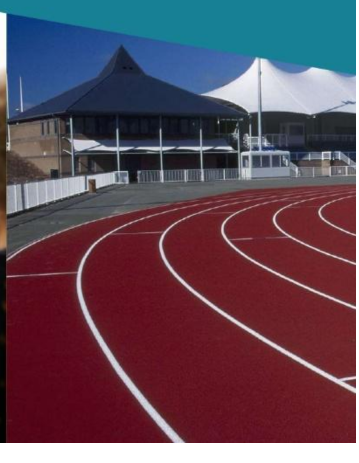
Statement of Accounts 2025-26

Ashford Borough Council

ASHFORD



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Approval of the Statement of Accounts

The Audit Committee at its meeting on DATE approved the Statement of Accounts for the year ended 31 March 2026 in accordance with the Accounts and Audit Regulations 2015, subject to the Accounts and Audit (Amendment) Regulations 2021.

Signed:

Councillor Charles Suddards
Chairman Audit Committee
DATE

Narrative report

Introduction

Local Authority accounts are subject to regulatory requirements and accounting standards. This results in a complex format, which requires the reader to have a reasonable knowledge of accounting terms and presentation. An explanation of technical terms is provided in the Glossary (page 123).

The Accounts are subject to a public inspection period which commences on publication of the accounts.

As a result of the public inspection period from 2022/23, the Council received an objection to the accounts. Grant Thornton are investigating the objection and until a satisfactory resolution is communication, the auditors have not issued audit certificates for 2022/23, 2023/24 and 2024/25. Grant Thornton has confirmed that the nature of the objection will not present a material implication for the accounts.

Following disclaimed audit reports for the years mentioned above Grant Thornton anticipate being able to issue a non-disclaimed audit report for 2025/26, subject to completion of the audit work on 2025/26 accounts and completion of the regaining assurance work on 2022/23 that is already well underway.

The Statement of Accounts

The content and format of the Statement of Accounts is prescribed in the Accounting Code of Practice (The Code). The Statement of Accounts includes the Core Financial Statements and Supplementary Financial Statements along with other statutory sections.

From 1 April 2025, the Code requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years with annual indexation applied to assets during the four intervening years.

In 2025/26 the Council fully revalued all its Property, Plant and Equipment and did not need to apply indexation.

The Core Financial Statements (page 16 to 24) comprise:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

These statements include a group position, which incorporates the Council's subsidiaries, Ashford International Development Company Ltd, A Better Choice for Property Ltd and their subsidiary company, A Better Choice for Property Development Ltd.

Ashford Cinema Ltd, a wholly owned subsidiary of ABC, and Stour Environmental Credits Ltd, incorporated in December 2024 as a joint venture (50% owned by Ashford and 50% by Canterbury City Council), have not been consolidated on the grounds of immateriality.

The accounts for these companies can be viewed at Companies House, once filed, in accordance with statutory requirements.

Overview of 2025/26 Financial Results and Activity

The Borough Plan, Medium-Term Financial Plan (MTFP) and Local Government Reform

Borough Plan

The Council's Borough Plan 'Our Plan for the Borough 2024-2028' sets out the Council priorities over a four-year period commencing 2024 and can be viewed on the Council's website using the link above.

With a vision ***"To make Ashford a place where people, business and nature can collectively thrive"*** three pillars to support the vision were introduced: -

- Planet

Reducing greenhouse gas emissions and creating places for nature will be at the heart of everything we do.

- People

Listening and serving the Ashford community is our philosophy; we will make best use of available resources to build an equitable and fair society.

- Place

Planning for the future of our community to make Ashford a place people are pleased to call home and love to visit.

Our Plan for the Borough is honest about the challenges we face and highlights a number of projects that are central to addressing those challenges and achieving our plan over the four year period. These are identified on page 9 of Our Plan for the Borough with a brief update summary below highlighting some of the progress which has been made since 2024.

Following Natural England guidance in July 2020, there has been a restriction on development within the River Stour catchment without appropriate mitigation.

This has impacted housing development in the Stour catchment and has impacted the Council in several ways including; reduced planning fee income, reduced economic growth, reduced new social homes, which has compounded the temporary accommodation (homelessness) crises within the Borough.

During 2024/25 the Council identified solutions for addressing the nitrogen and phosphates affecting the SSSI (Special Site of Scientific Interest), for both Private and Affordable Housing Developments. The Council has worked with external providers to install water pressure control valves on its own housing stock and has created sufficient credits to unlock the Council's Affordable Housing Programme, as well as the development plans of its subsidiaries.

The Council has also set up Stour Environmental Credits Ltd. which is a joint venture with Canterbury City Council.

The Company has since started delivering free septic tank upgrades to eligible properties within the Stour catchment, from which nutrient mitigation and credits are generated to sell to Developers to support planning applications.

Newtown Works re-development is continuing to progress with works to restore the 'listed' Locomotive Sheds finished having drawn down the £14.7m of levelling up funding which the Council secured from the Government.

Unfortunately, and despite multiple options being considered, the site was unable to attract a viable operator to run proposed studios, and a planning application has now been submitted for a largely residential development.

Following the Council's departure from the Civic Centre, plans are progressing to convert the site into Council homes which will be designed in conjunction with the former Kent Wool Growers site which has been largely cleared.

This holistic approach will allow fluidity between the sites and allow for public realm to be improved.

Other significant developments in year have included the decanting and commencement of demolition of the Park Mall Shopping Centre which will temporarily be turned into a surface car park while development partners are sought to develop the site.

The Council has brought forward plans for two exciting projects within the Town Centre, rejuvenation of the Elwick Cinema site into a family entertainment venue, and plans for the former Odeon/Mecca Bingo building which will create a flexible cultural and community venue.

It is also worth noting that Swanton House, a building that stood derelict for more than 20 years has now been demolished and will be replaced with a 34 apartment development. There is also recent news that Primark will be opening a new store in Ashford during 2027. This will bring back into use a large, vacated unit and will support economic growth within the Town Center.

The Borough Plan is about delivery, and it is evident from the progress being made, and site preparations that this is truly progressing.

Further information on the Council's achievements and performance, including key performance indicators, can be found at the following Ashford Borough Council web page, [Information about Ashford Borough Council's Corporate Plan and performance reports.]

In September 2020 DEFRA (Department for the Environment, Food and Rural Affairs) informed the Council that the Sevington Inland Border Facility (IBF) was being designated a Border Control Post (BCP), and the Council would become responsible for carrying out various port health controls on behalf of the Government.

It is anticipated that around 40% of the Uk's meat, dairy and eggs are imported through the short straits (Ferrys and Eurotunnel) and therefore checked by Sevington BCP staff.

In May 2025 the Government announced that a new agreement with the EU will be agreed creating a SPS (Sanitary and Phytosanitary) area. The impact of this new agreement and how it will impact the Council is still uncertain and the UK – EU Summit planned for July has been postponed following the resignation of Kier Starmer, the UK Prime Minister.

Despite this uncertainty, in 2025/26 the Porth Health service launched the UK's first digital transformation in Border Controls powered by AI. This development has allowed more checks to be undertaken, increase income and freeze current prices due to technological efficiencies.

