  - £905,000 additional investment income
  - £320,000 lower than budgeted employee costs
  - £325,000 lower than budgeted supplies & services costs
  - £747,000 higher than budgeted income from services
  - £145,000 lower than budgeted fuel costs
- *Adverse:*
  - £127,000 higher than budgeted planning appeal and associated legal costs
  - £182,000 higher than budgeted property maintenance costs
  - £445,000 lower than budgeted benefit overpayment recovery
  - £331,000 higher than budgeted homelessness (temporary accommodation) costs.

The surplus of £2.281M was transferred to the Corporate Plan Priorities Reserve. This reserve will be used to fund the delivery of ongoing Corporate Action Plan projects set out earlier.

A summary of the approved budget and final outturn for revenue activities is shown in the following table.

	<b>Approved Budget 2025/26 £'000</b>	<b>Actual 2025/26 £'000</b>	<b>Variance £'000</b>
Net cost of services	18,470	14,557	3,913
<b>Corporate Items</b>			
Investment income, borrowing and Minimum Revenue Provision	(4,051)	(4,956)	905
Non-service related grants	(8,113)	(8,071)	(42)
Business rates levy	2,064	2,009	55
Retention of business rates for renewable energy schemes	(154)	(154)	0
Transfers to earmarked reserves	5,489	8,043	(2,554)
Transfers to earmarked reserves arising from surplus in year	0	2,281	(2,281)
Other	0	(4)	4
<b>GENERAL FUND REQUIREMENTS</b>	<b>13,705</b>	<b>13,705</b>	<b>0</b>
<b>Met By</b>			
Locally retained business rates	7,846	7,846	0
Council Tax	9,203	9,203	0
Other Collection Fund	(3,344)	(3,344)	0
<b>TOTAL REVENUE RESOURCES</b>	<b>13,705</b>	<b>13,705</b>	<b>0</b>

### Accounting for Business Rates

Under the accounting arrangements for business rates, the Council retains 40% of the business rates collected; this was estimated in the original estimate to be £29.902M for 2025/26. From this amount the Council was required to pay the government a 'tariff' of £22.055M, leaving net budgeted income from rates' growth in the year of £5.230M compared to a baseline of £2.616M.

A complicated system of grants in respect of small business rates and other reliefs along with a levy for growth over the baseline figure is also in place. The budget assumed, after taking account of these reliefs and grants, a growth above the baseline of £8.256M resulting in a levy @ 50% of £4.128M being payable with the Council retaining the difference.

In 2025/26, the Council joined a one-year Business Rates Pool with five other councils in Hampshire. The outcome of the pool was that the levy would be retained locally within the pool, with the TVBC element being split equally between TVBC and Hampshire County Council. The budget assumed that TVBC's 50% share, £2.064M, would be transferred to the Regeneration Reserve.

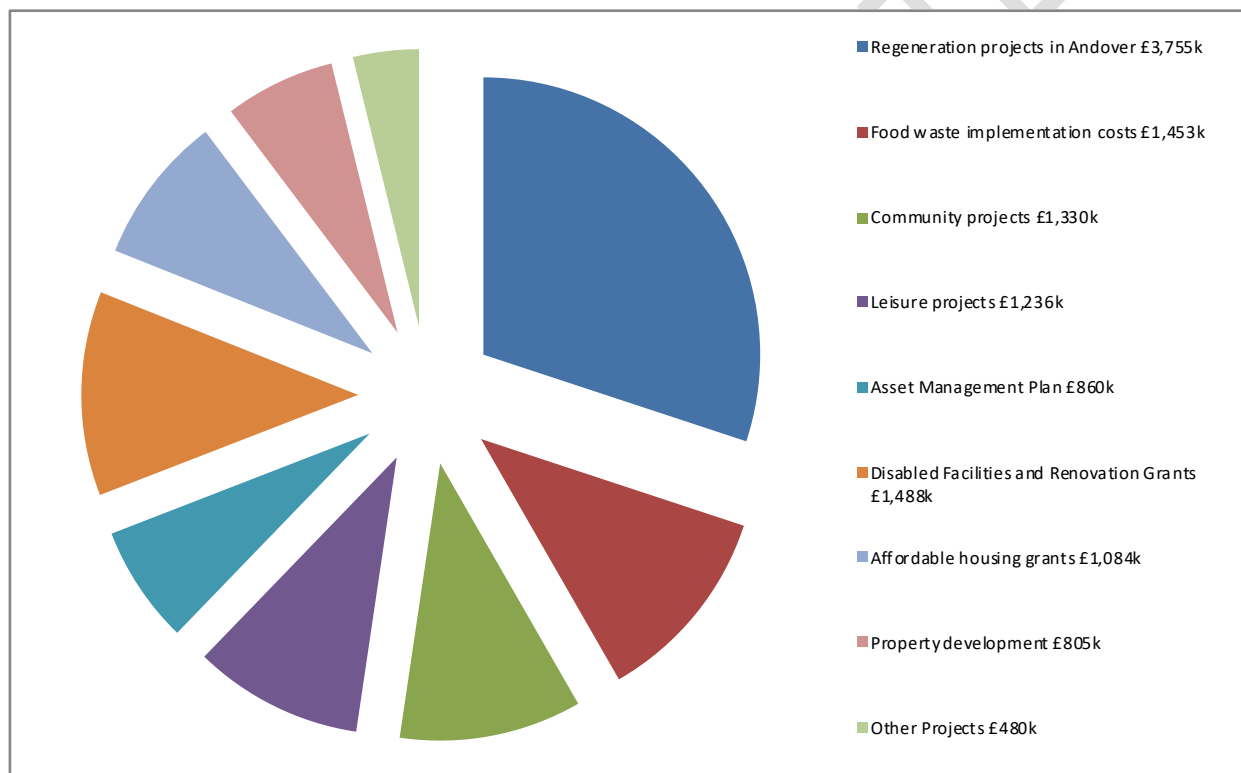
The actual retained income after taking account of the grants was £10.420M, a growth of £7.804M over the baseline figure. Of this, the levy @ 50% would have been £3.902M with the Council retaining a net surplus of £3.902M. In addition to this £3.902M retained income from growth, the effect of the pool was that Council retained an additional £1.893M which was transferred to the Regeneration Reserve.

A summary of the position is shown in the following table:

	<b>£'000</b>
Total retained income from business rates	10,420
Baseline	(2,616)
<b>Net growth on business rates</b>	<b>7,804</b>
<b>Income retained by Test Valley from growth</b>	<b>3,902</b>
Income retained from Business Rates Pool	3,902
Cost of business rates pool	(116)
Paid to Hampshire County Council	(1,893)
Additional income from business rates pool (transferred to Regeneration Reserve)	1,893
<b>Total Income retained by Test Valley</b>	<b>5,795</b>

## Capital Programme

Capital spending for the year was reported to Cabinet on 24<sup>th</sup> June 2026 and totalled £12.491M, as summarised in the following chart:



The Council has invested substantially in capital projects in the year. The most significant was expenditure on regeneration projects in Andover for works to the new riverside park and theatre development at a total of £3.755M.

The Council finances its capital expenditure from a mixture of usable capital receipts, capital grants and contributions, contributions from revenue and reserves and borrowing. In 2025/26, 80% came from capital grants and contributions (£10.004M). The remainder of the capital expenditure was funded from reserves (£1.253M), capital receipts (£1.051M) and internal borrowing (£183,000). The Council has set aside reserves for the future maintenance of its assets; budgeted asset management costs in 2026/27 and beyond will be funded from these reserves.

The Council has a substantial approved capital programme of £53.489M over the next two years to support the Council's priorities of regeneration in Andover and Romsey and other Corporate Action Plan projects. It is expected that this will increase as budget approval is

sought from Council and major contracts are awarded for the regeneration projects to move to the next stage.

Approved capital investment over the next financial year is as follows:

	<b>2026/27 £'000</b>
Asset Management Projects	6,987
Disabled Facilities & Renovation Grants	2,445
Sports & Recreation	1,777
Community & Leisure Projects	735
Regeneration Projects	4,046
Investment Properties	8,288
External community projects funded from Community Infrastructure Levy	235
Corporate Action Plan Projects	5,957
Affordable Housing Grants	761
Land Purchase for Strategic Ecological Mitigation	2,716
Other Capital Projects	861
<b>TOTAL</b>	<b>34,808</b>

### Financial Position at the Year End

General Fund revenue reserves were £74.627M at 31<sup>st</sup> March 2026, an increase of £8.098M from the £66.529M at 31<sup>st</sup> March 2025. This differs from the transfers to reserves shown in the Revenue Outturn table above due to:

	<b>£'000</b>
Transfers to earmarked reserves per Revenue Outturn table	10,324
Transfers from earmarked reserves included in net cost of services in Revenue Outturn table	(973)
Earmarked reserves used to fund capital expenditure	(1,253)
<b>Total movement in earmarked reserves</b>	<b>8,098</b>

The unallocated General Fund balance stood at £3.0M at 1<sup>st</sup> April 2025 and remained at this level at 31<sup>st</sup> March 2026.

In addition, the Council held earmarked reserves of £71.627M at 31<sup>st</sup> March 2026 for specific purposes. These are shown in more detail in Note 30 to the accounts. The balance held at the year end increased mainly due to the allocation of business rates growth and the effect of the pool, and the surplus at the end of the year. This was transferred to reserves to fund Corporate Action Plan projects, including regeneration.

Capital reserves at 31<sup>st</sup> March 2026 were £24.242M which are available to spend on capital schemes. This comprises the accumulated balance on the Capital Receipts Reserve of £11.995M and Capital Grants Unapplied of £12.247M.

### Medium Term Financial Strategy

The Council's latest Medium Term Financial Strategy (MTFS) which set out the revenue position for 2026/27 – 2028/29 was approved by Council on 3<sup>rd</sup> December 2025 and anticipated large reductions in government funding from 2026/27.

The impact of the final multi-year Local Government Finance Settlement for the period 2026/27 – 2028/29, published in February 2026, was much less severe than anticipated and the latest Medium-Term Forecast shows a balanced budget for both 2026/27 and 2027/28 with a budget gap of £498,000 for 2028/29. Further details can be found on the Council's website here:

[Revenue Budget 2026/27](#)

### **Valley Housing Limited**

On 30<sup>th</sup> April 2016, Valley Housing Limited, a Housing Development and Management Company which is a wholly owned subsidiary of Test Valley Borough Council was incorporated. Group accounts have not been prepared for the year ended 31<sup>st</sup> March 2026 as the value of transactions is not considered to be material.

### **Local Government Reorganisation**

The Government first announced plans for a major reform of local government in England in December 2024. The proposals sought to create unitary authorities and end the current two-tier system of county and district authorities. Hampshire and the Solent was selected for the fast-track Devolution Priority Programme.

Throughout the financial year, the council worked closely with 11 of the other 14 councils across Hampshire and the Solent to develop a submission to government on our recommendations for the most effective local government delivery model for our communities. In March 2026, the Secretary of State for Housing, Communities and Local Government determined that there should be five unitary authorities for the Hampshire and the Solent area. Despite this Council's submission that retaining the existing building blocks of whole district boundaries was more appropriate, the Secretary of State's determination will result in the parishes of Test Valley being split between two of the new unitary areas. The new Councils will be created as follows:

- Mid Hampshire – **Test Valley\***; New Forest\*; Winchester\*; East Hampshire\*
  - South West Hampshire – Southampton; **Test Valley\***; Eastleigh; New Forest\*
  - South East Hampshire – Portsmouth; Fareham; Gosport; Havant; East Hampshire\*; Winchester\*
  - North Hampshire – Basingstoke & Deane; Hart; Rushmoor
  - Isle of Wight
- \* Existing district authorities to be split between two new unitary authorities

For Test Valley, the parishes of Chilworth; Nursling & Rownhams; and Valley Park will form part of the South West Hampshire authority. All other parts of the borough will become part of the Mid Hampshire authority.

Elections to the new shadow authorities will take place in May 2027, with the new authorities formally vesting on 1<sup>st</sup> April 2028.

The Council has begun to increase its organisational capacity to effectively manage the transition to the new authorities and to disaggregate functions, assets and liabilities across two new authority areas. We will continue to work with all existing authorities in developing implementation plans for the effective transition to the new authorities.

Costs incurred in 2025/26 were related to the developing of the evidence base for submission of the proposal to government and staffing costs for programme management. These costs are included in the appropriate lines in the Comprehensive Income and Expenditure statement.

More information as this develops will be published on the Council's website at:

[Local Government Reorganisation | Test Valley Borough Council.](#)

### **Conclusion**

The overall financial results for the year continue to show stability in the Council's overall financial position. The surplus arising from the 2025/26 outturn, together with a local government finance settlement for the next three years that was less damaging than forecast, means that reserves are sufficient to ensure delivery of Corporate Action Plan projects is fully funded. It is expected that budget approval will be sought and major contracts awarded for the largest projects in the programme in the coming year, most notably for the construction of the new theatre in Andover.

Local Government Reorganisation will feature heavily throughout the period until the vesting of new authorities in April 2028, both in terms of costs related to the transition and the organisational capacity to manage the transition whilst still delivering high-quality services to our residents and stakeholders. I am confident that the Council has the financial stability to manage these challenges and will monitor this position regularly over the coming year.

I would like to extend my thanks to all those that have contributed to the production of this year's Statement of Accounts.

**Carl Whatley FCCA**  
Director of Finance & Revenues

# EXPLANATION OF THE ACCOUNTING STATEMENT

The purpose of the Council's Statement of Accounts is to give interested parties clear information about the Council's finances.

There has been one change in accounting policy in 2025/26 in relation to Property, Plant and Equipment valuations.

The accounts for 2025/26 consist of the following key statements:

- **The Statement of Responsibilities** declares the respective responsibilities of the Council and the Director of Finance & Revenues for the production of the Statement of Accounts.
- **The Expenditure and Funding Analysis** is a note to the financial statements, rather than a primary statement. It shows all income and expenditure incurred by the Council throughout the year under statutory funding provisions and the adjustments that are required to these figures to produce the Comprehensive Income & Expenditure Statement under generally accepted accounting practices.
- **The Comprehensive Income & Expenditure Statement** shows all income and expenditure incurred by the Council throughout the year; it includes day-to-day transactions from running the organisation as well as gains / losses on assets and pension liabilities. The total comprehensive income and expenditure shown represents the total movement in the Council's reserves during the year.
- **The Movement in Reserves Statement** summarises the changes in balances on the Council's reserves in the year. Reserves are classified as either usable or unusable. Usable reserves include the unallocated General Fund Balance, Earmarked Revenue Reserves and the Capital Receipts Reserve. These are the reserves that the Council can apply to future expenditure subject to statutory conditions (e.g. the Capital Receipts Reserve can only be used to finance capital expenditure). Unusable reserves such as the Capital Adjustment Account and Revaluation Reserve generally reflect the timing differences between the purchase and the consumption of economic benefits of assets.
- **The Balance Sheet** shows the financial position of the Council and discloses the assets and liabilities for all Council Services. At the balance sheet date the net worth of the Council was £409.4M.
- **The Cash Flow Statement** summarises the Council's cash transactions for the year.
- **The Collection Fund** records all income from Council Tax and business rates. Expenditure includes payments to central government, Hampshire County Council (HCC), Hampshire and Isle of Wight Fire & Rescue Service (HIWFRS) and the Council's General Fund in respect of business rates' income; and precepts to HCC, HIWFRS, Hampshire Police and Crime Commissioner, local parish/town councils and the Council's own demand on the Collection Fund in respect of Council Tax. The Collection Fund is not incorporated within the Comprehensive Income & Expenditure Statement as it reflects the statutory requirement for billing authorities to maintain a separate Collection Fund.

**The Independent Auditor's Report** explains how the Council's auditors, Ernst & Young, plan their audit and the basis on which they provide an opinion on the Council's Statement of Accounts. It also gives the auditor's opinion on the Council's arrangements for securing

economy, efficiency and effectiveness in the use of resources in the year.

**The Annual Governance Statement** is published alongside the Statement of Accounts and explains how the Council ensures that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. It is not covered by the auditor's opinion but is considered by the auditor and reported on by exception in the auditor's report if it is not compliant with proper practice.

The accounts are supported by the notes to the financial statements. These notes include a summary of significant accounting policies, further detail relating to matters in the main financial statements, assumptions made about the future and major estimations made.