In April 2024 the Regulator of Social Housing introduced the New Consumer Standards which the Council as a social housing landlord needs to adhere to.

Following self-referral to the Regulator for Social Housing in August 2024, the Regulator issued a statutory judgment and rated the Council as a C3 which meant we must significantly improve. The Council has not had an inspection; the rating was based on the self-referral.

The Council has embarked on a journey of transformation and improvement improving services, compliance and engagement with residents.

There has been significant investment in operational resources and bringing the current stock up to the decent homes standard, which will take around 5 years. The Council is also addressing new regulations such as Awaab's Law including the response to damp and mould.

Following the original judgment, the Council has set up numerous reporting mechanisms both internally and with Members to report the progress, many of these mechanisms will remain in place. The Council continues to proactively engage with the Regulator preparing for inspection resulting in an improved rating.

Medium Term Financial Plan

The Council updated its MTFP when setting the 2026/27 budget and this was presented to Cabinet in November 2025.

As with previous years the budget was set against a backdrop of uncertainty as the Government had not announce the outcomes of the fair funding review 2.0 or provided details around business rates reform.

The MTFP presented an emerging pressure over the 5-year period of £3.2m of which £1.2m was forecast in 2030/31. In the shorter term, to 2027/28 at which stage the Council will become a new entity under Local Government Reform, the forecast deficit was £801,000.

Some of the significant movements from the previous MTFP included, £850,000 increase in Temporary Accommodation costs, £553,000 additional funding to cover higher than forecast salary and National Insurance costs increases, and an anticipated £1m loss for Business Rates Pooling as a result of Business Rates reset.

Fortunately, these pressures were largely offset by £2m Extended Producer Responsibility grant, £500,000 of savings from outsourcing CCTV monitoring and progressing Park Mall Demolition which discontinued running a failing shopping centre.

It should be noted that the MTFP was developed with significant ongoing uncertainty and some of the pertinent risks are covered below, although the report and risks can be fully reviewed in the [Final Budget Report 2026/27](), Appendix M, which was presented to Cabinet in February 2026.

In December 2025 the Provisional Draft Multi Year Settlement was received from Government which was better than anticipated in the short term as £1m of Business Rates pooling gain had been allocated to the Council. This unexpected funding was used to remove the reserve requirement from the draft budget, remove the savings target which was not yet delivered, and allowed for a small contingency to be developed.

However, in a rare occurrence, and following some lobbying from other Tiers of Local Government, the Government made an amendment to the draft provisional settlement when the final settlement was announced on 9 February 2026, effectively removing the Pooling Gain awarded to District Councils, and redistributed it to County Councils.

Given the timing of this late change, Government recognised the immediate financial impact this would have and provided an adjustment support grant for 2026/27. While overall nothing changed for the 2026/27 budget, this late change in Government funding will move a (at provisional settlement) positive MTFP outlook, back into a negative one which will need factoring in as part on the next iteration of the MTFP.

The Council set its budget for 2026/27 at the February 2026 Council meeting, increasing council tax by £5.79 to £199.37 for a band D property. This increase is the maximum permitted for Ashford and due to the capping regime and continues to be one of the lowest in Kent.

The Council is a member of the Local Government Pension Scheme, administered by Kent County Council (KCC). The most recent valuation of the Fund was carried out on 31 March 2025. This set the primary rate employers' contributions for the period from 1 April 2026 to 31 March 2029, at a rate of 16.3%.

Overall the Kent Pension Fund was fully funded (102% in 2022), although Ashford has a funding deficit of circa £8m which will be recovered at a flat rate of £965,000 per annum for the next 8 years (subject to triennial review) which provides some stability to general fund finances.

A triennial review will be undertaken by KCC in conjunction with the actuary in 2028/29, which will set the contribution rate payable from April 2029.

Local Government Reform

Following the publication of the Governments 'English Devolution White Paper' in December 2024, Kent County Council (KCC) and Medway Council asked Government to make Kent a priority area for devolution.

Despite receiving positive feedback from Government Kent and Medway were not included in the Government's priority program for devolution.

Kent authorities submitted 5 proposals to Government on the 28 November 2025 which Ashford supporting option 4, a proposal for 4 unitary councils. Information on the proposal can be accessed using the following link: - [Consultation on the Proposals for Local Government Reorganisation in Kent and Medway - Ministry of Housing, Communities and Local Government - Citizen Space]

Government is expected to announce its chosen option by Parliamentary Recess and then Authorities will begin in earnest to implement the selected option. The new Authorities will have a vesting day of 1 April 2028.

General Fund Financial Performance (excluding the Housing Revenue Account)

In 2025/26 the General Fund reported a deficit of £183,000 having made contributions to and from reserves.

Finance had a budget deficit of £617,000 in year as a result of an increase in the Council's general bad debt provision to reflect challenges in collecting debt in the current economic climate. Council Tax Support grants received form Kent County Council were also not received.

Additional parking fee income and season ticket sales has contributed to the surplus of £665,000 in Safety, AMC, Parking & Engineering. This is a positive development with parking levels retuning to pre covid levels and reflects some changes in working patterns as people return to offices for more hybrid working.

Corporate Management Costs reported a pressure of £609,000, reflecting a combination of increased employee-related costs, and higher external audit fees.

The overall movement for earmarked reserves was £7m as per note 13 of the Accounts.

The Ashford Port Health service continued to expand and through the development and implementation of AI-supported document screening has increase income collected from £11m in 2024/25 to £17m in 2025/26 although costs have also risen by £3m over the same period.

Additional funds are placed in reserves and act as risk contingency in case there is business interruption within the straights, although having both routs, Tunnel and Ferry this risk is reduced.

Due to the success and efficiency generated from the AI project, and level of reserves now held, £5.5m, the Port Health Service will review its charges to importers in 2026/27 with a view to reducing them.

The net movement of £1.8m in the Required by Statute and other ring-fenced reserves includes £1.6m relating to Extended Producer Responsibility grant funding which supports national waste funding arrangements.

The Comprehensive Income and Expenditure Statement, and associated notes from page 15 include:

- the General Fund outturn as detailed below
- the Housing Revenue Account income and expenditure
- Other notional accounting entries for capital charges, pensions and asset sales.

A reconciliation between the statutory and management accounts is included in note 5.

Performance and Governance

Risk Management

- The Corporate Risk register framework was reviewed in light of the new Borough Plan 2024-28, best practice and revised reporting arrangements.
- Operational risks are monitored by individual Services, on an exception basis, and reported to the Council's Management Team. Where risks are of strategic significance.
- Services review their risks monthly and as part of the service planning process.

Performance Management

- The Council reports its wider performance data, including service specific indicators to Overview and Scrutiny, and Cabinet, on a quarterly basis which are available on the Council's website and can be searched on the internet.
- The Council also produces an Annual Performance Report which, in addition to performance indicators, provides an opportunity to look back on some of the achievements throughout the borough over the past year. The current and previous annual performance reports can be found on the following page of the Ashford Borough Council website, Our Annual Reports.

Annual Governance Statement

- Each year the Council must produce and approve an Annual Governance Statement (AGS). The AGS is designed to summarise the council's approach to governance and show how the council fulfils the principles for good corporate governance in the public sector.
- The AGS needs to draw conclusions, based on evidence throughout the past year, about the effectiveness of the council's arrangements which are well-developed, but they also evolve.
- Their various components are subject to ongoing development, which are summarised in the AGS which for 2025/26 was presented to the Audit Committee on 23 June 2026 (Annual Governance Statement for Ashford Borough Council 2025-26)
- The report concluded that the Council has a robust governance framework in accordance with the principles set out in CIPFA's 'Delivering Good Governance in Local Government Framework 2016, and where full assurance is not provided, we have instigated action, reviewing its arrangements to remedy exceptions.

General Fund Final Outturn 2025/26

Service	Original Budget 2025/26	Revised Budget 2025/26 A	Final Outturn 2025/26 B	Variance B-A
	£'000	*£'000*	*£'000*	*£'000*
Finance	2,466	2,656	3,274	618
People, Communications And Technology	682	756	827	71
Housing	3,615	3,655	3,635	(20)
Safety, AMC, Parking & Engineering	588	624	(41)	(665)
Port Health Manager	(300)	(300)	(300)	0
Environmental Health	975	965	977	12
Direct Services (General Fund)	2,373	2,264	2,139	(125)
Env, Property And Recreation	6,629	6,745	6,828	83
Planning And Development	2,620	2,667	2,577	(90)
Head of Development Manager	4	20	0	(20)
Head Of Economic Development	744	756	784	28
Head Of Performance And Policy	1,283	1,299	1,313	14
Solicitor To The Council And Monitoring Officer	517	540	503	(37)
Corporate Management Costs	364	(9)	600	609
Net Service Expenditure	22,560	22,638	23,116	478
Capital Charges and net interest	(994)	(1,128)	(842)	286
Levies and Grants	349	349	350	1
Contribution to Reserves	179	235	206	(29)
Net Expenditure	22,094	22,094	22,830	736
Funded by:				
Grant Funding	(2,928)	(2,928)	(2,809)	119
Business Rates	(9,616)	(9,616)	(10,322)	(706)
Council Tax	(9,550)	(9,550)	(9,516)	34
Total Financing	(22,094)	(22,094)	(22,647)	(553)
Outturn reported	0	0	183	183

Housing Revenue Account (HRA)

The outturn on the HRA is showing a deficit of £377,000, compared to a budgeted surplus of £616,000, representing an adverse variance of £993,000.

There were various movements that affected the outturn, including a £1.5m overspend on repairs and maintenance. This reflected the Council's response to the requirements of the Social Housing Regulator, including making sure that repairs were completed within the required timescales.

The Council's 2024/25 Value for Money Report had a Key Recommendation around the need to develop a fully costed HRA business plan to incorporate the works needed to bring the Housing Stock up to regulatory standards.

A fully costed HRA business plan was developed, incorporating the results from the full stock condition survey and this was presented to Cabinet on 13 November 2025 and showed a balanced and funded position over the next 30 years.

These overspends were partially offset by lower interest costs on long-term loans, reflecting delays to the start of some projects.

Capital work on existing properties was significantly higher than originally budgeted, reflecting the Council's response to the Stock Condition Survey. The report highlighted there had been a period of under investment and to return properties to decency and ensure other properties do not fall out of decency a plan needed to be put in place to significantly invest in the stock.

The Major Repairs Reserve (MRR) was used to fund these capital works resulting in the reserve being almost fully utilised (£5.2m in 2024/25). The balance on the MRR is to fund capital works of this nature.

The HRA currently manages 5,296 properties, and the HRA Business Plan will include a 30-year programme for repairs and maintenance across the stock. The Plan will ensure that the HRA remains viable.

The HRA reserve balance at 31 March 2026 was £2.6m, (£3m in 2024/25). This balance is below the target of 10% of rental income, which would be around £3.3m. The 2026/27 budget was set with a forecast surplus of £1.6m and this provides an element of risk contingency in year and will be used to increase the reserve balances to target. While the 10% has not been achieved, given the budgeted position for 2026/27 and monetary value of the reserve, this is not envisaged to represent a significant financial risk to the HRA at this time.

Officers are working on the next 30-year Business Plan where reserves will be reviewed to ensure the fund returns to the target level.

The total reserve balance for the HRA is £2.6m (£8.2m in 2024/25).

Council dwellings are revalued at the end of each financial year and all stock was revalued at 31 March 2026, this year the movement during the year resulted in a net valuation increase of £63.3m (£15.2m decrease in March 2025).

Housing Revenue Account Outturn 2025/26

Housing Revenue Account	Original Budget 2025/26 A	Revised Budget 2025/26 B £'000	Final Outturn 2025/26 C £'000	Variance C-B £'000
Income	(34,989)	(34,989)	(34,154)	835
Supervision and Management	7,448	7,499	6,628	(871)
Repairs and Maintenance	8,925	8,981	10,413	1,432
Other	17,894	17,894	17,491	(403)
Net Expenditure	(722)	(615)	378	993
Capital Works - Decent Homes	10,118	10,135	12,333	2,198
Capital works financed by:				
Capital Financing	(2,619)	(2,619)	(178)	2,441
Major Repairs Allowance	(7,499)	(7,516)	(12,155)	(4,639)
Outturn reported	(722)	(615)	378	993

Capital Expenditure

Capital expenditure is investment in the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment. It also covers intangible assets, for example the purchase of computer software, which will benefit the Council over a number of years.

Major projects during 2025/26 included:

- Tenterden Leisure Procurement - £1.5m spend on capital improvements to the leisure centre which can be view here. This work will include a brand new soft play area, updated toilet and change facilities, refurbished spin studio and new interactive pool water features. External grant funding of £40,000 was used to partially fund these works.

- HRA Planned Maintenance Programme - £12m on significant planned maintenance programme works. This is part of the Council's 5 year strategy to return to decency as part of the Decent Homes Standard linking into the Consumer Standards Regulations.

- Oakleigh House - £2.2m spend on the redevelopment of the former Oakleigh and Watercress sites for fifty-nine independent accommodations for older people. This was partially funded by Capital receipts totalling £597,416.

- Decarbonisation - £2.8m of match funding received from the Department of Energy Security and Net Zero (DESNZ) for retrofitting an additional 402 units of the Council's housing stock to obtain an Energy Performance Certificate (EPC) rating of Band C.

- Street Purchase scheme - 2025/26 saw the purchase of thirty-two units added to the HRA portfolio costing around £7.8m. Capital receipts totalling £2.4m from the sale of RTB (right to buy) properties supported these purchases.

- Local Authority Homes Funding (LAHF) - £1.4m on the purchase of four properties for housing Afghanistan refugees and providing temporary accommodation, which was funded by £6.6m Government grant.