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# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS 2025/26

## The Council's Responsibilities

The 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 Finance & Revenues.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts

## The Director of Finance & Revenues' Responsibilities

The Director of Finance & Revenues 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 Director of Finance & Revenues has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Director of Finance & Revenues has also:

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

## Certification of the Director of Finance & Revenues

I hereby certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2026.

Signed ..... Date.....  
**Carl Whatley FCCA, Director of Finance & Revenues**

Signed ..... Date.....  
**Cllr Susanne Hasselmann, Chairman of the Audit Committee**

## EXPENDITURE AND FUNDING ANALYSIS YEAR ENDED 31<sup>ST</sup> MARCH 2026

The Expenditure and Funding Analysis is a note to the financial statements, rather than a primary statement. It shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 16.

Net Expenditure Chargeable to the General Fund	2024/25 restated		Net Expenditure in the Comprehensive Income and Expenditure Statement		2025/26		Net Expenditure in the Comprehensive Income and Expenditure Statement	Note
	Adjustments between the Accounting Basis	Net Expenditure			Net Expenditure	Adjustments between the Accounting Basis		
£'000	£'000	£'000	£'000		£'000	£'000	£'000	
1,886	2,131	4,017	Community & Leisure		468	3,995	4,463	
4,699	1,326	6,025	Environmental Service		4,842	1,252	6,094	
2,664	(12)	2,652	Finance & Revenues		2,991	(78)	2,913	
1,812	1,491	3,303	Housing & Environmental Health		2,617	2,547	5,164	
1,666	1,126	2,792	Planning & Development		1,166	1,219	2,385	
(6,720)	7,948	1,228	Property & Asset Management		(7,291)	9,893	2,602	
1,772	1,197	2,969	Strategic Planning & Growth		2,130	357	2,487	
137	(78)	59	Benefits		633	(339)	294	
6,365	(213)	6,152	Corporate & Support		7,001	(260)	6,741	
<b>14,281</b>	<b>14,916</b>	<b>29,197</b>	<b>Net Cost of Services</b>		<b>14,557</b>	<b>18,586</b>	<b>33,143</b>	6
(26,732)	(21,763)	(48,495)	Other Income & Expenditure		(22,655)	(32,957)	(55,612)	6
<b>(12,451)</b>	<b>(6,847)</b>	<b>(19,298)</b>	<b>Surplus</b>		<b>(8,098)</b>	<b>(14,371)</b>	<b>(22,469)</b>	6,9
<b>(54,078)</b>			<b>Opening General Fund</b>		<b>(66,529)</b>			
<b>(12,451)</b>			<b>Surplus on General Fund in Year</b>		<b>(8,098)</b>			
<b>(66,529)</b>			<b>Closing General Fund</b>		<b>(74,627)</b>			

2024/25 £'000		2025/26 £'000
(3,000)	General Fund Balance	(3,000)
(63,529)	Earmarked Reserves Balance	(71,627)
<b>(66,529)</b>	<b>Total General Fund</b>	<b>(74,627)</b>

## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT YEAR ENDED 31 MARCH 2026

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 Council raises taxation to cover expenditure in accordance with regulations; this may be different to the accounting cost. The reconciliation to the Council Tax position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2024/25 restated		Net Exp.	Services	2025/26		Net Exp.	Note
Exp.	Income £'000	2024/25 £'000		Exp. £'000	Income £'000	2025/26 £'000	
7,383	(3,366)	4,017	Community & Leisure	9,170	(4,707)	4,463	
8,697	(2,672)	6,025	Environmental Service	9,683	(3,589)	6,094	
3,645	(993)	2,652	Finance & Revenues	3,615	(702)	2,913	
5,605	(2,302)	3,303	Housing & Environmental Health	7,938	(2,774)	5,164	
4,495	(1,703)	2,792	Planning & Development	4,864	(2,479)	2,385	
6,656	(5,428)	1,228	Property & Asset Management	8,127	(5,525)	2,602	
3,422	(453)	2,969	Strategic Planning & Growth	2,706	(219)	2,487	
18,352	(18,293)	59	Benefits	15,399	(15,105)	294	
7,542	(1,390)	6,152	Corporate & Support	7,606	(865)	6,741	
<b>65,797</b>	<b>(36,600)</b>	<b>29,197</b>	<b>Net Cost of Services</b>	<b>69,108</b>	<b>(35,965)</b>	<b>33,143</b>	
			<b>Other Operating Income and Expenditure</b>				
0	(133)	(133)	Profit on disposal of Property, Plant & Equipment		(469)	(469)	21
2,136	(2,136)	0	Parish Precepts	2,505	(2,505)	0	
			<b>Financing and Investment Income and Expenditure</b>				
0	(4,920)	(4,920)	Interest Income	0	(5,321)	(5,321)	32
142	0	142	Interest Payable	151	0	151	32
285	0	285	Impairment Losses	277	0	277	
7,487	(7,250)	237	Pension Fund Interest Costs	9,130	(9,035)	95	15
0	(6,503)	(6,503)	Changes in Fair Value of Investment Properties		(6,898)	(6,898)	18
404	0	404	Loss on Disposal of Investment Properties	0	0	0	21
684	(9,368)	(8,684)	Net Investment Property Income	773	(9,765)	(8,992)	18
<b>76,935</b>	<b>(66,910)</b>	<b>10,025</b>	<b>Net Operating Expenditure</b>	<b>81,944</b>	<b>(69,958)</b>	<b>11,986</b>	
			<b>Taxation and non-specific grant income</b>				
0	(8,963)	(8,963)	Council Tax Income	0	(9,234)	(9,234)	10
25,411	(28,312)	(2,901)	Business Rates Income & Expenditure	24,064	(29,833)	(5,769)	10
0	(8,993)	(8,993)	Non Ringfenced Government Grants	0	(8,071)	(8,071)	10
0	(8,466)	(8,466)	Capital Grants and Contributions	0	(11,381)	(11,381)	10,22
<b>102,346</b>	<b>(121,644)</b>	<b>(19,298)</b>	<b>Surplus on the provision of services</b>	<b>106,008</b>	<b>(128,477)</b>	<b>(22,469)</b>	
			<b>Other comprehensive income and expenditure</b>				
0	(622)	(622)	Net gains on revaluation of Property, Plant & Equipment	0	(2,349)	(2,349)	17
0	(24,964)	(24,964)	Re-measurement of the net defined benefit pension liability	0	(2,763)	(2,763)	15
22,045	0	22,045	Effect of the asset ceiling	3,260	0	3,260	15
<b>124,391</b>	<b>(147,230)</b>	<b>(22,839)</b>	<b>Total comprehensive income and expenditure</b>	<b>109,268</b>	<b>(133,589)</b>	<b>(24,321)</b>	

## MOVEMENT IN RESERVES STATEMENT YEAR ENDED 31 MARCH 2026

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 local taxation) and "unusable reserves".

The statement shows how the movements in the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amount chargeable to Council Tax for the year. The 'Increase / (Decrease) in Year' line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Note
<b><u>Movements during 2024/25</u></b>							
Balance as at 31st March 2024	54,078	12,606	9,542	76,226	285,366	361,592	
<b>Restatement of opening balances on transition to IFRS16 Leases</b>							
Recognition of donated right of use assets	0	0	0	0	640	640	
<b>Adjusted balances as at 1st April 2025</b>	<b>54,078</b>	<b>12,606</b>	<b>9,542</b>	<b>76,226</b>	<b>286,006</b>	<b>362,232</b>	
Total Comprehensive Income & Expenditure	19,298	0	0	19,298	3,541	22,839	
Adjustments between accounting basis and funding basis under regulations	(6,847)	(33)	1,505	(5,375)	5,375	0	9
<b>Increase / (Decrease) in Year</b>	<b>12,451</b>	<b>(33)</b>	<b>1,505</b>	<b>13,923</b>	<b>8,916</b>	<b>22,839</b>	30,31
<b>Balance as at 31st March 2025</b>	<b>66,529</b>	<b>12,573</b>	<b>11,047</b>	<b>90,149</b>	<b>294,922</b>	<b>385,071</b>	
<b><u>Movements during 2025/26</u></b>							
Total Comprehensive Income & Expenditure	22,469	0	0	22,469	1,852	24,321	
Adjustments between accounting basis and funding basis under regulations	(14,371)	(578)	1,200	(13,749)	13,749	0	9
<b>Increase / (Decrease) in Year</b>	<b>8,098</b>	<b>(578)</b>	<b>1,200</b>	<b>8,720</b>	<b>15,601</b>	<b>24,321</b>	30,31
<b>Balance as at 31st March 2026</b>	<b>74,627</b>	<b>11,995</b>	<b>12,247</b>	<b>98,869</b>	<b>310,523</b>	<b>409,392</b>	

2024/25 £'000		2025/26 £'000
3,000	General Fund Balance	3,000
63,529	Earmarked Reserves Balance	71,627
<b>66,529</b>	<b>Total General Fund</b>	<b>74,627</b>

## BALANCE SHEET AS AT 31 MARCH 2026

The Balance Sheet summarises the assets and liabilities recognised by the Council as at the Balance Sheet date. The net assets are matched by a combination of usable and unusable reserves. These are shown in more detail in notes 30 and 31.

As at 31/3/25			As at 31/3/26		Note
£'000	£'000		£'000	£'000	
113,184		Land & Buildings	112,122		17
1,379		Assets under Construction	4,408		17
3,909		Vehicles, Plant & Equipment	4,644		17
14,159		Community Assets	15,686		17
581		Infrastructure Assets	551		17
305		Surplus Assets	450		17
	133,517	<b>Property, Plant &amp; Equipment (PPE)</b>		137,861	
	173,259	<b>Investment Properties</b>		180,869	18
	75	<b>Intangible Assets</b>		73	19
533		Long-Term Debtors	519		32
32,870		Long-Term Investments	48,573		32
	33,403	<b>Long-Term Assets</b>		49,092	
5,642		Cash and Cash Equivalents	10,712		23
53,151		Short-Term Investments	51,960		32
1,729		Inventories	1,488		24
21,868		Debtors	12,576		25
(3,270)		Less: Impairment Allowance	(3,106)		25
	79,120	<b>Current Assets</b>		73,630	
(25,021)		Creditors	(24,048)		26
(281)		Short-Term Borrowing	(286)		32
(1,120)		Provisions	(500)		27
	(26,422)	<b>Current Liabilities</b>		(24,834)	
	<b>392,952</b>	<b>Total Assets less Current Liabilities</b>		<b>416,691</b>	
(5,791)		Long-Term Borrowing	(5,528)		32
(2,090)		Net Liability to Pension Fund	(1,771)		15
	(7,881)	<b>Long-Term Liabilities</b>		(7,299)	
	<b>385,071</b>	<b>Net Assets</b>		<b>409,392</b>	
		<b>Usable Reserves</b>			
3,000		General Fund Balance	3,000		30
63,529		Revenue and Earmarked Reserves	71,627		30
12,573		Capital Receipts Reserve	11,995		30
11,047		Capital Grants Unapplied	12,247		30
	90,149	<b>Total Usable Reserves</b>		<b>98,869</b>	
		<b>Unusable Reserves</b>			
38,021		Revaluation Reserve	39,657		31
263,714		Capital Adjustment Account	274,182		31
7		Deferred Credits	7		31
(4,453)		Collection Fund Adjustment Account	(1,300)		31
(277)		Accumulated Absences Account	(252)		31
(2,090)		Pension Fund Reserve	(1,771)		31
	294,922	<b>Total Unusable Reserves</b>		<b>310,523</b>	
	<b>385,071</b>	<b>Total Equity</b>		<b>409,392</b>	

## CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2026

This statement summarises the movements in the Council's cash transactions. It shows the volume of financial activity that takes place between the Council and its stakeholders.

The Cash Flow Statement is different to the other statements because it is on a cash basis and some of the figures may not agree with other figures in the accounts which are all on an accruals basis (i.e. based on amounts payable and receivable rather than actually paid or received). The bottom section of the statement shows a reconciliation of the movement in Cash and Cash Equivalents in the year to the figures shown in the Balance Sheet.

2024/25			2025/26		Note
£'000	£'000		£'000	£'000	
		<b>Revenue Activities</b>			
	19,298	Net surplus on the provision of services		22,469	
		<b>Adjustments for non-cash transactions</b>			
3,661		Depreciation of PPE / Amortisation of intangibles	3,847		17,19
(6,503)		Revaluation Gains on Investment Properties	(6,898)		18
(1,734)		Impairment & downward / (upward) Valuations of PPE & intangibles	1,349		17,19
(75)		Pension Fund Transfers	(816)		15
123		Other non-cash items	(780)		29
	(4,528)			(3,298)	
	(7,283)	<b>Adjustments in respect of Investing Activities</b>		(11,673)	
		<b>Adjustments for items on an accruals basis</b>			
(1,271)		(Increase) / Decrease in Debtors	5,895		
225		Decrease in Inventories	241		
(1,238)		Decrease in Creditors	(4,083)		
	(2,284)			2,053	
	<b>5,203</b>	<b>Net Cash Inflow from Operating Activities</b>		<b>9,551</b>	
		<b>Investing Activities</b>			
(70,520)		Purchase of Short-term and Long-term Investments	(65,516)		
67,000		Proceeds from Short-term and Long-term Investments	51,154		
(5,105)		Purchase of Assets	(7,472)		
46		Sale of Assets	0		
8,111		Other Capital Cash Received	14,298		
	<b>(468)</b>	<b>Net Investing Activity Cashflow</b>		<b>(7,536)</b>	
		<b>Financing Activities</b>			
(251)		Cash payments to reduce outstanding borrowing	(257)		
(6,805)		Other payments for financing activities	3,312		29
	<b>(7,056)</b>	<b>Net Financing Activity Cashflow</b>		<b>3,055</b>	
	<b>(2,321)</b>	<b>Net Decrease in Cash and Cash Equivalents</b>		<b>5,070</b>	
	<b>7,963</b>	<b>Cash and Cash Equivalents at the start of the reporting period</b>		<b>5,642</b>	
	<b>5,642</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>10,712</b>	

# NOTES TO THE CORE FINANCIAL STATEMENTS

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# NOTES TO THE FINANCIAL STATEMENTS

## 1. **Accounting Policies**

1.1. This note sets out the accounting policies followed in compiling the Council's accounts. The aim of the note is to explain the basis of the figures in the accounts and to disclose policies that are significant and relevant to the Council.

### 1.2. **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts (by the Accounts and Audit regulations 2015) in accordance with proper accounting practices.

These practices primarily comprise; the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ('the Code') and the Service Reporting Code of Practice 2025/26 supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The Statement of Accounts has been prepared on a going concern basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1.3. **Prior Period Adjustments**

Prior period adjustments may arise as a result of a change in accounting policy 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 transactions, other events and conditions on the Council's financial position or performance.

### 1.4. **Accruals of Income & Expenditure**

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

- Revenue from contracts from service recipients, whether for services or the provision of goods, is accounted for when (or as) the goods or service are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 provided are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the

Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### 1.5. **Cash and Cash Equivalents**

Cash is represented by cash in hand.

Cash equivalents are deposits with financial institutions payable without penalty or notice, maturing in not more than one day and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, the 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.

#### 1.6. **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 probably requires settlement by a transfer of economic benefits and a reliable estimate of the potential liability can be reasonably calculated.

Provisions are charged as an expense to the Comprehensive Income & Expenditure Statement in the year that the Council recognises the obligation and are shown at the best estimate of the eventual outcome at the Balance Sheet date.

Payments to settle the obligation are charged against the provision. Any difference between the provision and the actual settlement figure are charged to the Comprehensive Income & Expenditure Statement when the obligation is settled.

##### Contingent Liabilities

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

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

##### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

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.

## 1.7. Reserves

The Council sets aside specific and general amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General 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 revenue account in that year to be included in the surplus / deficit on the provision of services in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back in to the General Fund Balance in the Movement in Reserves 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 and retirement benefits and do not represent usable resources to the Council. Transactions with these reserves are explained in the relevant accounting policies below.

## 1.8. 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 / contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income & Expenditure Statement until conditions attached to the grant / contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant / contribution are required to be consumed by the Council as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants / contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

When conditions are satisfied, the grant / contribution is credited to the relevant Service line or Taxation and Non-Specific Grant income in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. When the grant has been applied, it is posted to the Capital Adjustment Account.