In the financial year 2025/2026, the outturn for the capital programme was:

Summary of Capital Spending and Financing

	2025/26	
	£'000	*£'000*
Capital investment		
General Fund capital expenditure	8,385	
Right of Use Assets	392	
HRA capital expenditure	36,894	
Total expenditure		45,672
Sources of finance		
Prudential borrowing	24,353	24,353
Capital receipts		
- 1-4-1 capital receipts	2,421	
- General capital receipts (HRA)	2,152	
- General capital receipts (GF)	195	4,768
Grants and contributions		
- External grants and contributions	3,262	3,262
Contribution to/(from) Major Repairs Reserve	12,155	12,155
Direct revenue contributions		
- Repairs and Renewals Reserve	155	
- General Fund financing	864	
- HRA Revenue contributions	0	
- Developer contributions	114	1,133
Total financing		45,672

Treasury Management

Borrowing

As of 31 March 2026, the Council had a mixture of long and short-term borrowing totalling £282m. Of this amount, £159.4m relates to the Housing Revenue Account (HRA), including £88.6m outstanding from the 2012 acquisition of the Council's social housing stock from the Government. The remaining borrowing is attributed to the General Fund and has been used to finance capital projects.

Investments

As of 31 March 2026, the Council held strategic investments with a fair value of £29.6m, as detailed in Note 22: Financial Instruments.

The Council continued to maintain a diversified investment portfolio, with long-term strategic investments remaining in place. These investments are assessed on two key factors: the capital value of the underlying assets and the interest income they generate.

In 2025/26, the capital value of most strategic funds remained below the original investment amount, except for the CCLA Property Fund and Schroder Income Maximiser Fund. There has been an improvement in capital values of £748,000 compared to 2024/25, whilst this remains an overall loss position it is anticipated that all the funds will recover back to the original investment.

These strategic investments are intended as long-term holdings and will continue to be managed in consultation with the Council's Treasury Management Advisors.

Pensions

As part of the Conditions of Employment, the Council must offer staff retirement benefits under statutory requirements.

At 31 March 2026, 93.4% of staff were part of the full pension scheme, contributing between 5.5% and 12.5% of salary. 2.5% of staff were opted into the 50/50 section of the scheme contributing between 2.25% and 6.25%, and the remaining 4.1% of staff opted out of the scheme. The council's employer contribution as set by the actuary was 19.8%

Payments into the pension scheme and investment assets are held and managed by the Kent County Council Pension Fund for all contributing member authorities. For further information, see note 31.

Council owned Companies

The Council has two wholly owned active subsidiaries:

1. A Better Choice for Property Ltd, which itself owns a subsidiary, A Better Choice for Property Development Ltd, making the Council the ultimate sole shareholder.

2. Ashford Cinema Ltd

The Council also holds a 65% controlling interest in Ashford International Development Company Ltd.

In addition, the Council entered a Joint Venture with Canterbury City Council in December 2024, forming Stour Environmental Credit Ltd, with each authority holding a 50% ownership stake.

With the exception of Ashford Cinema Limited and Stour Environmental Credits

Ltd, all of the above entities are considered material for financial reporting purposes. As such, group accounts have been prepared in accordance with IFRS 10. Further details can be found in Note 16.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

Under law the Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers has the responsibility for the administration of those affairs. In this authority, the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts.

The Responsibilities of the Chief Finance Officer (CFO)

The Chief Finance Officer is responsible, in law, for the preparation of the Authority'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 of Practice'). There is a responsibility of the CFO to observe the CIPFA statement on the role of the CFO in public service organisations.

In preparing this Statement of Accounts, the CFO has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Codes of Practice.

The CFO has also:

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

I certify that the Statement of Accounts between pages 15 and 121 present a true and fair view of the financial position of Ashford Borough Council at 31 March 2026 and its income and expenditure for the year ended on that date.

Ben Lockwood
Chief Finance Officer
DATE

Core Financial Statements

Council Comprehensive Income and Expenditure Statement

ABC 2024/25 Restated Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		ABC 2025/26 Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
31,457	(26,333)	5,124	Finance and IT	25,223	(21,536)	3,687
357	(90)	267	HR, Customer Service, Comms and Digitalisation	261	(104)	157
12,225	(6,090)	6,135	Housing	10,940	(7,274)	3,666
3,099	(3,237)	(138)	Community Safety, Parking and Engineering	2,952	(3,277)	(325)
7,937	(10,996)	(3,059)	Port Health	11,060	(16,888)	(5,828)
1,011	(417)	594	Environmental Health	1,107	(420)	687
2,326	(392)	1,934	Direct Services (General Fund)	2,088	(419)	1,669
34,026	(7,571)	26,455	Environment, Property and Recreation	18,926	(11,978)	6,948
3,207	(1,704)	1,503	Planning and Development	4,608	(2,536)	2,072
761	(100)	661	Corporate Management Costs	777	(171)	606
(46)	0	(46)	Head of Development	(87)	0	(87)
1,786	(615)	1,171	Head of Economic Development	1,277	(281)	996
1,438	(98)	1,340	Head of Performance and Policy	1,589	(309)	1,280
529	(202)	327	Solicitor to the Council and Monitoring Officer	688	(284)	404
42,259	(37,564)	4,695	Local Authority Housing	805	(37,622)	(36,817)
1,358	0	1,358	Non distributed costs	576	0	576
143,730	(95,409)	48,321	**Cost of Services**	82,790	(103,099)	(20,309)
			Other operating expenditure			
		3,191	Parish Council Precepts & Levies			3,380
		(2,109)	Disposal of non-current assets			(1,725)
		1,082				1,655
			Financing and investment income and expenditure			
		11,106	Interest payable and similar charges			11,088
		(314)	(Surplus)/deficit on revaluation of Investments elected through FVPL			(748)
		256	Net interest on the net defined benefit liability			(65)
		(4,772)	Interest receivable			(3,859)
		10,087	Expected Credit Loss			737
		16,363				7,153
			Taxation and non-specific grant income			
		(12,239)	Council Tax income			(12,741)
		(4,566)	Non-domestic rates income and expenditure			(4,713)
		(5,828)	Section 31 Grant - Collection Fund			(5,116)
		(2,876)	Non-ringfenced government grants (note 12)			(2,811)
		(12,554)	Capital grants received in year			(3,288)
		(38,063)				(28,669)
		27,703	**(Surplus) or Deficit on Provision of Services**			(40,170)
		(1,318)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (note 14)			(43,647)
		(292)	(Surplus) or deficit on revaluation of PFI Liability			(13)
		344	(Surplus) or deficit on revaluation of investments elected for FVOCI			12
		185	Remeasurements of the net defined benefit liability (note 31)			(258)
		(1,081)	**Other Comprehensive Income and Expenditure**			(43,906)
		26,622	**Total Comprehensive Income and Expenditure**			(84,076)

Council Comprehensive Income and Expenditure Statement- continued

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. Authorities raise taxation or raise fees and charges to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Group Comprehensive Income and Expenditure Statement