### Business Improvement District

A business improvement district (BID) scheme applies across Andover Town Centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as an agent under this scheme. Only the following amounts are recognised in the Council's Comprehensive Income & Expenditure Statement:

- BID levy amounts payable on the Council's properties within the BID scheme area are shown as service expenditure under the relevant service.
- BID levy collection costs are shown in the net cost of services under the relevant service.

## Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy is used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges (5% for the Council) may be used to fund revenue expenditure.

### **1.9. Employee Benefits**

#### Benefits Payable During Employment

Short-term employee benefits are those due to be settled within twelve 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 (e.g. cars) 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 entitlement and accrued flexible working hours (based on an average per employee) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to the surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year that the absence occurs.

#### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the net cost of services in the Comprehensive Income & Expenditure Statement.

#### Post-Employment Benefits

The Council's employees are entitled to join the Local Government Pension Scheme administered by Hampshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Council.

The liabilities of the pension fund attributable to the Council are included in the Balance Sheet based on an actuarial valuation.

Full details of the valuation method are shown in the employee benefits note to the core financial statements.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant standards. In the Movement in Reserves Statement, this means that there are

appropriations to and from the Pension Reserve to remove notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified.

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the end of the reporting period – 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.

#### 1.11. **VAT**

Income and expenditure excludes any amounts related to VAT to the extent that it is recoverable from HM Revenue & Customs.

#### 1.12. **Overheads and Support Services**

The cost of overheads and support services are accounted for under two separate headings, Corporate & Support and Central Costs, in the Expenditure & Funding Analysis and the Comprehensive Income & Expenditure Statement as part of the net cost of services. They are not charged to service segments.

#### 1.13. **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licences) is capitalised when it is expected that the future economic benefits will flow to the Council.

Intangible assets are measured initially at cost. The balance is amortised over the useful life of the asset to the relevant service line in the Comprehensive Income & Expenditure Statement to reflect the pattern of consumption of benefits.

Amortisation is not permitted to have an impact on the General Fund Balance. These charges are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

#### 1.14. **Investment Property**

Investment properties are those that are used solely to earn rental income and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services.

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. Investment properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure section in the Comprehensive Income & Expenditure Statement. The same treatment is applied to gains / losses on disposal.

Investment properties under construction are measured at fair value once it is possible to measure reliably the fair value of the investment property, and at cost before that date.

Rentals received in respect of leases on investment properties are credited to the financing and investment income section and result in a gain for the General Fund balance. However, revaluation and disposal gains / losses are not permitted to have an impact on the General Fund balance. The gains / losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds) the Capital Receipts Reserve.

#### 1.15. **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes on a continuing basis are classified as property, plant and equipment (PPE).

##### Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that secures but does not add to an asset's potential to deliver future economic benefits (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de minimis level of £10,000 is applied to capital expenditure. Any expenditure on land, equipment or other chattels below this amount is not recognised as an asset.

##### 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

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure and community assets – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

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.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment.

Assets included in the balance sheet at fair value are revalued every five years, with annual indexation applied to assets during the four intervening years. Where indices cannot be obtained without undue cost or effort, those assets are revalued using a quinquennial revaluation, with a desktop revaluation in year three.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income & 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)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income & Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 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. Where indications 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, they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to relevant service lines in the Comprehensive Income & Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would be charged if the loss had not been recognised.

## Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income & 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 £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## Depreciation

Depreciation is provided for on all assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets).

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

Componentisation of an asset will be considered where:

- The carrying value of an asset is greater than £1M and
- The component is at least 20% of the carrying value of the asset and
- The change in depreciation after componentisation is greater than £10,000 per annum.

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.

### 1.16. **Heritage Assets**

Heritage assets are assets held primarily for their *historical, artistic, scientific, technological, geophysical or environmental qualities and maintained for their contribution to knowledge and culture.*

The Council does not have a policy in respect of the purchase, preservation, management and disposal of Heritage Assets.

Heritage assets are either excluded from the Balance Sheet or included within Community Assets, valued at historic cost. The Code requires Heritage Assets to be classified separately on the Balance Sheet and to be valued at fair value. The Council has not re-stated Heritage Assets in accordance with the Code due to their immaterial overall value.

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

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding assets during the year:

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

The Council is not required to raise Council Tax to cover depreciation, impairment losses, revaluation or amortisation. Depreciation, impairment losses, revaluation and amortisation are therefore replaced in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserve Statement.

### 1.18. **Revenue Expenditure Funded From Capital Under Statute**

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 & Expenditure Statement in the year. Where the Council has determined to meet the cost of these charges from existing capital resources, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

### 1.19. **Leases**

#### **Council as Lessee**

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

#### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability 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 at the adoption date
- amounts expected to be payable under a residual value guarantee

- the exercise price under a purchase option that the Council is reasonably certain to exercise
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Council 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 Council 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 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 of the remaining lease term and the 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 rate method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is change in the Council's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option
- 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 Council 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 Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

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.

### **Council as Lessor**

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

Where a lease covers both land and buildings, the land and buildings' elements are considered separately for classification.

#### **Criteria for determining whether a lease is finance or operating in nature**

A number of factors are considered in determining whether a lease should be classified as finance or operating. Three of these are over-riding, the remainder are considered holistically to assess the nature of a lease.

Leases of land will be considered operating leases unless the land will be permanently impaired as a result of the lease (e.g. the land is used for mining).

Where it is almost certain that the lessee will retain the asset in perpetuity or until the end of the asset's useful economic life, the lease will be classified as a finance lease.

Where the Council leases a building to a tenant, the building element of the lease will be considered to be operating in nature if the lessee is required to return the building in a repaired condition at the end of the lease.

Factors that indicate a lease might be a finance lease include:

- Where the net present value of lease payments is more than 80% of the asset's purchase price.
- Where the lease period is longer than 75% of the asset's useful life.
- Where there are options to extend the primary lease at rates substantially lower than market rents.
- Where ownership transfers to the lessor at the end of the lease or there are options to buy the asset at the end of the lease term on favourable conditions which are reasonably certain to be taken up.
- Terms included in the lease which penalise the lessee more than the lessor in the event that the lessee cancels the lease.

#### **Finance Leases**

There are no leases that qualify as finance leases where the Council is the lessor.

#### **Operating Leases**

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income & 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).

## 1.20. Financial Instruments

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at their fair value and subsequently 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 rate is the rate that exactly discounts future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

### 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 cashflow characteristics. There are three main classes of financial assets measured at:

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

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

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at their 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 & Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income & Expenditure Statement is the amount receivable for the year in the loan agreement.

Where the Council makes a soft loan (i.e. at less than market rate or with an interest free period), the loan will be shown in the balance sheet at carrying value rather than amortised value unless the value of the advance is greater than £500,000 or there is significant discounting of interest rates.

Any gains or 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 Council recognises expected credit losses on all its financial assets held at amortised cost either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables.

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 the risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

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

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

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

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

The inputs to the measurement techniques are categorised in accordance with the 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.

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.

#### **1.21. Inventories**

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

#### **1.22. Fair Value Measurement**

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

assumes that the transaction to sell the asset or transfer the liability takes place either

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

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

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

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates and unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

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

## **2. Restatement of Comparatives (Reclassification of Central Costs & Service Names)**

The presentation of central costs (insurance premiums for example) has been revised to reclassify them and include them within the relevant services in the Net Cost of Services and Investment Property Expenditure, reflecting the way that revenue is reported to Councillors throughout the year.

Two services have been renamed during the year:

- Planning & Building is now Planning & Development
- Planning Policy & Economic Development is now Strategic Planning & Growth.

Comparative amounts for 2024/25 have been restated in the Comprehensive Income and Expenditure Statement, the Expenditure and Funding Analysis, the Segmental Income note (note 7) and the Investment Properties note (note 18). The effect on the Comprehensive Income and Expenditure Statement is shown in the following table:

	2024/25			Reclassification of Central Costs			2024/25 Restated		
	Exp. £'000	Income £'000	Net Exp £'000	Exp. £'000	Income £'000	Net Exp £'000	Exp. £'000	Income £'000	Net Exp £'000
<b>Services</b>									
Community & Leisure	6,402	(3,172)	3,230	981	(194)	787	7,383	(3,366)	4,017
Environmental Service	8,519	(2,672)	5,847	178	0	178	8,697	(2,672)	6,025
Finance & Revenues	3,607	(753)	2,854	38	(240)	(202)	3,645	(993)	2,652
Housing & Environmental Health	5,574	(2,302)	3,272	31	0	31	5,605	(2,302)	3,303
Planning & Development	4,453	(1,703)	2,750	42	0	42	4,495	(1,703)	2,792
Property & Asset Management	4,334	(5,428)	(1,094)	2,322	0	2,322	6,656	(5,428)	1,228
Strategic Planning & Growth	3,216	(410)	2,806	206	(43)	163	3,422	(453)	2,969
Benefits	18,352	(18,293)	59	0	0	0	18,352	(18,293)	59
Corporate & Support	7,509	(1,405)	6,104	33	15	48	7,542	(1,390)	6,152
Central Costs	4,053	(462)	3,591	(4,053)	462	(3,591)	0	0	0
<b>Net Cost of Services</b>	<b>66,019</b>	<b>(36,600)</b>	<b>29,419</b>	<b>(222)</b>	<b>0</b>	<b>(222)</b>	<b>65,797</b>	<b>(36,600)</b>	<b>29,197</b>
<b>Financing and Investment Income and Expenditure</b>									
Net Investment Property Income	462	(9,368)	(8,906)	222	0	222	684	(9,368)	(8,684)
<b>Net Operating Expenditure</b>	<b>76,935</b>	<b>(66,910)</b>	<b>10,025</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,935</b>	<b>(66,910)</b>	<b>10,025</b>

There is no impact on the Surplus on Provision of Services or the Total Comprehensive Income and Expenditure.

### **3. Accounting Standards that have been issued but have not yet been adopted**

The Code requires the Council to identify Accounting Standards that have been issued but have yet to be adopted. The Council is also required to assess the possible impact that application of the Standards will have when they are applied.

There are no Accounting Standards that have been issued but not yet adopted that would have a material effect on this year's Statement of Accounts were they in effect for the year ended 31st March 2026, nor are they expected to have a material effect on the Statement of Accounts for the year ended 31st March 2027.

### **4. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements that have the most significant effect on the amounts in the financial statements are:

**Asset classifications** – the Council has made judgements on whether assets are classified as Investment Property or PPE. These judgements are based on the main reason that the Council is holding the asset. If the asset is used in the delivery of services or is occupied by third parties who are subsidised by the Council they are deemed to be PPE assets whereas if full market rent is being charged this would indicate that the asset is an Investment Property. The classification determines how revalued amounts are shown in the accounts and whether depreciation is chargeable on the asset.

**Providing for potential liabilities** – the Council has made judgements about the likelihood of pending liabilities and whether a provision should be made or whether

there is a contingent liability. The judgements are based on the degree of certainty concerning future and past events and the Council's control over them.

## 5. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are explained in the following table.

Item	Uncertainties	Effect if actual results differ from assumptions
Impairment Allowance	The Council has made allowances for doubtful debts of £3.106M in 2025/26 (2024/25 £3.270M) based on what it believes to be a prudent but realistic level.	If collection rates were to deteriorate or improve, a 5% change would require an adjustment to the allowance of £155,300 (2024/25 £163,500).
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns from pension fund assets. A firm of actuaries is engaged by the pension fund administrator to provide expert advice about the assumptions to be applied.	More information can be found in Note 15 about the sensitivity to changes in assumptions in respect of: <ul style="list-style-type: none"> <li>• The discount rate used</li> <li>• Salary inflation</li> <li>• Rates of increase to pensions in payment</li> <li>• Mortality rates</li> </ul>
Provisions	The Council has made a provision of £500,000 in 2025/26 (2024/25 £1.120M) in respect of its share of appeals made by ratepayers for past business rates' costs. It is not certain how many of the appeals will be upheld nor the amount by which rateable values will be reduced.	A 10% increase or decrease in the actual number of appeals upheld would result in a change to the provision of £50,000 (2024/25 £112,000).
Property, Plant & Equipment	The Council carries out a rolling programme of valuations for PPE required to be measured at current value. £112.8M of assets were valued at current value in 2025/26.	Every 1% change in the valuation of land and buildings would require an adjustment of £1.128M.

	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying value of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £126,000 if the useful lives were reduced by one year..
Investment Properties	The Council values its investment properties annually and the fair value at 31 <sup>st</sup> March 2026 was £180.9M.	Every 1% change in the valuation of investment properties would require an adjustment of £1.81M

**6. Note to the Expenditure and Funding Analysis**

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

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Transactions in 2025/26

<b>Adjustments between Funding and Accounting Basis</b>				
<b>2025/26</b>				
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes (Note a)</b>	<b>Net change for the Pensions Adjustments (Note b)</b>	<b>Other Differences (Note c)</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community & Leisure	3,652	(58)	401	3,995
Environmental Service	862	(162)	552	1,252
Finance & Revenues	0	(77)	(1)	(78)
Housing & Environmental Health	2,728	(79)	(102)	2,547
Planning & Development	1,274	(75)	20	1,219
Property & Asset Management	855	(63)	9,101	9,893
Strategic Planning & Growth	392	(35)	0	357
Benefits	0	0	(339)	(339)
Corporate & Support	75	(362)	27	(260)
<b>Net Cost of Services</b>	<b>9,838</b>	<b>(911)</b>	<b>9,659</b>	<b>18,586</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(20,214)</b>	<b>95</b>	<b>(12,838)</b>	<b>(32,957)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(10,376)</b>	<b>(816)</b>	<b>(3,179)</b>	<b>(14,371)</b>

Comparative Transactions for 2024/25

<b>Adjustments between Funding and Accounting Basis</b>				
<b>2024/25 restated</b>				
	<b>Adjustments for Capital Purposes (Note a)</b>	<b>Net change for the Pensions Adjustments (Note b)</b>	<b>Other Differences (Note c)</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community & Leisure	1,810	(10)	331	2,131
Environmental Service	799	(25)	552	1,326
Finance & Revenues	0	(12)	0	(12)
Housing & Environmental Health	1,547	(11)	(45)	1,491
Planning & Development	1,138	(12)	0	1,126
Property & Asset Management	(659)	(10)	8,617	7,948
Strategic Planning & Growth	1,202	(5)	0	1,197
Benefits	0	0	(78)	(78)
Corporate & Support	107	(227)	(93)	(213)
<b>Net Cost of Services</b>	<b>5,944</b>	<b>(312)</b>	<b>9,284</b>	<b>14,916</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(17,466)</b>	<b>237</b>	<b>(4,534)</b>	<b>(21,763)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(11,522)</b>	<b>(75)</b>	<b>4,750</b>	<b>(6,847)</b>

a) Adjustments for Capital Purposes

This column adds in depreciation and impairment, revaluation gains and losses and revenue expenditure financed by capital under statute in the services lines, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amount written off for those assets
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for conditions which were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

b) Net Change for the Pensions Adjustments

This column shows the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For **services** – this represents the removal of the employer pension contributions made by the authority under statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income & Expenditure Statement.

c) Other differences

Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

- For **services** – this represents items not reported to management in the revenue outturn report, such as the movement in the untaken leave accrual, and amounts which were reported to management but are not included in the net cost of services in the Comprehensive Income & Expenditure Statement, such as income transferred from the Developer contribution for future years' maintenance costs reserve.
- For **Financing and investment income and expenditure** – this column recognises adjustments to the General Fund for net investment property income of £8.992M and impairment losses of £277,000 which are reported in the General Fund in Net Cost of Services.
- For **Taxation and non-specific grant income and expenditure** - this column represents the difference of £3.153M between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the beginning of the year and the income recognised under generally accepted accounting practices in the Code of Practice. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

7. Segmental Income

Income received from external customers is analysed on a segmental basis in the following table:

<b>Service</b>	<b>2024/25 restated Revenues from external customers £'000</b>	<b>2025/26 Revenues from external customers £'000</b>
Community & Leisure	2,961	4,604
Environmental Service	2,399	3,370
Finance & Revenues	237	239
Housing & Environmental Health	561	848
Planning & Development	1,693	2,439
Strategic Planning & Growth	5	7
Property & Asset Management	14,797	15,291
Benefits	435	495
Corporate & Support	1,329	790
<b>Total income analysed on a segmental basis</b>	<b>24,417</b>	<b>28,083</b>