Group 2024/25 restated Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Group 2025/26 Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
31,457	(26,333)	5,124	Finance and IT	25,223	(21,536)	3,687
357	(90)	267	HR, Customer Service, Comms and Digitalisation	261	(104)	157
12,225	(6,090)	6,135	Housing	10,940	(7,274)	3,666
3,099	(3,236)	(137)	Community Safety, Parking and Engineering	2,952	(3,277)	(325)
7,937	(10,996)	(3,059)	Port Health	11,060	(16,888)	(5,828)
1,011	(417)	594	Environmental Health	1,107	(420)	687
2,326	(392)	1,934	Direct Services (General Fund)	2,088	(419)	1,669
34,026	(7,572)	26,454	Environment, Property and Recreation	18,926	(11,978)	6,948
3,207	(1,704)	1,503	Planning and Development	4,608	(2,536)	2,072
761	(100)	661	Corporate Management Costs	777	(171)	606
(46)	0	(46)	Head of Development	(87)	0	(87)
3,375	(1,582)	1,792	Head of Economic Development	1,176	(281)	895
1,438	(98)	1,340	Head of Performance and Policy	1,589	(309)	1,280
529	(202)	327	Solicitor to the Council and Monitoring Officer	688	(284)	404
42,259	(37,564)	4,695	Local Authority Housing	805	(37,622)	(36,817)
1,358	0	1,358	Non distributed costs	576	0	576
145,319	(96,376)	48,942	**Cost of Services**	82,689	(103,099)	(20,410)
			Other operating expenditure			
		3,191	Parish Council Precepts & Levies			3,380
		(2,109)	Disposal of non-current assets			(1,725)
		961	Other operating expenditure			0
		2,043				1,655
			Financing and investment income and expenditure			
		11,112	Interest payable and similar charges			11,088
		(314)	(Surplus)/deficit on revaluation of Investments elected through FVPL			(748)
		256	Net interest on the net defined benefit liability			(65)
		(3,526)	Interest receivable			(2,165)
		64	Income, Expenditure and Changes in fair value of Investment Property			39
		0	Expected Credit Loss			1
		7,592				8,149
			Taxation and non-specific grant income			
		(13)	Income Tax relating to companies			(10)
		(12,239)	Council Tax income			(12,741)
		(4,566)	Non-domestic rates income and expenditure			(4,713)
		(5,828)	Section 31 Grant - Collection Fund			(5,116)
		(2,876)	Non-ringfenced government grants (note 12)			(2,811)
		(12,554)	Capital grants received in year			(3,288)
		(38,076)				(28,679)
		20,502	**(Surplus) or Deficit on Provision of Services**			(39,284)
		(1,318)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (note 14)			(43,647)
		(292)	(Surplus) or deficit on revaluation of PFI Liability			(13)
		344	(Surplus) or deficit on revaluation of investments elected for FVOCI			12
		185	Remeasurements of the net defined benefit liability (note 31)			(258)
		(1,081)	**Other Comprehensive Income and Expenditure**			(43,906)
		19,421	**Total Comprehensive Income and Expenditure**			(83,190)
		20,502	**(Surplus) or Deficit on Provision of Services**			(39,284)
		20,495	**Attributable to Ashford Borough Council**			(39,290)
		7	**Attributable to the Non-controlling Interest**			6
		(1,081)	**Other Comprehensive Income and Expenditure**			(43,906)
		(1,081)	**Attributable to Ashford Borough Council**			(43,906)
		0	**Attributable to the Non-controlling Interest**			0

Council Movement in Reserves Statement

2025/26	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Grants Unapplied Account £'000	Total Usable Reserves (excluding company) £'000	Unusable Reserves (Note 27) (excluding company) £'000
Balance at 31 March 2025	(36,515)	(3,022)	(186)	(5,164)	(3,038)	(47,925)	(346,593)
Opening Balance adjustment		31		(31)			(19)
Movements in Reserves during 2025/26							
Surplus or deficit on the provision of services	(7,455)	(32,715)				(40,170)	
Other Comprehensive Income & Expenditure							(43,906)
Total Comprehensive Income & Expenditure	(7,455)	(32,715)	0	0	0	(40,170)	(43,906)
Adjustments between accounting and funding basis under regulations							
Sources of Finance	1,192	1,550	4,768	12,155	1,256	20,921	(20,921)
Sums set-a-side for capital purposes	3,290	963		0		4,253	(4,253)
Revenue expenditure charged to capital under statute	(2,107)	0				(2,107)	2,107
Removal of items not chargeable to Fund Balances							
- Capital adjustment account	(4,955)	25,381	0	(6,997)		13,429	(13,429)
- Capital grants unapplied account	545	0			(545)	0	
- Capital receipts reserve (for HRA, see note 6)	44	4,622	(4,666)			0	0
- Deferred capital receipts reserve	0		(22)			(22)	22
- Pensions reserve	2,902	577				3,479	(3,479)
- Collection fund adjustment account	(1,283)					(1,283)	1,283
- Pooled Investment Adjustment Account	747					747	(747)
Net increase or decrease	(7,080)	378	80	5,158	711	(753)	(83,323)
Balance at 31 March 2026	(43,595)	(2,613)	(106)	(37)	(2,327)	(48,678)	(429,935)

The Movement in Reserves Statement (MiRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It does this by analysing the increase or decrease in the net worth of the authority, such as:

- movements in the current or fair value of its assets.
- movements between reserves to increase or reduce the resources available to the authority according to statutory provisions.

2024/25	General Fund Balance Restated £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Grants Unapplied Account £'000	Total Usable Reserves (excluding company) £'000	Unusable Reserves (Note 27) (excluding company) Restated £'000
Balance at 31 March 2024 Restated	(34,943)	(2,406)	(3,302)	(4,443)	(7,049)	(52,143)	(368,997)
Movements in Reserves during 2024/25							
Surplus or deficit on the provision of services	22,753	4,950				27,703	
Other Comprehensive Income & Expenditure							(1,081)
Surplus or deficit on provision of services attributable to NCI							
Total Comprehensive Income & Expenditure	22,753	4,950	0	0	0	27,703	(1,081)
Adjustments between accounting and funding basis under regulations							
Sources of Finance	7,600	4,141	7,247	6,095	4,825	29,908	(29,908)
Sums set-a-side for capital purposes	3,294	1,146		0		4,440	(4,440)
Revenue expenditure charged to capital under statute	(9,864)	0				(9,864)	9,864
Removal of items not chargeable to Fund Balances							
- Capital adjustment account	(28,900)	(14,884)	0	(6,816)		(50,600)	50,600
- Capital grants unapplied account	814	0			(814)	0	
- Capital receipts reserve (for HRA, see note 6)	366	3,743	(4,109)			0	0
- Deferred capital receipts reserve	0		(22)			(22)	22
- Pensions reserve	1,590	287				1,877	(1,877)
- Collection fund adjustment account	(205)					(205)	205
- Pooled Investment Adjustment Account	980					980	(980)
Net increase or decrease	(1,572)	(617)	3,116	(721)	4,011	4,217	22,405
Balance at 31 March 2025	(36,515)	(3,023)	(186)	(5,164)	(3,038)	(47,926)	(346,592)

Group Movement in Reserves Statement

2025/26	Total Usable Reserves £'000	Total Unusable Reserves £'000	Council Total Reserves £'000	Group Reserves £'000	Non-controlling Interest £'000	Total Group Reserves £'000
Balance at 31 March 2025	(49,530)	(346,596)	(396,126)	(7,045)	(2,008)	(405,186)
Opening Balance adjustment		(19)	(19)			(19)
Movements in Reserves during 2025/26						
Surplus or deficit on the provision of services	(40,170)		(40,170)	886		(39,284)
Other Comprehensive Income & Expenditure		(43,906)	(43,906)			(43,906)
Surplus or deficit on provision of services attributable to NCI					6	
Total Comprehensive Income & Expenditure	(40,170)	(43,906)	(84,076)	886	6	(83,190)
Adjustments between accounting and funding basis under regulations						
Sources of Finance	20,921	(20,921)				
Sums set-a-side for capital purposes	4,253	(4,253)				
Revenue expenditure charged to capital under statute	(2,107)	2,107				
Removal of items not chargeable to Fund Balances						
- Capital adjustment account	13,429	(13,429)				
- Deferred capital receipts reserve	(22)	22				
- Pensions reserve	3,479	(3,479)				
- Collection fund adjustment account	(1,283)	1,283				
- Adjustments betw een group accounts and authority accounts	886		886	(886)		0
- Pooled Investment Adjustment Account	747	(747)				
Net increase or decrease	133	(83,323)	(83,190)	0	6	(83,190)
Balance at 31 March 2026	(49,397)	(429,919)	(479,316)	(7,045)	(2,002)	(488,376)

2024/25	Total Usable Reserves £'000	Total Unusable Reserves £'000	Council Total Reserves £'000	Group Reserves £'000	Non-controlling Interest £'000	Total Group Reserves £'000
Balance at 31 March 2024 Restated	(46,546)	(369,001)	(415,547)	(7,045)	(2,015)	(424,607)
Movements in Reserves during 2024/25						
Surplus or deficit on the provision of services	27,703		27,703	(7,201)		20,502
Other Comprehensive Income & Expenditure		(1,081)	(1,081)			(1,081)
Surplus or deficit on provision of services attributable to NCI					7	
Total Comprehensive Income & Expenditure	27,703	(1,081)	26,622	(7,201)	7	19,421
Adjustments between accounting and funding basis under regulations						
Sources of Finance	29,908	(29,908)				
Sums set-a-side for capital purposes	4,440	(4,440)				
Revenue expenditure charged to capital under statute	(9,864)	9,864				
Removal of items not chargeable to Fund Balances						
- Capital adjustment account	(50,600)	50,600				
- Deferred capital receipts reserve	(22)	22				
- Pensions reserve	1,877	(1,877)				
- Collection fund adjustment account	(205)	205				
- Adjustments between group accounts and authority accounts	(7,201)		(7,201)	7,201		0
- Pooled Investment Adjustment Account	980	(980)				
Net increase or decrease	(2,984)	22,405	19,421	0	7	19,421
Balance at 31 March 2025	(49,530)	(346,596)	(396,126)	(7,045)	(2,008)	(405,186)

Group and Council Balance Sheet

ABC	Group			ABC		Group
31 March 2025				31 March 2026		
£'000	*£'000*		*Notes*	*£'000*	*£'000*	*£'000*
638,638	638,651	Property, Plant & Equipment	14	741,681		741,681
7,408	7,408	Heritage Assets	17	5,145		5,145
0	50,209	Investment Property	16	0		52,260
296	296	Intangible Assets		298		298
30,282	27,884	Long Term Investments	22	31,017		28,631
34,033	2,981	Long Term Debtors	24	37,142		2,431
710,657	727,429	**Long Term Assets**			815,283	830,446
0	16	Inventories		687		687
22,983	17,407	Short Term Debtors	24	20,038		14,734
4,598	5,162	Cash and Cash Equivalents	40	2,443		3,266
27,581	22,586	**Current Assets**			23,168	18,687
(91,748)	(91,748)	Short Term Borrowing	22	(145,834)		(145,834)
(39,895)	(40,663)	Short Term Creditors	26	(43,564)		(44,153)
(963)	(963)	PFI Current Liabilities	22	(829)		(829)
(132,606)	(133,374)	**Current Liabilities**			(190,227)	(190,816)
(3,193)	(3,193)	Long Term Creditors	26	(1,854)		(1,854)
(1,155)	(1,155)	Long-term Provisions	29	(1,304)		(1,304)
(171,050)	(171,050)	Long Term Borrowing	22	(136,243)		(136,243)
(8,547)	(8,547)	Grants receipts in advance - capital	25	(8,062)		(8,062)
(2,614)	(2,614)	Grants receipts in advance - revenue	25	(2,172)		(2,172)
(11,308)	(11,308)	Pension Liability	31	(7,572)		(7,572)
(13,247)	(13,247)	PFI Liability	22	(12,404)		(12,404)
0	(340)	Deferred Tax Liability		0		(330)
(211,114)	(211,454)	**Long Term Liabilities**			(169,611)	(169,941)
394,518	405,187	**Net Assets**			478,613	488,376
		Financing (see MiRS)				
(47,926)	(70,703)	Usable Reserves		(48,678)		(70,580)
(346,592)	(334,484)	Unusable Reserves	27	(429,935)		(417,796)
(394,518)	(405,187)				(478,613)	(488,376)

The Balance Sheet summarises the Authority's financial position as at 31 March. The 'top half' contains the Council's assets and liabilities held or accrued. As Local Authorities do not have equity, the 'bottom half' is comprised of reserves that shows the position of an authority's net worth, they fall into two categories:

- usable reserves, which include the revenue and resources available to meet future expenditure, such as the General Fund Balance and the Capital Receipts Reserve
- unusable reserves, which include unrealised gains and loss or adjustment accounts, such as the Revaluation Reserve or the Pension Reserve.

Group and Council Cash Flow Statement

ABC 2024/25 £'000	Group 2024/25 £'000		Notes	ABC 2025/26 £'000	Group 2025/26 £'000
27,703	20,502	Net (surplus) or deficit on the Provision of services		(40,170)	(39,284)
(53,485)	(42,717)	Adjustment to the Net surplus or deficit on the provision of services for non-cash movements	35	17,109	20,206
4,945	10,880	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities	36	5,233	3,639
(20,837)	(11,335)	Net cash flows from operating activities		(17,828)	(15,439)
39,428	30,352	Investing activities	38	38,502	39,231
(19,149)	(19,520)	Financing activities	39	(18,519)	(22,056)
(558)	(503)	Net movements in year excluding non-cash items		2,155	1,736
4,040	4,658	Cash and cash equivalents at the beginning of the reporting period		4,598	5,002
558	503	Net increase or (decrease) in cash and cash equivalents		(2,155)	(1,736)
4,598	5,162	Cash and cash equivalents at the end of the reporting period	40	2,443	3,266

The Group's cash and cash equivalents at the beginning of the 2025/26 reporting period (£5.0m) differ from the 2024/25 closing balance (£5.1m) due to Ashford Cinema Limited, a wholly owned subsidiary of ABC, not being consolidated within the Group accounts in 2025/26 on grounds of immateriality.