#### 8. **Expenditure and income analysed by nature**

The Council's expenditure and income is analysed in the following table:

<b>Expenditure / Income</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b>Expenditure</b>		
Employee costs and benefits expenses	24,401	26,172
Other service expenses	36,118	34,062
Depreciation, amortisation, impairment	1,928	5,195
Other capital charges	4,022	4,643
Interest payable	142	151
Precepts and levies	2,136	2,505
Pension fund interest costs	237	95
<b>Total expenditure</b>	<b>68,984</b>	<b>72,823</b>
<b>Income</b>		
Fees, charges and other service income	(24,417)	(28,083)
Interest and investment income	(4,920)	(5,321)
Changes in fair value of investment properties	(6,503)	(6,898)
Income from council tax and non-domestic rates	(14,000)	(17,508)
Government grants and contributions	(38,713)	(37,013)
(Profit) / loss on the disposal of assets	271	(469)
<b>Total income</b>	<b>(88,282)</b>	<b>(95,292)</b>
<b>Surplus on the Provision of Services</b>	<b>(19,298)</b>	<b>(22,469)</b>

#### 9. **Adjustments between accounting basis and funding basis under regulation**

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

## Transactions in 2025/26

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserves	Note
	£'000	£'000	£'000	£'000	£'000	
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
Depreciation of non-current assets	3,839	0	0	3,839	(3,839)	17
Amortisation of intangible assets	8	0	0	8	(8)	19
Impairment of non-current assets	1,349	0	0	1,349	(1,349)	17
Movement in the fair value of investment property	(6,898)	0	0	(6,898)	6,898	18
Profit on disposal of non-current assets	(469)	0	0	(469)	469	21
Profit on disposal of inventory	(18)	18	0	0	0	
Revenue expenditure funded from capital under statute	3,179	(2,615)	(564)	0	0	31
Impairment of capital loans	18	0	0	18	(18)	31
Statutory provision for the repayment of debt	(214)	0	0	(214)	214	31
Capital grants, contributions and income in relation to donated assets credited to the CI&ES	(177)	0	0	(177)	177	22
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Proceeds from disposal of non-current assets	0	497	0	497	(497)	30
Financing of new capital expenditure	(7,896)	1,522	(1,333)	(7,707)	7,707	22
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>						
Capital grants credited to CIES for which expenditure has not yet been incurred	(3,097)	0	3,097	0	0	30
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits charged to the CI&ES	2,744	0	0	2,744	(2,744)	15
Employer's contribution to pension fund / directly to pensioners	(3,560)	0	0	(3,560)	3,560	15
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>						
Amount by which Council Tax and Business Rates income credited to the CI&ES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements.	(3,153)	0	0	(3,153)	3,153	31
<b>Adjustments primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(25)	0	0	(25)	25	31
<b>Insertion of items not shown in the Comprehensive Income &amp; Expenditure Statement</b>						
Other adjustments	(1)	0	0	(1)	1	
	<b>(14,371)</b>	<b>(578)</b>	<b>1,200</b>	<b>(13,749)</b>	<b>13,749</b>	

## Comparative Transactions for 2024/25

	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Note</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
<b>Adjustments primarily involving the Capital Adjustment Account</b>						
Depreciation of non-current assets	3,650	0	0	<b>3,650</b>	(3,650)	17
Amortisation of intangible assets	11	0	0	<b>11</b>	(11)	19
Impairment of non-current assets	(1,734)	0	0	<b>(1,734)</b>	1,734	17
Movement in the fair value of investment property	(6,503)	0	0	<b>(6,503)</b>	6,503	18
Loss on disposal of non-current assets	271	0	0	<b>271</b>	(271)	21
Profit on disposal of inventory	(6)	6	0	<b>0</b>	0	
Revenue expenditure funded from capital under statute	2,645	(1,281)	(1,364)	<b>0</b>	0	31
Statutory provision for the repayment of debt	(209)	0	0	<b>(209)</b>	209	31
Capital grants, contributions and income in relation to donated assets credited to the CI&ES	(912)	0	0	<b>(912)</b>	912	21
<b>Adjustments primarily involving the Capital Receipts Reserve</b>						
Proceeds from disposal of non-current assets	0	384	0	<b>384</b>	(384)	30
Capital loan repayments	0	8	0	<b>8</b>	(8)	29
Financing of new capital expenditure	(5,118)	851	(748)	<b>(5,015)</b>	5,015	22
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>						
Capital grants credited to CIES for which expenditure has not yet been incurred	(3,617)	0	3,617	<b>0</b>	0	30
<b>Adjustments primarily involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits charged to the CI&ES	3,280	0	0	<b>3,280</b>	(3,280)	15
Employer's contribution to pension fund / directly to pensioners	(3,355)	0	0	<b>(3,355)</b>	3,355	15
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>						
Amount by which Council Tax and Business Rates income credited to the CI&ES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements.	4,722	0	0	<b>4,722</b>	(4,722)	31
<b>Adjustments primarily involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CI&ES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	27	0	0	<b>27</b>	(27)	31
<b>Insertion of items not shown in the Comprehensive Income &amp; Expenditure Statement</b>						
Other adjustments	1	(1)	0	<b>0</b>	0	
	<b>(6,847)</b>	<b>(33)</b>	<b>1,505</b>	<b>(5,375)</b>	<b>5,375</b>	

### **10. Taxation and Non-Specific Grant Income**

The Council received income from Council Tax and revenue grants from various central government departments including the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Environment, Food and Rural Affairs (DEFRA). These are summarised in the following tables.

<b>Taxation / Non-Ringfenced Grants</b>	<b>Awarding Body</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Council Tax Income	Council Taxpayers	8,963	9,234
New Homes Bonus	MHCLG	230	12
Small Business Rate Relief	MHCLG	1,538	1,653
Other business rate reliefs	MHCLG	66	66
Expanded Retail Discount	MHCLG	1,943	1,137
Supporting Small Business Relief	MHCLG	328	344
Green Plant & Machinery Relief	MHCLG	35	35
Services Grant	MHCLG	17	0
Levy Account Surplus	MHCLG	20	0
Funding Guarantee Grant	MHCLG	2,647	2,460
Revenue Support Grant	MHCLG	252	276
Employers National Insurance Grant	MHCLG	0	163
Multiplier Cap	MHCLG	1,917	1,925
		<b>17,956</b>	<b>17,305</b>

The net income shown in the Comprehensive Income & Expenditure Statement for business rates is comprised of a number of transactions that are summarised in the table below.

<b>Business Rates Income &amp; Expenditure</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Share of income transferred from Collection Fund	25,076	33,205
Tariff paid to government	(21,798)	(22,055)
Share of surplus / (deficit) on Collection Fund in the year	3,236	(3,372)
Levy payable to government / Hampshire County Council in respect of growth in the year	(3,613)	(2,009)
<b>Net Business Rates Income</b>	<b>2,901</b>	<b>5,769</b>

Capital grants and contributions were received in the year as shown in the following table. The figure for 2025/26 includes £177,000 in donated assets under section 106 agreements (2024/25 £912,000).

<b>Capital Grants and Contributions</b>	<b>Awarding Body</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Disabled Facilities Grant	MHCLG	1,707	1,827
Rural England Prosperity Fund Grant	MHCLG	358	154
UK Shared Prosperity Fund Grant	MHCLG	649	184
Local Authority Housing Fund Grant	MHCLG	0	695
Changing Places Toilet Grant	MHCLG	4	0
Lawn Tennis Association Grant	LTA	19	0
Food Waste Collection Grant	DEFRA	2	290
Local Regeneration Fund Grant	MHCLG	3,831	4,136
Contributions under s106 and CIL agreements / capital grants	Developers	1,896	4,095
		<b>8,466</b>	<b>11,381</b>

Other grants received in the year and included in the Net Cost of Services are shown in the following table.

<b>Specific Grants included in the Net Cost of Services</b>		<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Housing Benefit Subsidy	DWP	17,761	14,505
Housing Benefit Administration	DWP	217	218
Discretionary Housing Payments	DWP	97	106
Business Rates Collection	MHCLG	197	202
Biodiversity Net Gain Grant	DEFRA	10	36
Redmond Review Implementation	MHCLG	21	21
Local Audit Backstop Grant	MHCLG	0	39
Council Tax Support & New Burdens	MHCLG	124	0
Local Plan Funding	MHCLG	228	37
Food Waste New Burdens	DEFRA	273	186
Various New Burdens & Other Grants	MHCLG / DWP / DEFRA	106	146
Various Election Funding Grants	Cabinet Office	9	0
Homelessness Prevention Grant	MHCLG	684	1,016
Household Support Fund	DWP	243	136
Ukraine Support Grant	MHCLG	449	300
Asylum Dispersal Grant	MHCLG	25	10
Domestic Abuse - Support to Victims	MHCLG	36	36
Rough Sleepers Initiative Grant	MHCLG	347	270
Supported Housing Strategy	MHCLG	0	48
Whole Housing Approach	MHCLG	0	27
Heat Network Delivery	BEIS	10	0
UK Shared Prosperity Fund	MHCLG	147	143
Afganistan Resettlement Programme	MHCLG	63	0
Transparency Code Set-Up	MHCLG	8	0
Neighbourhood Planning Grants	MHCLG	20	20
Levelling Up Fund - Capacity & Capability	MHCLG	44	0
Local Authority Tree Fund	DEFRA	91	30
Consolidated Hotspot Response	MHCLG	44	29
		<b>21,254</b>	<b>17,561</b>

**11. Special Expenses**

Income from the special Council Tax Levy which applies in the Andover Town Council area was £350,700 in 2025/26 (£343,600 – 2024/25).

**12. External Audit Costs**

The Council incurred the following fees in relation to external audit and inspection.

<b>Class of Work</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
External Audit Fees	166	258
Certification of Grants Claim and Returns	37	18
	<b>203</b>	<b>276</b>

**13. Members' Allowances**

The Council paid the following amounts to members of the Council during the year.

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Allowances	541	606
Expenses	7	5
<b>Total Members' Allowances</b>	<b>548</b>	<b>611</b>

**14. Officers' Remuneration and Termination Benefits**

The number of employees whose remuneration, including termination benefits but excluding pension contributions, was £50,000 or more in bands of £5,000 in 2025/26 was:

<b>Remuneration Band</b>	<b>2024/25 Number of Employees</b>	<b>2025/26 Number of Employees</b>
£50,000 - £54,999	18	19
£55,000 - £59,999	10	16
£60,000 - £64,999	17	16
£65,000 - £69,999	3	5
£70,000 - £74,999	8	10
£75,000 - £84,999	0	0
£85,000 - £89,999	3	3
£90,000 - £94,999	0	1
£95,000 - £99,999	6	0
£100,000 - £105,000	1	7
£105,000 - £124,999	0	0
£125,000 - £129,999	1	0
£130,000 - £134,999	0	1
£135,000 - £149,999	0	0
£150,000 - £154,999	1	1

The following table sets out the remuneration of senior officers in the year. A senior officer is described as 'a person who has responsibility for the management of the Council to the extent that the person has power to direct or control the major activities of the body, whether solely or collectively with other persons.' For the purposes of these accounts, Test Valley Borough Council has determined that senior officers are those included in the Management Team, which comprises the Chief Executive, Deputy Chief Executive and Directors of Services.

The 'Total Remuneration excluding pension contributions' of the following officers is included in the pay bandings in the previous table.

Post	Salary (Including Fees and Allowances)		Car Allowance and Other Expenses		Total Remuneration Excluding Pension Contributions		Pension Contributions		Total Remuneration Including Pension Contributions	
	24/25	25/26	24/25	25/26	24/25	25/26	24/25	25/26	24/25	25/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	148	<b>149</b>	4	<b>4</b>	152	<b>153</b>	25	<b>24</b>	177	<b>177</b>
Deputy Chief Executive	124	<b>128</b>	4	<b>4</b>	128	<b>132</b>	22	<b>21</b>	150	<b>153</b>
Director of Community & Leisure	95	<b>98</b>	4	<b>4</b>	99	<b>102</b>	17	<b>16</b>	116	<b>118</b>
Director of Environmental Services	96	<b>98</b>	5	<b>6</b>	101	<b>104</b>	17	<b>16</b>	118	<b>120</b>
Director of Housing & Environmental Health	86	<b>89</b>	4	<b>4</b>	90	<b>93</b>	15	<b>15</b>	105	<b>108</b>
Director of Legal & Democratic Services	96	<b>98</b>	4	<b>4</b>	100	<b>102</b>	17	<b>16</b>	117	<b>118</b>
Director of Planning & Development	95	<b>98</b>	4	<b>4</b>	99	<b>102</b>	17	<b>16</b>	116	<b>118</b>
Director of Strategic Planning & Growth	96	<b>98</b>	4	<b>4</b>	100	<b>102</b>	17	<b>16</b>	117	<b>118</b>
Director of Finance & Revenues	95	<b>98</b>	4	<b>4</b>	99	<b>102</b>	17	<b>16</b>	116	<b>118</b>
Director of Strategy & Innovation	96	<b>98</b>	4	<b>4</b>	100	<b>102</b>	17	<b>16</b>	117	<b>118</b>

The number of exit packages and total cost per band are set out in the following table.

Exit Package Band	Number of Redundancies		Number of Other Departures		Total Cost of Exit Packages by Band	
	2024/25	2025/26	2024/25	2025/26	2024/25 £'000	2025/26 £'000
£0 - £20,000	0	0	0	2	0	13
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>13</b>

All the costs above were charged to the Comprehensive Income & Expenditure Statement in the year.

**15. Defined Benefit Pension Scheme**

As part of the terms and conditions of employment of its officers, the Council contributes towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Hampshire County Council – this is a funded defined benefit scheme with benefits up to 31<sup>st</sup> March 2014 being linked to final salary and benefits after this date based on a Career Average Revalued Earnings scheme, meaning that the Council and its employees pay contributions into a fund, calculated at a level estimated to balance the pensions' liabilities with investment assets.

The accounts recognise the cost of retirement benefits 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 made against the Council Tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement.

The following transactions have been included in the Comprehensive Income & Expenditure Statement and Movement in Reserves Statement during the year:

<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b><u>Cost of Services</u></b>		
Current Service Costs	3,037	2,649
Past Service Costs	6	0
<b><u>Financing &amp; Investment Income &amp; Expenditure</u></b>		
Interest Cost	7,487	7,852
Interest cost on the effect of the asset ceiling	0	1,278
Interest Income	(7,250)	(9,035)
<b>Total amount included in the Surplus on Provision of Services</b>	<b>3,280</b>	<b>2,744</b>
<b><u>Other Comprehensive Income &amp; Expenditure</u></b>		
Actuarial gains due to change in financial assumptions	(23,960)	(4,174)
Actuarial gains due to demographic assumption changes	(274)	(2,228)
Experience (gains) / losses on liabilities	(1,717)	7,799
Experience gains on assets	0	(1,479)
Remeasurement (gains) / losses on assets	987	(2,681)
Change in effect of the asset ceiling	22,045	3,260
<b>Total amount charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>361</b>	<b>3,241</b>
<b><u>Movement In Reserves Statement</u></b>		
Reversal of net charges made to the deficit on the provision of services in accordance with the Code	(3,280)	(2,744)
Actual employer's contributions payable	3,355	3,560
<b>Total Amount included in the Movement in Reserves Statement (note 9)</b>	<b>75</b>	<b>816</b>

Prior to 2007, the Council awarded discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, meaning that no assets exist in the pension fund to meet the ongoing liabilities.

The Council contributes to the Pension Fund at a common rate applicable to a group of employees which is set having regard to the assets and liabilities of the group as a whole.

The Council pre-paid employer contributions to the Pension Fund relating to Scheme years 2023/24, 2024/25 and 2025/26 as a single lump sum payment in April 2023. The total prepayment was £7.820M of which £2.579M related to Scheme year 2025/26 with a contribution rate of 17.7%.

It is forecast that pension contributions payable by the employer in 2026/27 will amount to £2.972M.

The allowance for administration expenses included in the Current Service Cost is £60,700 (2024/25 £49,800).

### Assets & Liabilities in relation to retirement benefits

The following tables show the Council's liabilities to the Pension Fund and its share of the Fund's assets at the year end. The net liability at 31<sup>st</sup> March 2026 was £1.771M (2024/25 - £2.090M).

<b>Net asset / (liability)</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Present value of funded liabilities	134,481	141,627
Fair value of plan assets	156,526	168,210
<b>Subtotal</b>	<b>22,045</b>	<b>26,583</b>
IFRIC 14 adjustment - effect of the asset ceiling	(22,045)	(26,583)
Present value of unfunded liabilities	(2,090)	(1,771)
<b>Net asset / (liability)</b>	<b>(2,090)</b>	<b>(1,771)</b>

The liabilities show the underlying commitments that the Council has in the long term to pay post-employment (retirement) benefits. The total liability of £1.771M has a material impact on the net worth of the Council as recorded in the Balance Sheet. Statutory arrangements require that finance is only required to be raised to cover discretionary (unfunded) benefits when the pensions are actually paid.

IAS19 limits the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of reductions in future contributions to the plan. As there is no unconditional right to a refund, the actuaries have calculated whether there are economic benefits in the form of reductions in future contributions, in accordance with IFRIC14. The economic benefits were calculated as £26.583M. Therefore, an adjustment to the defined benefit plan asset has been required in accordance with IAS19 and IFRIC14.

<b>Liabilities</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b>Opening present value of funded liabilities</b>	<b>154,721</b>	<b>134,481</b>
<b>Opening present value of unfunded liabilities</b>	<b>2,390</b>	<b>2,090</b>
Current Service Cost	3,037	2,649
Past Service Cost	6	0
Interest Cost	7,487	7,852
Contributions by Participants	1,160	1,375
Actuarial gain on liabilities due to change in financial assumptions	(23,960)	(4,174)
Actuarial gain on liabilities due to change in demographic assumptions	(274)	(2,228)
Experience (gains) / losses on liabilities	(1,717)	7,799
Net benefits paid out	(6,064)	(6,249)
Unfunded benefits paid out	(215)	(197)
<b>Closing present value of funded liabilities</b>	<b>134,481</b>	<b>141,627</b>
<b>Closing present value of unfunded liabilities</b>	<b>2,090</b>	<b>1,771</b>
<b>Total present value of scheme liabilities</b>	<b>136,571</b>	<b>143,398</b>

<b>Assets</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
<b>Opening fair value of assets</b>	<b>152,027</b>	<b>156,526</b>
Interest income on assets	7,250	9,035
Actuarial gain / (loss) on assets	(987)	4,160
Contributions by the employer	3,140	3,363
Contributions by participants	1,160	1,375
Net benefits paid out	(6,064)	(6,249)
<b>Closing fair value of assets</b>	<b>156,526</b>	<b>168,210</b>
Effect of the asset ceiling	(22,045)	(26,583)
<b>Adjusted closing fair value of assets</b>	<b>134,481</b>	<b>141,627</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on assets in the year is shown in the following table.

<b>Assets</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Interest income on assets	7,250	9,035
Actuarial gain / (loss) on assets	(987)	4,160
<b>Actual return on assets</b>	<b>6,263</b>	<b>13,195</b>

#### Basis for estimating assets and liabilities

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.. The Fund's liabilities have been assessed by an independent firm of actuaries, based on the latest full valuation of the scheme carried out as at 31 March 2025 and a duration of liabilities of 15 years.

The principal assumptions used by the actuary were:

	<b>2024/25</b>	<b>2025/26</b>
Discount rate for liabilities	5.8%	6.2%
Rate of Inflation - CPI	2.8%	3.0%
Rate of increase in salaries	3.8%	4.0%
<b>Mortality Assumptions</b>		
Longevity at 65 for current pensioners (years)		
Men	22.0	22.1
Women	24.7	24.7
Longevity at 65 for future pensioners aged 45 at last formal valuation (years)		
Men	22.5	22.8
Women	25.6	25.9

It is assumed that each member will surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 70% of the permitted maximum.

The proportions of total assets held in each asset type, shown below, reflect the proportions held by the Fund as a whole at 31<sup>st</sup> March 2026.

	2024/25			2025/26		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equities	33.3%	8.9%	42.2%	33.3%	8.9%	42.2%
Bonds	28.3%	7.3%	35.6%	28.3%	7.3%	35.6%
Property	0.0%	9.1%	9.1%	0.0%	9.1%	9.1%
Other	1.9%	11.2%	13.1%	1.9%	11.2%	13.1%
<b>Total</b>	<b>63.5%</b>	<b>36.5%</b>	<b>100.0%</b>	<b>63.5%</b>	<b>36.5%</b>	<b>100.0%</b>

The figures in this note are sensitive to the assumptions used. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31<sup>st</sup> March 2026 and the projected service cost for the year ending 31<sup>st</sup> March 2026 is set out in the following table. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

<b>Discount rate</b>	
Adjustment to rate	-0.1%
% change in present value of total obligation	2%
Approximate monetary amount (£'M)	2.16
<b>Rate of increase in salaries</b>	
Adjustment to salary increase rate	+0.1%
% change in present value of obligation	0%
Approximate monetary amount (£'M)	0.08
<b>Rate of increase to pensions in payment</b>	
Adjustment to pension rate	+0.1%
% change in present value of obligation	2%
Approximate monetary amount (£'M)	2.07
<b>Post retirement mortality assumptions</b>	
Increase in life expectancy	+1 year
% change in present value of obligation	4%
Approximate monetary amount (£'M)	5.74

## 16. Leases

### **Council as Lessee**

#### Right of Use Assets

The Council's lease contracts consist of nil consideration value leases for operational land and buildings, community assets and an investment property.

The following table shows the value of right of use assets held by the Council.

	<b>Land and Buildings £'000</b>	<b>Community £'000</b>	<b>Investment Properties £'000</b>	<b>Total £'000</b>
<b>Balance at 1st April 2025</b>	<b>583</b>	<b>57</b>	<b>1,325</b>	<b>1,965</b>
Revaluations	(298)	0	100	(198)
<b>Balance at 31st March 2026</b>	<b>285</b>	<b>57</b>	<b>1,425</b>	<b>1,767</b>

Revaluations in 2025/26 were carried out by an external valuer, Carter Jonas as detailed in note 17.

The Council has a small number of low value and short term leases that are not material in value and are not further disclosed.

Income and expenditure and cashflows incurred in relation to leases are not material.

### **Council as Lessor**

#### Operating Leases

The Council leases out land and property under operating leases for a number of purposes. These include generation of income from investment properties and for the provision of recreational facilities.

The future minimum lease rentals receivable under non-cancellable leases in future years are shown in the table below.

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Receivable within one year	9,737	9,116
Receivable within one to five years	34,656	32,644
Receivable after five years	415,802	492,247
<b>Total minimum lease rentals receivable</b>	<b>460,195</b>	<b>534,007</b>

The minimum lease payments receivable does not include rents that are contingent on performance or based on a percentage of turnover.

In 2025/26 the Council recognised income from contingent rents of £44,000 (2024/25 - £28,000).

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

These are tangible assets which are held or used in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

They are further classified into:

- Operational assets
  - Land & buildings (e.g. offices and car parks)
  - Vehicles, Plant & Equipment
  - Infrastructure assets (e.g. footpaths and cycle ways)

- Community assets (e.g. parks and open spaces)
- Non-Operational assets
  - Surplus assets (i.e. assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or assets held for sale)

The following table shows the movement in balances of items of property, plant and equipment in the year.

<b>2025/26</b>	<b>Land &amp; Buildings</b>	<b>Assets under Construction</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infra structure</b>	<b>Community</b>	<b>Surplus Assets</b>	<b>Total</b>
<b>Cost / Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Historic Cost b/f	82,638	1,379	10,414	939	17,292	528	<b>113,190</b>
Revaluation Increases shown in the Revaluation Reserve b/f	36,472	0	0	53	0	0	<b>36,525</b>
Revaluation Decreases shown in the CI&ES b/f	(5,346)	0	(36)	(16)	(1,016)	(203)	<b>(6,617)</b>
Additions	583	3,029	1,746	0	1,843	0	<b>7,201</b>
Revaluations	2,067	0	0	0	0	282	<b>2,349</b>
Disposals - Historic Cost	0	0	0	0	(18)	0	<b>(18)</b>
Reverse depreciation on disposed / revalued assets	(3,075)	0	(1,179)	0	(34)	(25)	<b>(4,313)</b>
Impairments in year	(1,217)	0	0	0	0	(132)	<b>(1,349)</b>
<b>Cost / Valuation at 31st March 2026</b>	<b>112,122</b>	<b>4,408</b>	<b>10,945</b>	<b>976</b>	<b>18,067</b>	<b>450</b>	<b>146,968</b>
<b>Depreciation</b>							
Historic Cost Depreciation b/f	(376)	0	(6,469)	(351)	(2,117)	(20)	<b>(9,333)</b>
Depreciation on Revaluations b/f	(204)	0	0	(44)	0	0	<b>(248)</b>
Charge in year - Historic Cost	(1,783)	0	(1,011)	(29)	(298)	(5)	<b>(3,126)</b>
Charge in year - Revalued Amounts	(712)	0	0	(1)	0	0	<b>(713)</b>
Reverse depreciation on disposed / revalued assets	3,075	0	1,179	0	34	25	<b>4,313</b>
<b>Depreciation at 31st March 2026</b>	<b>0</b>	<b>0</b>	<b>(6,301)</b>	<b>(425)</b>	<b>(2,381)</b>	<b>0</b>	<b>(9,107)</b>
<b>Net Book Value at 31st March 2026</b>	<b>112,122</b>	<b>4,408</b>	<b>4,644</b>	<b>551</b>	<b>15,686</b>	<b>450</b>	<b>137,861</b>
<b>Net Book Value at 31st March 2025</b>	<b>113,184</b>	<b>1,379</b>	<b>3,909</b>	<b>581</b>	<b>14,159</b>	<b>305</b>	<b>133,517</b>

## Comparative Information for 2024/25

<b>2024/25</b>	<b>Land &amp; Buildings</b>	<b>Assets under Construction</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infra structure</b>	<b>Community</b>	<b>Surplus Assets</b>	<b>Total</b>
<b>Cost / Valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Historic Cost b/f restated	83,118	0	9,714	904	15,856	528	<b>110,120</b>
Revaluation Increases shown in the Revaluation Reserve b/f	36,537	0	0	53	0	0	<b>36,590</b>
Revaluation Decreases shown in the CI&ES b/f	(7,506)	0	(36)	(16)	(1,016)	(203)	<b>(8,777)</b>
Recognition of right of use assets on transition to IFRS16	583	0	0	0	57	0	<b>640</b>
Additions	1,220	1,379	1,550	35	1,379	0	<b>5,563</b>
Reclassification	156	0	0	0	0	0	<b>156</b>
Revaluations	622	0	0	0	0	0	<b>622</b>
Disposals - Historic Cost	(654)	0	(22)	0	0	0	<b>(676)</b>
Disposals - Impairment Costs	425	0	0	0	0	0	<b>425</b>
Reverse depreciation on disposed / revalued assets	(2,471)	0	(828)	0	0	0	<b>(3,299)</b>
Impairments in year	1,734	0	0	0	0	0	<b>1,734</b>
<b>Cost / Valuation at 31st March 2025</b>	<b>113,764</b>	<b>1,379</b>	<b>10,378</b>	<b>976</b>	<b>16,276</b>	<b>325</b>	<b>143,098</b>
<b>Depreciation</b>							
Historic Cost Depreciation b/f	(517)	0	(6,310)	(322)	(1,821)	(15)	<b>(8,985)</b>
Depreciation on Revaluations b/f	(201)	0	0	(44)	0	0	<b>(245)</b>
Charge in year - Historic Cost	(1,644)	0	(987)	(29)	(296)	(5)	<b>(2,961)</b>
Charge in year - Revalued Amounts	(689)	0	0	0	0	0	<b>(689)</b>
Reverse depreciation on disposed / revalued assets	2,471	0	828	0	0	0	<b>3,299</b>
<b>Depreciation at 31st March 2025</b>	<b>(580)</b>	<b>0</b>	<b>(6,469)</b>	<b>(395)</b>	<b>(2,117)</b>	<b>(20)</b>	<b>(9,581)</b>
<b>Net Book Value at 31st March 2025</b>	<b>113,184</b>	<b>1,379</b>	<b>3,909</b>	<b>581</b>	<b>14,159</b>	<b>305</b>	<b>133,517</b>
<b>Net Book Value at 31st March 2024</b>	<b>111,431</b>	<b>0</b>	<b>3,368</b>	<b>575</b>	<b>13,019</b>	<b>310</b>	<b>128,703</b>

Depreciation is charged based on the following assumed useful economic lives

- Land – Not depreciated
- Buildings – 10 to 60 years
- Vehicles – 3 to 7 years
- Plant & Equipment – 3 to 15 years
- Infrastructure Assets – 10 to 30 years

The impairments shown above are due to changes in the market value of assets as a result of current market conditions or as a result of changes to lease or other conditions which have altered an asset's carrying value. No assets were materially impaired as a result of structural damage.

The following table shows, for each class of PPE asset, the value of assets based on their respective methods of valuation. Where assets are carried at revalued amounts, the value is shown based on the year of the most recent revaluation.

	<b>Cost</b>	<b>Depreciated Cost</b>	<b>Reval 2025/26</b>	<b>Total value of PPE</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Land and Buildings	0	0	112,122	<b>112,122</b>
Assets under Construction	4,408	0	0	<b>4,408</b>
Vehicles, Plant & Equipment	1,746	2,898	0	<b>4,644</b>
Infrastructure	140	411	0	<b>551</b>
Community	12,421	3,087	178	<b>15,686</b>
Surplus Assets	0	0	450	<b>450</b>
<b>Total PPE Assets</b>	<b>18,715</b>	<b>6,396</b>	<b>112,750</b>	<b>137,861</b>

All land and buildings assets were revalued in 2025/26.

Vehicles, plant & equipment, infrastructure, and community assets are held at depreciated historic cost. Revaluations in 2025/26 were carried out by an external valuer, Carter Jonas. All revaluations were carried out as at 31<sup>st</sup> March 2026.

The majority of information for PPE valuations comes from assessing active markets for similar properties. However, there is still some need for estimation as no two properties can be treated the same. The Council's valuers make assumptions on certain areas including the asset's useful remaining life and degree of specialism in calculating the asset's value for the accounts.

Surplus assets are measured at fair value.

At 31st March 2026 contractual commitments on existing capital schemes totalled £4.683M (2024/25 £5.288M). The most significant items are £2.529M for the purchase of land for strategic ecological mitigation purposes and £691,000 for three refuse vehicles.

## 18. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement.

	<b>2024/25 restated</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from Investment Property	9,368	9,765
Investment Property direct costs	(684)	(773)
<b>Net Investment Property income</b>	<b>8,684</b>	<b>8,992</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property portfolio or in the Council's right to the remittance of income and the proceeds of disposal.

The following table summarises the movement in the fair value of investment properties in the year.

	<b>2024/25</b> <b>£'000</b>	<b>2025/26</b> <b>£'000</b>
<b>Balance at start of year</b>	<b>166,965</b>	<b>173,259</b>
Expenditure on existing property	351	0
Expenditure on property under construction	0	712
Reclassification to Property, Plant & Equipment	(156)	0
Net changes in fair value of property	6,503	6,898
Disposals	(404)	0
<b>Balance at end of year</b>	<b>173,259</b>	<b>180,869</b>

### **Fair Value Hierarchy and Valuation Techniques**

The Council's investment property portfolio has been assessed as Level 2 for valuation purposes (see Note 1.22 for an explanation of Fair Value levels).

The fair value of the investment property portfolio has been measured using the investment method of valuation. Valuations have taken into account existing lease terms and rentals from the tenancy schedule, research into market evidence, market rentals and yields. Changes in yields have led to a material increase in the valuation of some of the Council's investment properties.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Investment property under construction is measured at cost.

There has been no change in the valuation techniques used during the year for investment properties.

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by an external valuer, Carter Jonas, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

### **19. Intangible Assets**

Intangible Assets represent the value of development costs and software licences for computer programmes used and the Council's right to hold markets in Andover town centre.