The Cash Flow Statement summarises the flows of cash into and out of the authority's bank accounts over the financial year. It separates the flows into:

- those that have occurred as a result of the authority's operations
- those arising from the authority's investing activities (including cash flows related to noncurrent assets), and
- those attributable to financing decisions.

Notes to the Core Financial Statements

1. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority’s transactions for the 2025/26 financial year and its position at the year ending 31 March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which are prepared in accordance with proper accounting practices. These practices primarily comprise the ‘Code of Practice on Local Authority Accounting in the United Kingdom 2025/26’ (the Code), supported by International Financial Reporting Standards (IFRS). 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. **Accounting Concepts and Conventions**

The Going Concern basis has been selected for the preparation of these accounts based on the assumption that the Council will operate for the foreseeable future.

Qualitative characteristics are the attributes that make the information provided within this Statement of Accounts, useful to users. The International Accounting Standards Board (IASB) Framework sets out the two fundamental, qualitative characteristics and four enhancing, qualitative characteristics of financial statements, which have been adopted by the Code:

- Fundamental
  - relevance
  - faithful representation

- Enhancing
  - comparability
  - verifiability
  - timeliness
  - understandability

The Code also includes consideration of materiality as a qualitative characteristic and the Framework considers it as part of the fundamental characteristic of relevance.

2. **Accruals of Income and Expenditure**

With the exception of the Cash Flow Statement, including its notes, and the Collection Fund, the Statement of Accounts is presented on an accruals basis.

The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Statement of Accounts for the year in which those effects are experienced, and not in the year in which the cash is actually received or paid. In particular: fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services; interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

As per IFRS 15 revenue arising from a contract where the counterparty is a service recipient. A service recipient is defined as a party that has contracted with the Council to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration. The Code requires revenue from contracts with service recipients to be recognised in accordance with the following five steps:

• Identification of a contract with a service recipient

• Identification of any performance obligations within the contract

• Calculation of a transaction price

• Allocation of the transaction price to the performance obligation

• Recognition of revenue when the performance obligation is satisfied.

The Council has assessed the different categories of income from service recipients where there is a contract in place and where there is a performance obligation on the Council to deliver goods or services. Most of the services delivered to service recipients are statutory services and performance obligations are satisfied throughout the year in exchange for income received. There would therefore be no material effect on the Council's financial statements of separately identifying income from these contracts that has been received but the performance obligation has not been satisfied. Revenue is recognised at the point that the service is delivered. The total income from fees and charges is disclosed in Note 7 of the financial statements, 'Expenditure and Income Analysed by Nature'. Income from non-exchange transactions (including Government grants and contributions, Council Tax and Non-Domestic Rates) is separately disclosed in the financial statements and does not fall within the disclosure requirements of IFRS 15.

Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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. There is a de minimis limit for manual accruals (not automatic accruals) which has been increased to £10,000 to aid faster closing, transactions below this limit are not accrued for as they are deemed not material to the understanding of these accounts.

3. **Estimation Techniques**

Estimation techniques are methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement basis selected for assets, liabilities, gains, losses and changes in reserves. Details of where these are used are contained in the relevant Note to the Accounts. Where a change in an estimation technique is material, an explanation of the change is provided and its effect on the results for the current period.

4. **Costs of Internal Support Services**

All costs of management and administration are fully allocated to services. The basis of allocation used for the main costs of management and administration are outlined below:

Cost	Basis of Allocation
Accounting and other services	Budgeted time spent by staff, as predicted by budget managers
Legal services	Actual time spent by staff, as recorded on time recording systems
Administrative Buildings	Per capita
IT support of corporate financial systems	Actual direct costs (hardware costs etc.) plus cost of estimated staff resources
Network / PC support	Per capita
Executive Support, Call Centre, Customer Contact Centre and Printing	Actual use, as recorded by monitoring systems
Internal Audit	Per audit plan
Payroll and Personnel Costs	Per capita
Debtors and Creditors	Per transaction

5. **Council Tax and National Non-Domestic Rates**

Revenue relating to council tax and business rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions. Revenue is recognised when it is probable that the economic benefits of the transaction will flow to the Council and the amount of revenue can be measured reliably.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year, which consists of:

- The Council's council tax precept and business rate share from the Collection Fund i.e. the amount billed for the year; and
- The Council's share of the actual council tax and business rates surplus or deficit on the fund at the preceding year-end that has not been distributed or recovered in the current year.

The latter is not required by regulation to be credited to the General Fund and so is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves on the General Fund balance.

The Council, as billing authority, recognises the creditor in its balance sheet for cash collected from taxpayers and businesses on behalf of major preceptors but not yet paid to them, or a debtor for cash paid to major preceptors.

6. **Charges to Revenue**

Service and Support Service accounts are debited with amounts to record the cost of holding non-current assets used in the provision of services.

These amounts include the annual provision for depreciation, certain revaluation gains/losses and impairment losses and the amortisation of intangible assets. The amounts are subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account so that they do not impact on the amounts required from local taxation.

Capital charges made to the Housing Revenue Account are the amounts as determined by statutory provision.

External interest payable is debited in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement and amounts set aside from revenue for the repayment of external loans, are charged to the General Fund Balance in the Movement in Reserves Statement.

7. **Revenue Expenditure Funded from Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as Property Plant and Equipment. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and have a direct impact upon Council Tax. These items are generally grants and expenditure on property not owned by the Council.

Such expenditure is charged to Cost of Services in the Comprehensive Income and Expenditure Statement but subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

8. **Government Grants and Contributions**

Grants received are credited to the Comprehensive Income and Expenditure Statement when the income is recognised and, once conditions have been met. Revenue Grants specific to a particular service will be shown against the service expenditure section. General Revenue Grants, in the form of Revenue Support Grant, and Capital Grants are credited and disclosed separately in the Taxation and Non-specific Grant Income section in the Comprehensive Income and Expenditure Statement.

Capital Grants and Capital Contributions will subsequently be transferred through the Movement in Reserves Statement to the Capital Adjustment Account or the Grants Unapplied Account, if expenditure has not been incurred.

If conditions have not been met, grants will be held as a creditor (Grants received in advance) on the Balance Sheet until conditions are met or grants are repaid.

9. **VAT**

VAT is accounted for separately and is not included in the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature. Input VAT, which is not recoverable from HM Revenue and Customs, will be charged to Service Revenue Accounts, or added to capital expenditure as appropriate. The Council's partial exemption status is reviewed on an annual basis.

VAT is accounted for separately and is not included in the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature. Input VAT, which is not recoverable from HM Revenue and Customs, will be charged to Service Revenue Accounts, or added to capital expenditure as appropriate. The Council's partial exemption status is reviewed on an annual basis.

10. **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. The goodwill arising from acquisitions of subsidiaries is included in intangible assets, tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is tested for impairment at least annually. Should the test indicate that the net realisable value of the subsidiary is less than current carrying value, an impairment loss will be recognised immediately in the Comprehensive Income and Expenditure Account. Subsequent reversals of impairment losses for goodwill are not recognised.