Market rights are not amortised as they are considered to have a life longer than 50 years; however a periodic impairment review is carried out on this asset to ensure the carrying value is prudent.

Software licences are amortised over their estimated useful economic life on a straight line basis.

The following table summarises the movement in balances for intangible assets in the year.

	<b>Software Licences £'000</b>	<b>Market Rights £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>			
Cost / Fair Value b/f	540	57	597
Additions	16	0	16
Disposals - Historic Cost	(10)	0	(10)
Reverse amortisation on disposed assets	(66)	0	(66)
<b>Cost / Valuation at 31st March 2026</b>	<b>480</b>	<b>57</b>	<b>537</b>
<b>Amortisation</b>			
Amortisation of Historic Cost b/f	(522)	0	(522)
Charge for the year	(8)	0	(8)
Reverse amortisation on disposed assets	66	0	66
<b>Amortisation at 31st March 2026</b>	<b>(464)</b>	<b>0</b>	<b>(464)</b>
<b>Net Book Value as at 31st March 2026</b>	<b>16</b>	<b>57</b>	<b>73</b>
<b>Net Book Value as at 31st March 2025</b>	<b>18</b>	<b>57</b>	<b>75</b>

Comparative information for 2024/25

	<b>Software Licences £'000</b>	<b>Market Rights £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>			
Cost / Fair Value b/f	530	57	587
Additions	10	0	10
<b>Cost / Valuation at 31st March 2025</b>	<b>540</b>	<b>57</b>	<b>597</b>
<b>Amortisation</b>			
Amortisation of Historic Cost b/f	(511)	0	(511)
Charge for the year	(11)	0	(11)
Reverse amortisation on disposed assets	0	0	0
<b>Amortisation at 31st March 2025</b>	<b>(522)</b>	<b>0</b>	<b>(522)</b>
<b>Net Book Value as at 31st March 2025</b>	<b>18</b>	<b>57</b>	<b>75</b>
<b>Net Book Value as at 31st March 2024</b>	<b>19</b>	<b>57</b>	<b>76</b>

20. **Heritage Assets**

The Council holds a number of heritage assets. Some of these are carried at historical cost and others are not included on the Balance Sheet. The total estimated value of Heritage Assets at the balance sheet date is shown in the table below split according to their treatment in the Balance Sheet.

	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>
	<b>2024/25 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2025/26 £'000</b>
Included in Community Assets	782	957	814	988
Not included in the Balance Sheet	0	190	0	190
<b>Total</b>	<b>782</b>	<b>1,147</b>	<b>814</b>	<b>1,178</b>

The most significant Heritage Assets owned by the Council are the silver maces which form part of the Council's civic regalia. Other Heritage Assets include the war

memorials in Andover and Romsey, a Japanese cannon in Romsey War Memorial Park and various pieces of public art.

FRS30 (Heritage Assets) requires that, where material, Heritage Assets be shown at valuation as a separate category of non-current asset on the Balance Sheet. The total estimated value of Heritage Assets is not material; therefore, the Council has elected not to re-state the accounts to the extent required by the Standard.

## 21. Profit on Disposal of Assets

During the year, the Council made a net profit on the disposal of fixed assets of £469,000 (2024/25 net loss of £271,000). An analysis of this profit is shown in the following table.

	2024/25 £'000	2025/26 £'000
Right To Buy Contributions	338	497
Net profit / (loss) on disposal of property, plant & equipment	(205)	(28)
Loss on disposal of investment property	(404)	0
<b>Total Profit on Disposal of Assets</b>	<b>(271)</b>	<b>469</b>

## 22. Capital Expenditure and Financing

Total Capital Expenditure to be financed in 2025/26 amounted to £12.668M. This can be analysed as expenditure on new assets (£7.929M), revenue expenditure funded from capital under statute (£4.643M) and expenditure classed as financial instruments (£96,000).

	2024/25 £'000	2025/26 £'000
<b>Opening Capital Financing Requirement</b>	<b>6,095</b>	<b>5,886</b>
<b>Capital Expenditure</b>		
Property, Plant & Equipment	5,563	7,201
Investment Property	351	712
Intangible Assets	10	16
Revenue Expenditure Funded from Capital Under Statute	4,022	4,643
Capital loan	3	96
<b>Sources of Finance</b>		
Capital Receipts	(429)	(1,051)
Government Grants and Other Contributions	(6,961)	(10,181)
Contributions from Revenue / Reserves	(2,559)	(1,253)
Movement in Minimum Revenue Provision	(209)	(214)
<b>Closing Capital Financing Requirement</b>	<b>5,886</b>	<b>5,855</b>

The movement in the Capital Financing Requirement represents the movement in the minimum revenue provision of £214,000 less capital financed from internal borrowing of £183,000.

The Property, Plant & Equipment line and the Government Grants and Other Contributions line above include the assumed costs and contribution of donated

assets valued at £177,000 (2024/25 £912,000) which the Council did not purchase but which were adopted as part of a S106 agreement.

The Government Grants and Other Contributions line shown in the previous table represents the total 'Capital Grants and Contributions' figure per the Comprehensive Income & Expenditure Statement less the movement in the Capital Grants Unapplied Reserve.

Total capital expenditure has been analysed on a service basis in the following table:

	<b>2025/26 Long-Term Assets</b>	<b>2025/26 Revenue Expenditure Funded From Capital</b>	<b>2025/26 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community & Leisure	1,335	352	<b>1,687</b>
Environmental Service	1,681	0	<b>1,681</b>
Housing & Env. Health	0	2,568	<b>2,568</b>
IT	38	0	<b>38</b>
Property & Asset Management	1,052	0	<b>1,052</b>
Strategic Planning & Growth	3,755	392	<b>4,147</b>
Planning & Development	0	1,293	<b>1,293</b>
Corporate	68	38	<b>106</b>
<b>Total Expenditure</b>	<b>7,929</b>	<b>4,643</b>	<b>12,572</b>

The table above excludes the capital expenditure on financial instruments which are included in note 32.

### 23. **Cash and Cash Equivalents**

The balance of Cash and Cash Equivalents is made up of the following elements.

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Cash held by the Council	4	3
Bank Current Accounts	(1,020)	(45)
Short-term deposits	6,658	10,754
<b>Total Cash &amp; Cash Equivalents</b>	<b>5,642</b>	<b>10,712</b>

### 24. **Inventories**

The balance of inventories is as shown in the following table.

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Stock held by services	194	238
Nitrate credits	1,535	1,250
<b>Total Inventories</b>	<b>1,729</b>	<b>1,488</b>

Following the Court of Justice of the European Union judgments, Natural England advised in June 2019 that in order to comply with the Habitats Regulations, all new residential and overnight accommodation development should be nutrient neutral.

The Council has, therefore, purchased credits to provide off site mitigation solutions in order to achieve nutrient neutral development. These credits will be sold to developers as part of S106 agreements as part of a nitrate mitigation solution. It is anticipated they will be sold at cost plus indexation and are held as inventory at the lower of cost or net realisable value.

## 25. Analysis of Debtors

	2024/25	2025/26		Net £'000
	£'000	Debtor £'000	Impairment Allowance £'000	
Central Government Bodies	1,846	893	0	893
Sundry Debtors	7,951	7,259	(1,922)	5,337
Pension Fund Prepayment	2,579	0	0	0
Collection Fund	6,044	4,216	(1,184)	3,032
Car Leasing and Loans	178	208	0	208
<b>Total Debtors</b>	<b>18,598</b>	<b>12,576</b>	<b>(3,106)</b>	<b>9,470</b>

Included within car leasing and loans in the previous table are loans to employees for vehicle purchases. At 31<sup>st</sup> March 2026, £208,000 (2024/25 - £178,000) was outstanding.

The Collection Fund balances relate to Council Tax and Business Rates. There are two elements. The first represents the Council's share of amounts due from taxpayers in respect of 2025/26. The second is the balance of the cash that is owing from other preceptors on the Council Tax and Business Rates Collection Funds in respect of the movements on the Collection Fund in the year. For more details on the Collection Fund, please see pages 76 to 79.

The Collection Fund balances are shown in the following table.

	2024/25 £'000	2025/26 £'000
Council's share of Council Tax debtors	830	893
Council's share of Business Rates' debtors	1,577	1,313
Other preceptors' share of Council Tax movement	574	464
Other preceptors' share of Business Rates movement	4,546	1,546
<b>Total Collection Fund balances</b>	<b>7,527</b>	<b>4,216</b>

26. **Analysis of Creditors**

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Sundry Creditors	3,856	9,055
Collection Fund	732	754
Central Government	3,840	529
Section 106 Balances	16,316	13,458
Compensated Absences Accrual	277	252
<b>Total Creditors</b>	<b>25,021</b>	<b>24,048</b>

The Collection Fund balances relate to Council Tax and Business Rates in respect of the Council's share of payments from taxpayers in respect of 2026/27 that have been received before the end of 2025/26. For more details on the Collection Fund, please see pages 76 to 79.

The Collection Fund balances are shown in the following table.

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Council's share of Council Tax receipts in advance	179	199
Council's share of Business Rates' receipts in advance	553	555
<b>Total Collection Fund balances</b>	<b>732</b>	<b>754</b>

The balances due to Central Government are shown in the following table.

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
PAYE / NI / VAT	28	5
NDR levy	3,613	0
NDR S31 Grants	0	77
NDR Transitional Payment Protection	175	433
Discretionary Housing Payments Subsidy	24	14
<b>Total Central Government balances</b>	<b>3,840</b>	<b>529</b>

Section 106 balances relate to contributions made by developers as part of certain planning agreements. These sums are included as creditors because many contributions have time conditions within which expenditure must be made.

The section 106 balances are comprised of the following types of contribution.

	<b>2024/25</b> <b>£'000</b>	<b>2025/26</b> <b>£'000</b>
Open Spaces / Recreation	6,691	5,702
Highways / Cycle Routes / Green Travel	1,577	1,350
Affordable Housing	3,539	3,179
Education & Skills' Development	167	162
Public Art	256	207
Community Facilities	2,971	2,653
Other	1,115	205
<b>Total Section 106 balances</b>	<b>16,316</b>	<b>13,458</b>

The major balances on the section 106 contributions relate to big housing developments at East Anton, Abbotswood, Picket Twenty and Picket Piece.

## 27. Provisions

The following table details the movement in the provisions.

	<b>2024/25</b> <b>£'000</b>	<b>2025/26</b> <b>£'000</b>
<b>Balance at start of year</b>	<b>682</b>	<b>1,120</b>
Amounts charged to the provision	(859)	(1,024)
Increase in provision	1,297	404
<b>Balance at end of year</b>	<b>1,120</b>	<b>500</b>

The Council's share of backdated business rates appeals that are expected to be awarded in future years was £500,000 at the end of the year (2024/25 £1.12M). It is not possible to determine when appeals will be settled; therefore the whole balance is shown in current liabilities. This process is managed by the Valuation Office Agency (VOA) and is outside the control of the Council.

The provision relates to appeals based on the VOA's ratings lists from 2017 and 2023.

The calculation has been prepared on a similar basis to prior years, taking the weighted average change in the rateable value of determined cases and applying that percentage to outstanding cases.

There were only two outstanding appeals related to the 2017 rating list at the balance sheet date, accounting for only £65,000 of the total provision. This part of the provision was calculated using the same percentage as in 2024/25 (3.83%).

The 2023 rating list is now closed, with a new list effective from 1<sup>st</sup> April 2026. This reduces the likelihood of further appeals being lodged. Therefore, the 'risk allowance' that was applied in previous years' provisions for future appeals has been removed. The provision in respect of the 2023 ratings list is based on an average reduction of 2.5% of the total value of appeals outstanding.

## 28. Trust Funds

The Council operates a number of trusts for civic purposes. The balances at the end of the year were £74,300 (2024/25 - £78,600). The most significant balance is in respect of the Romsey Walk and Pleasure Ground - £68,000 (2024/25 - £65,000).

## 29. Notes to the Cash Flow Statement

An analysis of items included in the Cash Flow Statement is shown in the following tables.

<b>Net Cash inflow from Operating Activities includes:</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Interest received	4,920	5,321
Interest paid	(142)	(151)

<b>Other Non-Cash items</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Movement in Bad Debt Allowance	369	(164)
Movement in provisions	438	(620)
Donated assets under s106 agreements	(912)	(177)
Other non-cash items	228	181
<b>Other Non-Cash items</b>	<b>123</b>	<b>(780)</b>

<b>Other income / (payments) for financing activities</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Movement in Council Tax debtors	(85)	(63)
Movement in amounts owed to Council Tax preceptors	(254)	110
Movement in Business Rates debtors	(504)	264
Movement in amounts owed to Business Rates preceptors	(5,962)	3,001
<b>Other income / (payments) for financing activities</b>	<b>(6,805)</b>	<b>3,312</b>

## 30. Usable Reserves

The Council's usable reserves represent the level of funding the Council has at its disposal to allocate to future expenditure, subject to the requirement to retain prudent reserve levels for unforeseen future events.

The amounts making up the Council's usable reserves are summarised in the following table. More information on each reserve is given in the following paragraphs.

<b>Reserve</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
General Fund Balance	3,000	3,000
Revenue & Earmarked Reserves	63,529	71,627
Capital Receipts Reserve	12,573	11,995
Capital Grants Unapplied Reserve	11,047	12,247
<b>Total Usable Reserves</b>	<b>90,149</b>	<b>98,869</b>

## General Fund Balance

This is a contingency fund – money set aside for emergencies or to cover any unexpected costs that may occur during the year.

## Revenue & Earmarked Reserves

Earmarked reserves are held for specific purposes for costs which will be incurred in future years.

A breakdown of the movement in Earmarked Reserves is shown in the following table.

	Balance as at 31/03/2024	Transfers In 2024/25	Transfers Out 2024/25	Balance as at 31/03/2025	Transfers In 2025/26	Transfers Out 2025/26	Balance as at 31/03/2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income Equalisation Reserve	300	0	(300)	0	0	0	0
Budget Equalisation Reserve	821	0	(821)	0	0	0	0
Investment Equalisation Reserve	650	0	(650)	0	0	0	0
Pension Equalisation Reserve	745	0	(745)	0	0	0	0
Collection Fund Equalisation Reserve	6,322	8,600	(3,867)	11,055	3,847	(11,485)	3,417
<b>Total Equalisation Reserves</b>	<b>8,838</b>	<b>8,600</b>	<b>(6,383)</b>	<b>11,055</b>	<b>3,847</b>	<b>(11,485)</b>	<b>3,417</b>
Regeneration Reserve	3,088	5,592	(260)	8,420	8,372	(172)	16,620
Transformation Reserve	0	996	0	996	622	(118)	1,500
Revenue Contribution to Capital	0	2,268	0	2,268	1,252	0	3,520
Corporate Plan Priorities Reserve	0	0	0	0	11,141	0	11,141
Local Government Reorganisation	0	0	0	0	1,664	0	1,664
<b>Total Project Delivery Reserves</b>	<b>3,088</b>	<b>8,856</b>	<b>(260)</b>	<b>11,684</b>	<b>23,051</b>	<b>(290)</b>	<b>34,445</b>
Asset Management Plan	3,393	3,490	(3,167)	3,716	6,314	(2,687)	7,343
New Homes' Bonus Reserve	12,493	1,350	(544)	13,299	0	(10,998)	2,301
Chantry Centre Planned Maintenance Reserve	2,298	104	(116)	2,286	418	(22)	2,682
Local Development Framework Reserve	379	812	(16)	1,175	44	(222)	997
Developer contribution for future years' maintenance costs	15,131	43	(930)	14,244	791	(946)	14,089
New Forest Mitigation Reserve	0	0	0	0	1,017	(27)	990
Housing Reserve	1,220	668	(33)	1,855	622	(119)	2,358
Environment Act Reserve	348	961	(251)	1,058	170	(1,128)	100
Community Support Reserve	1,970	216	0	2,186	300	(203)	2,283
Leisure Centre Equalisation Reserve	350	0	(195)	155	0	(155)	0
Other Specific Reserves	1,966	155	(1,305)	816	356	(550)	622
<b>Total Specific Reserves</b>	<b>39,548</b>	<b>7,799</b>	<b>(6,557)</b>	<b>40,790</b>	<b>10,032</b>	<b>(17,057)</b>	<b>33,765</b>
<b>Total Earmarked Revenue Reserves</b>	<b>51,474</b>	<b>25,255</b>	<b>(13,200)</b>	<b>63,529</b>	<b>36,930</b>	<b>(28,832)</b>	<b>71,627</b>

## Capital Receipts Reserve

The movement of the balance of the Capital Receipts Reserve reflects the transactions in the year in generating capital receipts and incurring capital expenditure. These transactions are summarised in the following table.

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
<b>Balance at start of year</b>		<b>12,606</b>		<b>12,573</b>
Capital Receipts				
Sale of Assets	46		0	
Profit on sale of inventory	6		18	
Capital Loan Repayment	7		0	
Right to Buy Receipts	338		497	
		397		515
Capital Expenditure				
Purchase of Assets	851		1,522	
Revenue Expenditure funded from Capital Under Statute	(1,281)		(2,615)	
		(430)		(1,093)
<b>Balance at end of year</b>		<b>12,573</b>		<b>11,995</b>

#### Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require payment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied.

The movement in the balance of the Capital Grants Unapplied Reserve is shown in the following table.

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
<b>Balance at start of year</b>		<b>9,542</b>		<b>11,047</b>
Capital Grants Received:				
Disabled Facilities Grants	330		363	
Community Infrastructure Levy	834		963	
Food Waste Collection Grant	2		0	
Levelling Up Fund Grant	2,451		625	
Other capital grants	0		1,146	
		3,617		3,097
Capital Expenditure				
Capital expenditure	(748)		(1,333)	
Revenue Expenditure funded from Capital Under Statute	(1,364)		(564)	
		(2,112)		(1,897)
<b>Balance at end of year</b>		<b>11,047</b>		<b>12,247</b>

### 31. Unusable Reserves

There are a number of unusable reserves that make up part of the Council's net worth. The balances on these accounts are calculated according to proper accounting practices, but the balance cannot be used by the Council for future expenditure on delivering services.

The amounts making up the Council's unusable reserves are summarised in the following table. More information on each reserve is given in the following paragraphs.

<b>Reserve</b>	<b>2024/25 restated £'000</b>	<b>2025/26 £'000</b>
Revaluation Reserve	38,021	39,657
Capital Adjustment Account	263,714	274,182
Deferred Credits	7	7
Collection Fund Adjustment Account	(4,453)	(1,300)
Accumulated Absences Account	(277)	(252)
Pension Fund Reserve	(2,090)	(1,771)
<b>Total Unusable Reserves</b>	<b>294,922</b>	<b>310,523</b>

#### Revaluation Reserve

The balance on the Revaluation Reserve represents the unrealised gains made by the Council arising from increases in the value of its Property, Plant & Equipment.

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
- disposed of and the gains realised
- reclassified as investment properties.

The reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance of the Capital Adjustment Account.

	<b>2024/25</b>		<b>2025/26</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at start of year</b>		<b>38,089</b>		<b>38,021</b>
Upward revaluations of assets in the year	1,769		4,712	
Downward revaluations of assets in the year	(1,147)		(2,363)	
Depreciation of previous years' revaluation gains	(690)		(713)	
		(68)		1,636
<b>Balance at end of year</b>		<b>38,021</b>		<b>39,657</b>

#### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the purchase, subsequent expenditure, depreciation and impairment of assets compared with the financing of those assets under statutory provisions.

	2024/25		2025/26	
	£'000	£'000	£'000	£'000
<b>Balance at start of year</b>		<b>252,335</b>		<b>263,714</b>
<b>Restatement of opening balance on transition to IFRS16</b>				
Recognition of right of use assets	640		0	
<b>Adjusted balance at 1st April</b>		<b>252,975</b>		<b>263,714</b>
Transfer from Revaluation Reserve	690		713	
Revaluation gains on Investment Property	6,503		6,898	
Assets purchased in the year	5,924		7,838	
Capital loan advanced in year	3		4	
Statutory provision for the repayment of debt	209		214	
Transfer from Capital Receipts Reserve	1,281		2,658	
Transfer from Capital Grants Unapplied Reserve	1,364		564	
		15,974		18,889
Disposal of assets	(655)		(28)	
Repayment of capital loan	(8)		0	
Impairment of capital loan	0		(18)	
Depreciation of non-current assets	(3,650)		(3,839)	
Amortisation of intangible assets	(11)		(8)	
Impairments	1,734		(1,349)	
Revenue expenditure funded from capital	(2,645)		(3,179)	
		(5,235)		(8,421)
<b>Balance at end of year</b>		<b>263,714</b>		<b>274,182</b>

#### Deferred Credits

This represents the balance of the remaining mortgages given by the Council that will become usable capital receipts when they are repaid.

#### Collection Fund Adjustment Account

The Comprehensive Income and Expenditure Statement shows the Council's share of the income generated from Council Tax and Business Rates in the year. However, statutory accounting arrangements require that any variances from budget cannot be treated as income or expenditure by the Council until later years. To ensure the correct accounting treatment for this, a transfer is made to the Collection Fund Adjustment Account for the movement in the surplus or deficit in the year.

This account shows the Council's share of the accumulated difference between the estimated and actual returns in the Collection Fund (see pages 76 to 79).

The surplus on the Council Tax part of the Collection Fund at 31<sup>st</sup> March 2026 was £1.155M, of which the Council's share is £117,000. The deficit in respect of business rates was £3.574M of which the Council's share was £1.430M.

The Council is entitled to retain 100% of the business rates collected from Renewable Energy schemes within the Borough. However, any variance to the original budget cannot be treated as income until later years and is therefore transferred to the Collection Fund Adjustment Account. The amount retained at 31<sup>st</sup> March 2026 was £13,000 lower than the actual income from Renewable Energy Schemes and this will be returned to the General Fund in 2026/27.

	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>
Share of Council Tax Surplus b/f	154	113
Movement in the year	(41)	4
<b>Share of Council Tax Surplus c/f</b>	<b>113</b>	<b>117</b>
Share of Business Rates' Surplus b/f	126	(4,138)
Movement in the year	(4,264)	2,708
<b>Share of Business Rates' Surplus / (Deficit) c/f</b>	<b>(4,138)</b>	<b>(1,430)</b>
Renewable Energy Business Rates retained b/f	(11)	(428)
Movement in year	(417)	441
<b>Renewable Energy Business Rates retained c/f</b>	<b>(428)</b>	<b>13</b>
<b>Balance at end of year</b>	<b>(4,453)</b>	<b>(1,300)</b>

#### Accumulated Absences Account

This represents the reversal of the accrual for compensated absences (annual leave not taken at the year-end). The accrual is required under the Code but under regulations is not allowed to count as expenditure against the General Fund and the subsequent level of Council Tax.

#### Pension Fund Reserve

The Pension Fund Reserve absorbs the timing differences arising from the different arrangements for accounting for retirement benefits and for funding those benefits under statutory provisions.

The Council accounts for retirement benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees; however, statutory arrangements require that benefits are financed as the Council makes contributions to the pension fund.

The debit balance on this reserve therefore shows a substantial shortfall between the benefits earned by past and current employees of the Council and the resources set aside to meet them. Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The transactions relating to the Council's pension liability are shown in more detail in note 15.

### **32. Financial Instruments**

Financial instruments are contractual arrangements that give rise to a financial asset in one entity and a financial liability in another. For the Council, this primarily relates to financial assets in the form of investments and debtors and financial liabilities in the form of creditors.

All investment funds were managed internally during the year.

#### **Financial Instrument Balances**

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

	31st March 2025		31st March 2026	
	Current £'000	Long-Term £'000	Current £'000	Long-Term £'000
<b>Financial Assets:</b>				
<u>Investments</u>				
Amortised Cost	53,151	32,870	51,960	48,573
<u>Debtors</u>				
Amortised cost - Sundry Debtors	9,176	533	6,164	519
Amortised cost - Car Leasing and Loans	178	0	208	0
<b>Financial Liabilities:</b>				
<u>Creditors</u>				
Amortised cost - Borrowings	(281)	(5,791)	(286)	(5,528)
Amortised cost - Sundry Creditors	(2,328)	0	(4,821)	0

### Fair Value of Financial Instruments that are not Measured at Fair Value

All financial assets and liabilities held by the Council are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans receivable, prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or billed amount
- For loans from the PWLB, their prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.

The fair values are calculated as follows:

Financial assets	31st March 2025		31st March 2026	
	Carrying Value £'000	Fair Value £'000	Carrying Value £'000	Fair Value £'000
Cash	4	4	3	3
Cash Equivalents	5,638	5,638	10,709	10,709
Deposits with banks and building societies	562	562	422	422
Short term Loans and Receivables	52,589	52,589	51,538	51,538
Long term Loans and Receivables	32,870	33,113	48,573	48,559
<b>Total</b>	<b>91,663</b>	<b>91,906</b>	<b>111,245</b>	<b>111,231</b>

The fair value is lower than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31<sup>st</sup> March 2026) attributable to the commitment to receive interest below market rates.

Financial liabilities	31st March 2025		31st March 2026	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000
Borrowings - PWLB debt	(6,072)	(4,628)	(5,814)	(4,400)
<b>Total</b>	<b>(6,072)</b>	<b>(4,628)</b>	<b>(5,814)</b>	<b>(4,400)</b>

The fair value of the liabilities is lower than the carrying amount because the Council's loans are fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31<sup>st</sup> March 2026) arising from a commitment to pay interest to lenders below current market rates.

It is considered that the carrying value is equal to the fair value for all other financial assets and liabilities not included in the table above.

The valuation basis adopted uses Level 2 Inputs – i.e. inputs other than quoted process that are observable for the financial instruments.

### Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments measured at amortised cost are made up as follows:

	2024/25 £'000	2025/26 £'000
Interest received	4,920	5,321
Interest paid	(142)	(151)

### 33. Nature and Extent of Risks Arising From Financial Instruments

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

- 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 as a result of changes in such measures as interest rates

#### Overall procedures for managing risk

The Council's overall risk management programme for financial instruments focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the treasury management team, under policies approved by the Council prior to the commencement of each financial year in the Treasury Management Strategy and Annual Investment Strategy.

The Treasury Management Strategy and Annual Investment Strategy for the 2025/26 financial year was approved by Council in February 2025 and is available on the Council's website.

## Credit Risk

### **Treasury Investments**

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

The risk is minimised through the policy of the Council to place deposits only with a limited number of institutions that meet strict criteria as defined in the Council's Treasury Management Strategy and Annual Investment Strategy.

The Council's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any financial institution failing to make interest payments or repay the principal sum will be specific to each individual institution. With regard to deposits with banks and building societies, the Council has no recent experience of defaults. Although a risk of irrecoverability applies to all of the Council's deposits, there was no evidence at 31<sup>st</sup> March 2026 that this was likely to crystallise, and the credit impairment losses have been assessed as nil.

The following table summarises the credit risk of the Council's investment portfolio at 31<sup>st</sup> March 2026 by credit rating.

<b>Credit rating</b>	<b>£'000s</b>
AA-	100,111
A+	422
<b>Total</b>	<b>100,533</b>

### **Trade Receivables**

As per the requirements of the Code, Trade Receivables excludes balances arising from statutory functions (e.g. Council Tax and Non-Domestic Rates) as they have not arisen from contractual trading activities.

Trade debtors are not subject to internal credit rating and are collectively assessed for the purposes of calculating expected credit losses using a provision matrix based on historical data.

The Council's maximum exposure to credit risk is shown on the following table.

	<b>Amount at 31st March 2026</b>	<b>Historical Experience of Default</b>	<b>Historical Experience Adjusted for Market Conditions</b>	<b>Estimated Maximum Exposure to Default</b>
	<b>£'000</b>	<b>%</b>	<b>%</b>	<b>£'000</b>
Long Term Debtors	518	0.00	0.00	0
Sundry Debtors	6,164	31.18	31.18	1,922
Other Debtors	208	0.00	0.00	0
<b>Total</b>	<b>6,890</b>			<b>1,922</b>

The Council does not allow credit for customers. The following table provides a breakdown of amounts past due but not impaired included in Sundry Debtors.

	<b>31st March 2025 £'000</b>	<b>31st March 2026 £'000</b>
Less than three months	1,237	1,285
Three months to one year	1,595	463
More than one year	1,226	810
<b>Total</b>	<b>4,058</b>	<b>2,558</b>

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed and has ready access to borrowing from the Public Works Loans Board (PWLB). There is a minimal risk that the Council will not be able to meet its commitments under financial instruments.

The Council has loans from the PWLB on a repayment basis. The maturity analysis is as follows:

	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Less than one year	257	262
Between one and five years	1,086	1,111
Between five and ten years	1,501	1,535
Between ten and fifteen years	1,678	1,716
Between fifteen and twenty years	1,524	1,165
<b>Total</b>	<b>6,046</b>	<b>5,789</b>

All trade and other payables are due to be paid in less than one year.

### Market Risk

The Council is exposed to a small risk in terms of its exposure to interest rate movements on its deposits with banks and building societies. An interest rate rise / fall would result in the interest credited to the Surplus or Deficit on Provision of Services increasing / decreasing.

### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

## **34. Related Party Transactions**

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

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council

operates, provides significant funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Grants received from Government departments are set out in more detail in note 10.

Members of the Council have direct control over the Council's financial and operating policies. The amount paid to Councillors is disclosed in note 13. At the date that the accounts were approved for audit, all Councillors, one of the two non-Council members and all Heads of Service had confirmed that they have not had material transactions with the Council during the financial year.

During 2025/26 £277,000 (2024/25 £327,000) in grants was paid to voluntary organisations in which one Councillor was officially appointed. The grants were made with proper consideration of declarations of interest. The relevant Councillors did not take part in any discussion or decision relating to the grants. The most significant of these grants are reported annually to Cabinet prior to the start of the financial year.

During 2025/26 £219,000 (2024/25 £170,000) of income was received from Valley Housing Limited, a wholly owned subsidiary of Test Valley Borough Council.

### **35. Group Accounts**

On 30th April 2016, Valley Housing Limited, a Housing Development and Management Company which is a wholly owned subsidiary of Test Valley Borough Council was incorporated.

Group accounts have not been prepared for the year ended 31st March 2026 as the value of transactions between Test Valley Borough Council and Valley Housing Limited is not considered to be material.

### **36. Contingent Assets**

As part of the Large Scale Voluntary Transfer Agreement (LSVT), the Council is entitled to receive income generated from Right-to-Buy sales of former Council properties. In 2025/26 the income generated from this source was £497,000 (2024/25 £338,000). The generation of this income is outside of the Council's control and is not quantifiable for future years.

### **37. Contingent Liabilities**

#### Large Scale Voluntary Transfer (LSVT)

As part of the LSVT the Council was required to provide environmental warranties to both Testway Housing and their lenders for a period of 36 years (to expire 19<sup>th</sup> March 2036). There was no local knowledge of serious problems in this regard, and considering the likely costs involved in obtaining insurance cover, it is currently not considered to be cost effective to purchase insurance against this risk.

#### Municipal Mutual Insurance Ltd – Scheme of Arrangement

In 1992 Municipal Mutual Insurance Ltd. (MMI), which the Council and many other local authorities had insured with, experienced trading difficulties. The Company's creditors agreed a "Scheme of Arrangement" which allowed the Company to work towards a solvent run-off (of the company) until all outstanding claims were settled.

On 28<sup>th</sup> March 2012, the Supreme Court ruled the Employers' Liability Policy Trigger Litigation relating to mesothelioma claims which found against MMI. The judges ruled that the insurer who was on risk at the time of an employee's exposure to asbestos was liable to pay compensation for the employee's mesothelioma.

To date, the Council has paid two levies to the Scheme Administrator totalling £76,400, representing 25% of the maximum liability applicable to the Council; these costs were shown in non-distributed costs in the Comprehensive Income and Expenditure Statement.

No indications have been given as to whether future levies will be necessary. The Council's maximum remaining liability is £228,000.

**38. Events After the Balance Sheet Date**

There are no events after the balance sheet date which would have a material impact on the accounts for 2025/26.

**39. Going Concern**

The going concern assumption in the Accounting Code of Practice is based on the expectation that a local authority's services will continue to operate for the foreseeable future.

The Council's budget for 2026/27, reported to Council on 26<sup>th</sup> February 2026, was balanced.

In a worst case scenario where the Council's finances are severely impacted, then as a last resort, the Council has the General Fund reserve and the New Homes Bonus and Collection Fund Equalisation Reserves which are forecast to total £6.753M at the end of March 2027, providing the financial headroom to manage its affairs and resources effectively over the medium term.

A cash flow forecast has been undertaken, using all currently known or expected transactions that will take place over the next year to the end of March 2028. In summary, this forecast clearly establishes that:

- Over the going concern period the Council is predicted to have positive cash balances at all times.
- There is no expectation that external borrowing will be required.

Following the completion of the review of available reserves and the cash flow forecast for the next twelve months, the Council considers that there is no risk to the Council as a going concern.

**40. Date Accounts Authorised for Issue**

The pre-audited Statement of Accounts was authorised for issue by the Director of Finance & Revenues on 25<sup>th</sup> June 2026.

## THE COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of Council Tax and Business Rates.

INCOME AND EXPENDITURE ACCOUNT				
	2024/25		2025/26	
	£'000	£'000	£'000	£'000
<b>COUNCIL TAX</b>				
<b>Opening Balance</b>		<b>1,510</b>		<b>1,114</b>
<u>Income</u> Council Tax		110,120		116,168
<u>Expenditure</u>				
Hampshire County Council	79,819		84,367	
Hampshire and Isle of Wight Fire & Rescue Service	4,312		4,603	
Hampshire Police and Crime Commissioner	13,611		14,436	
Test Valley Borough Council	8,877		9,203	
Parishes	2,136		2,505	
Payments to preceptors in respect of previous surpluses	1,242		269	
Increase in Bad Debt Allowance	519		744	
Total Expenditure		110,516		116,127
<b>Council Tax Surplus / (Deficit) For The Year</b>		<b>(396)</b>		<b>41</b>
<b>Closing Balance</b>		<b>1,114</b>		<b>1,155</b>
<b>BUSINESS RATES</b>				
<b>Opening Balance</b>		<b>316</b>		<b>(10,344)</b>
<u>Income</u> Business Ratepayers		69,684		73,158
<u>Expenditure</u>				
Central Government	35,981		37,377	
Hampshire County Council	6,477		6,728	
Hampshire and Isle of Wight Fire & Rescue Service	720		747	
Test Valley Borough Council	28,785		29,902	
Payments to / (from) preceptors in respect of forecast surplus / (deficit)	8,091		(8,429)	
Increase / (Decrease) in provision for backdated appeals	1,093		(1,549)	
Transitional Protection Payments from Central Govt	(2,044)		(106)	
Increase in Bad Debt Allowance	389		785	
Cost of Collection Allowance	197		202	
Interest on refunds	100		136	
Amount retained in respect of renewable energy schemes	555		595	
Total Expenditure		80,344		66,388
<b>Business Rates' Surplus / (Deficit) For The Year</b>		<b>(10,660)</b>		<b>6,770</b>
<b>Closing Balance</b>		<b>(10,344)</b>		<b>(3,574)</b>
<b>COLLECTION FUND SUMMARY</b>				
<b>Surplus / (deficit) for the year</b>		<b>(11,056)</b>		<b>6,811</b>
<b>Balance at the start of the year</b>		<b>1,826</b>		<b>(9,230)</b>
<b>Deficit at the end of year</b>		<b>(9,230)</b>		<b>(2,419)</b>

## NOTES TO THE COLLECTION FUND

### Business Rates

The starting point for the income from Business Ratepayers is the Rateable Value of each hereditament multiplied by the (national) Business Rating Multiplier for the year, which was 55.5p in 2025/26 or the Small Business Multiplier which was 49.9p.

Net income is derived following adjustments in respect of:

- Transitional Relief
- Mandatory and Discretionary Relief in respect of charities and kindred organisations
- Small Business Relief
- Rural Rate Relief
- Supporting Small Businesses Reliefs
- Retail, Hospitality and Leisure discount and
- Bad debts.

The total non-domestic rateable value at the 31st March 2026 was £170,236,020.

The Collection Fund balance on the 31st March 2026 in respect of Non Domestic Rates (NDR) was a deficit of £3.574M which is included within the Balance Sheet. Amounts in respect of Test Valley Borough Council are contained within the reserves section of the Balance Sheet; amounts due from the other major preceptors are shown within debtors.

This deficit will be shared amongst the major preceptors on a fixed apportionment basis (Central government 50%, Test Valley Borough Council 40%, Hampshire County Council 9% and Hampshire and Isle of Wight Fire and Rescue Authority 1%) in 2026/27 and 2027/28.

The payments to the major preceptors in 2025/26 are shown in the following table.

<b>Non Domestic Rates Collection Fund</b>				
<b>2024/25</b>				<b>2025/26</b>
<b>Total</b>	<b>Major Preceptors</b>	<b>Precept</b>	<b>Share of 2024/25 Forecast Deficit</b>	<b>Total</b>
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
40,027	Central Government	37,377	(4,214)	33,163
7,205	Hampshire County Council	6,728	(759)	5,969
801	Hampshire and Isle of Wight Fire & Rescue Service	747	(84)	663
32,021	Test Valley Borough Council	29,902	(3,372)	26,530
<b>80,054</b>	<b>Total</b>	<b>74,754</b>	<b>(8,429)</b>	<b>66,325</b>

### Council Tax

The income from Council Tax is directly linked to the banding of properties based on their valuations. The number of chargeable dwellings in each valuation band was converted to an equivalent number of Band D dwellings, which was used to calculate the Council Tax base of 52,407 for 2025/26.

The Collection Fund balance on the 31st March 2026 in respect of Council Tax was a surplus of £1.155M which is included within the Balance Sheet. Amounts in respect of Test

Valley Borough Council are contained within the reserves section of the Balance Sheet; amounts due from the other major preceptors are shown within debtors.

This surplus will be shared amongst the major preceptors in proportion to their respective precepts (Test Valley's share is 10.17% for 2025/26 and 10.07% for 2026/27) and will be included in the Council Tax calculations for 2026/27 and 2027/28.

The payments to the major preceptors in 2025/26 are shown in the following table.

<b>Council Tax Collection Fund</b>				
<b>2024/25</b>			<b>2025/26</b>	
	<b>Major Preceptors</b>	<b>Precept</b>	<b>Share of</b>	<b>Total</b>
<b>£'000</b>		<b>£'000</b>	<b>2024/25</b>	
			<b>Surplus</b>	<b>£'000</b>
80,728	Hampshire County Council	84,367	197	84,564
4,362	Hampshire and Isle of Wight Fire & Rescue Service	4,603	11	4,614
13,767	Hampshire Police & Crime Commissioner	14,436	34	14,470
9,004	Test Valley Borough Council	9,203	27	9,230
<b>107,861</b>	<b>Total</b>	<b>112,609</b>	<b>269</b>	<b>112,878</b>

## COUNCIL TAX BASE - ANALYSIS OF PROPERTIES

<b>BAND</b>	<b>A*</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>TOTAL</b>
Full Charge	0	1,102	4,693	9,709	8,025	6,883	4,334	3,301	499	<b>38,546</b>
10% Discount	0	0	0	0	0	0	0	0	0	<b>0</b>
25% Discount	2	1,554	5,076	5,191	3,074	1,755	849	585	55	<b>18,141</b>
50% Discount	0	238	32	34	14	23	18	15	5	<b>379</b>
100% Exempt	0	205	190	655	315	164	104	79	5	<b>1,717</b>
50% Premium	0	0	1	0	1	1	0	1	0	<b>4</b>
100% Premium	0	2	4	0	1	1	0	2	0	<b>10</b>
200% Premium	0	1	1	1	0	0	2	1	0	<b>6</b>
Net Adjustment for Properties Charged at a Lower Band	5	21	38	12	(9)	(32)	5	(30)	(10)	<b>0</b>
Total Number of Properties	7	3,123	10,035	15,602	11,421	8,795	5,312	3,954	554	<b>58,803</b>
Chargeable Number of Properties	5	2,958	9,908	14,996	11,116	8,629	5,225	3,852	540	<b>57,229</b>
Equivalent Number of Properties after discounts, exemptions, premiums and disabled relief	4	2,437	8,610	13,647	10,324	8,152	4,998	3,699	523	<b>52,394</b>
Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	2	
Band D Equivalents	2	1,625	6,697	12,131	10,324	9,964	7,219	6,165	1,046	<b>55,173</b>
Provision for Council Tax Support										<b>(2,756)</b>
Provision for Bad Debts										<b>(683)</b>
Crown Contributions										<b>673</b>
<b>Total Band D Equivalents</b>										<b>52,407</b>

## GLOSSARY OF TERMS

<b>Accounting Period</b>	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 <sup>st</sup> April for local authority accounts.
<b>Accruals</b>	This is the accounting concept that income and expenditure are recorded as they are earned or incurred, rather than when money is received or paid.
<b>Actuarial Gains &amp; Losses</b>	Actuaries assess financial and non-financial information provided by the Council to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because: <ul style="list-style-type: none"> <li>- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)</li> <li>- the actuarial assumptions have changed.</li> </ul>
<b>Asset Ceiling</b>	The maximum amount of a surplus in the defined benefit pension plan that the Council is permitted to recognise as an asset on the Balance Sheet. It is limited to the present value of economic benefits available to the Council, typically in the form of refunds from the plan or reductions in future contributions.
<b>Assets</b>	Items of worth which are measurable in terms of value.
<b>Balances</b>	The reserves of the Council, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the funds.
<b>Business Rates</b>	Businesses pay Business Rates instead of Council Tax. Each year, the Government sets the charge based on a fixed percentage of the business's rateable value, and the charge is collected by the Council. Since 1 <sup>st</sup> April 2013, the Council retains a proportion of the rates collected.
<b>Capital Expenditure</b>	Expenditure on the acquisition or improvement of tangible assets which yield benefits to the Council for more than one year.
<b>Capital Receipts</b>	Monies received from the sale of non-current assets, which may be used to finance new capital expenditure.
<b>Cash and Cash Equivalents</b>	Cash and deposits held in banks that are readily convertible into known amounts of money without penalty or time delays.
<b>Collection Fund</b>	This is a statutory fund separate from the main accounts of the Council. It records all income due from Council Tax and Business Rates. It shows all precepts and statutory payments to other bodies.
<b>Contingent Assets</b>	Future income owed to the Council arising from a past event for which the amounts cannot be accurately quantified at the balance sheet date.
<b>Contingent Liabilities</b>	Amounts potentially payable to individuals or organisations which may arise in the future but which at this time cannot be determined accurately.
<b>Contingent Rent</b>	A rental income that is based on performance. This could be as a % of turnover of net profit.
<b>Creditors</b>	Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment was not made by the year end.
<b>Current assets</b>	Assets which may change in value on a day to day basis (e.g. stocks), or which are expected to be fully recovered within one year (e.g. short-term deposits with banks).
<b>Current Service Cost</b>	The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.
<b>Debtors</b>	Amounts owed for work or services rendered by the Council within the financial year which were not paid by the year end.

<b>Depreciated Replacement Cost</b>	A valuation method used as a proxy for market value of assets of a specialised nature where no market exists to gauge fair value. It is based on the estimated cost to replace the asset less an allowance for the age of the asset being valued.
<b>Depreciation</b>	The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.
<b>Effective Interest Rate</b>	The average rate of interest over the life of a loan. It takes into account known changes in interest rates over the period of a loan, e.g. discounted rates in early periods.
<b>Expenditure</b>	Amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.
<b>Fair Value</b>	The value an asset or liability could reasonably be transferred for in an arm's length transaction with another party who is properly informed about that item.
<b>Financial Instruments</b>	These represent any item that will cause the Council to receive or pay money. This ranges from sundry debtors and creditors to cash investments. The only items that are excluded from this are Council Tax and Business Rates.
<b>General Fund</b>	This is the main revenue fund of the Council includes the net cost of all services financed by local taxpayers and government grants.
<b>Heritage Assets</b>	Assets held primarily for their historical, artistic, scientific, technological, geophysical or environmental qualities and maintained for their contribution to knowledge and culture.
<b>IAS 19 Adjustments</b>	International Accounting Standards 19 outlines the accounting requirements for employee benefits including post-employment benefits. The adjustments represent the removal of employer pension contributions and replacing them with the current service cost and past service cost.
<b>IFRS</b>	International Financial Reporting Standards are the guidelines within which the Council's accounts have to be prepared.
<b>IFRIC</b>	International Reporting Standards Interpretations Committee reviews accounting issues that arise from the application of IFRS Standards and provides guidance on the accounting treatment.
<b>Impairment Allowance</b>	An allowance that is made against income that is due to the Council that it is considered is unlikely to be recovered.
<b>Impairment of Assets</b>	The reduction of the value of an asset through either market price changes or reduction in the asset's ability to deliver services e.g. if affected by fire or flood. Impairments as a result of market price changes from previous years may be reversed as market conditions change.
<b>Income</b>	Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received since income is deemed to have been earned once the goods or services have been supplied even if cash has not been received.
<b>Intangible Assets</b>	Assets that have no physical form but which provide economic benefits to the Council. Examples include software licences (that last over one year) and rights to hold markets in Andover High Street.
<b>Inventories</b>	Stocks and work-in-progress are included under this heading.
<b>Investment Property</b>	Properties owned by the Council which are held solely for income generation purposes or for appreciation in sale value.

<b>Leases</b>	Where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist. Under a Finance Lease the asset is treated as the property of the lessee. Under an Operating Lease the asset remains the property of the lessor but does not convey rights of ownership of the asset.
<b>Liabilities</b>	Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.
<b>Materiality</b>	The principle that information is material if its omission, misstatement, or obscuration could reasonably be expected to influence the decisions of users of financial statements.
<b>Minimum Revenue Provision</b>	Amounts set aside as a statutory provision for the repayment of debt.
<b>Non-Current Assets</b>	Assets which are owned by the Council which have a useful life of more than one year.
<b>Past Service Cost</b>	Discretionary benefits awarded on early retirement are treated as past service costs.
<b>Precepts</b>	The method by which an authority obtains the income it requires by making a levy on an appropriate billing authority. The billing authority (this Council) must then charge for the precepted amount. For example, the Council Tax bills raised by the Council include the amounts precepted by Hampshire County Council, Fire and Police Authorities and Parish Councils.
<b>Present Value</b>	The current estimated value of future assets or liabilities taking into account the estimated effects of the time value of money.
<b>Property Plant and Equipment</b>	Tangible assets which yield benefit to the Council for a period of more than one year. They can be further classified into:
Land and Buildings	Property assets held and occupied, used or consumed by the Council in the direct delivery of services for which it has either statutory or discretionary responsibility e.g. Council offices.
Vehicles and Equipment	Items of plant and machinery used by the Council in the delivery of services e.g. refuse vehicles, grounds maintenance equipment.
Community assets	Assets that the Council intends to hold in perpetuity, which have no determinate finite useful life and may have restrictions on their disposal e.g. parks, works of art.
Infrastructure assets	These are inalienable assets, the benefit of which is received only by their continued use e.g. cycle routes, footpaths.
Surplus assets	These are assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or assets held for sale.
Asset under Construction	Assets that are not yet completed.
<b>Provision</b>	An amount set aside for expenditure in a future financial period as a result of an obligation arising from a past event. The obligation must be expected to result in a payment that can be reasonably estimated.
<b>Reserves</b>	
Usable	Amounts set aside for future purposes over which the Council has full discretion, subject to statutory regulations which require capital reserves to be used only to finance new capital expenditure.
Unusable	Amount included in the balance sheet that the Council is not able to apply to future expenditure.

<b>Revenue Contributions to Capital</b>	The method of financing capital expenditure directly from the General Fund.
<b>Revenue Expenditure</b>	Expenditure incurred on the day to day running of the Council. This mainly includes employee costs, general running expenses and contract payments.
<b>Revenue Expenditure Funded From Capital Under Statute</b>	Items of expenditure that are categorised as capital expenditure but do not generate new assets for the Council. The main examples of this are Disabled Facilities' Grants and grants to affordable housing projects.
<b>Right of use assets</b>	An asset representing a lessee's right to use an underlying asset over the lease term, recognised on the balance sheet at the commencement of a lease under applicable accounting standards (e.g., IFRS 16).

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