11. **Heritage Assets**

Heritage assets are carried at valuation (e.g. insurance valuation) rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon. Valuations are determined by the insurance valuation or where not available, the historical cost. Although there are no prescribed minimum periods for review, the assets will be reviewed in line with the insurance policy and material changes will be incorporated into the accounts. A de-minimis level has been set at £10,000 for heritage assets based on the method of valuation above.

12. **Assets Held for Sale (Current Assets)**

These assets have been declared surplus to the Council's operational requirements, are being actively marketed for disposal and have an estimated sale date within twelve months of the Balance Sheet date. They are reported on the Balance Sheet, at the lower of the carrying amount or the fair value (market value) of the asset, less the costs to sell the asset. Assets held for sale are not subject to depreciation. Potential 'Right-to-buy' sales are not accounted for until the date of sale, as they are not actively marketed in any conventional way.

13. **Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will benefit the Council for more than one financial year.

An intangible asset is initially measured at cost but will be revalued where the fair value of the asset differs significantly from its carrying value. The depreciable amount is amortised over its useful economic life to the relevant service section in the Comprehensive Income and Expenditure Statement, but subsequently reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

14. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The cost of items of inventory which take a substantial period of time to complete includes attributable borrowing costs.

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provisions are made for any slow-moving, obsolete or defective inventories.

15. Investment Assets

These assets are held solely to earn rentals and/or capital appreciation. The property cannot be used for any other purpose to be classed as an investment asset.

They are held initially at cost and subsequently at fair value, being the price that would be received to sell such an asset.

Properties are not depreciated but are revalued annually according to market conditions at the year-end.

16. Property, plant and equipment

16.1. Recognition

All expenditure on the acquisition, creation, or enhancement of these assets is capitalised on an accruals basis. These assets are depreciated on a straight-line basis.

16.2. Recognition Definition

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

The category is split into seven subcategories.

- Council Dwellings;
- Other Land and Buildings;
- Vehicles, Plant, Furniture and Equipment;
- Infrastructure Assets;
- Community Assets;
- Surplus Assets;
- Assets Under Construction.

The Accounting policy for each type of asset is detailed below:

16.3. **Council dwellings**

These assets are held on the Balance Sheet at current value but discounted to allow for the Existing Use Value for Social Housing (EUV-SH).

An annual valuation is carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institute of Chartered Surveyors (RICS) as at 31 March. Material changes will be reflected in the accounts if they arise after the valuation.

16.4. **Other Land and Buildings**

These assets are held on the Balance Sheet initially at cost, however the Council has a policy of revaluing its property assets on a rolling programme such that the intervals between valuations do not exceed 5 years. This year, 2025/26, all assets under Land and Building were valued as part of the rolling 5 year programme. Additionally, assets with a value more than £250,000 are revalued on an annual basis. Indexation is applied to all other assets during the four intervening years.

The valuations are carried out by Wilks Head and Eve LLP (WHE) external qualified (RICS) valuers. WHE have provided the valuation report as at 31 March 2026.

Valuations are based on the market value for existing use or, where a market value cannot be determined as the property is of a specialist nature, the depreciated replacement cost is used.

IFRS requires the consideration of componentisation for material items of property, plant and equipment, where they are of a material financial nature or have significantly differing life expectancies. The Council has set a minimum asset value of £1,000,000 and a component size of at least 10% of the value.

16.5. **Vehicles, Plant, Furniture and Equipment**

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

16.6. **Infrastructure Assets**

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

16.7. **Community Assets**

These are defined as assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and allotments. These assets are held on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

16.8. Assets under Construction

This covers assets currently not yet ready for operational purposes. The Council does not depreciate nor revalue assets under construction. These assets are held at cost on the Balance Sheet.

16.9. Surplus Assets

These assets are not being used to deliver services and are held at fair value which is the price that would be receivable if sold.

16.10. Valuations

From 1 April 2025, the Code requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

The following asset classes are affected by the change:

- Other land and buildings,
- Vehicles, plant, and equipment (where carried at current value),
- Surplus assets,
- Right of use assets measured at current value.

The assets which are not in scope of the changes include:

- council dwellings,
- vehicles, plant and equipment carried at depreciated historical cost,
- infrastructure,
- assets under construction,
- heritage assets,
- assets held for sale,
- intangible assets,
- community assets carried at cost.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise revaluation gains. However, where the increased valuation follows a previous reduction in the carrying value below its historic cost, gains would be credited to the service expenditure in the Comprehensive Income and Expenditure Statement to reverse the loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

On revaluation, accumulated depreciation is written out.

16.11. **Depreciation**

Depreciation on assets with a finite useful life, in line with International Accounting Standard (IAS) 16, is calculated on a straight-line basis according to the following policy:

- All assets with a finite useful life are depreciated on a straight-line basis over the asset life. The life of buildings is reviewed as part of the asset revaluation. The life of vehicles, plant and equipment is generally taken to be five years, unless evidence exists to support a longer or shorter life
- Newly acquired assets and enhancements are depreciated in year one, assets in the course of construction are not depreciated until they are ready for use, starting in the following year
- In accordance with recognised accounting practice, land owned by this Council is not depreciated.

Council Dwellings and other HRA land and property are depreciated in line with proper accounting practices.

16.12. **Impairment of Non-current Assets**

A review for impairment of non-current assets, whether carried at historical cost or valuation, is carried out at year-end to ascertain whether events or changes in circumstances, indicate that the carrying amount of the asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in the asset’s fair value during the period;
- evidence of obsolescence or physical damage to the asset;
- a significant adverse change in the statutory or other regulatory environment in which the authority operates;
- a commitment by the authority to undertake a significant reorganisation.

In the event that an impairment is identified, the value will either be written off to the Revaluation Reserve where sufficient reserve levels for that asset exist or written off to Service Expenditure through the Comprehensive Income and Expenditure Statement where the carrying value falls below the historic value of the asset. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer making the impairment.

If the impairment is identified on an investment property, the value is written out to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement.

16.13. **Gains or Losses on Disposal of Property Plant and Equipment**

When an asset is disposed of or de-commissioned, the carrying value of the asset and any receipts from the sale, together with the costs of disposal, are shown on the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement which, therefore, bears a net gain or loss on disposal.

Where the receipt is in excess of £10,000, it is appropriated to the Capital Receipts Reserve, via the Movement in Reserves Statement, where it can be used for any approved capital purpose, e.g. for new capital investment. The carrying value of the disposed asset is appropriated to the Capital Adjustment Account from the Movement on Reserves Statement. Costs of disposal are accounted for within the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement.

17. **Leases**

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. A definition of a lease includes hire purchase arrangements.

17.1. **Finance Leases**

As lessor, the Council derecognises the asset and show this as a long-term debtor. Lease rentals receivable are apportioned between a charge for the acquisition of capital (applied to write down the lease debtor) and finance income – which is credited to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement. The Code required this income to be treated as a capital receipt, it is therefore reversed out via the Movement in Reserves Statement to the Capital Receipts Reserve. For finance leases that existed at 31st March 2010, regulations allow these capital receipts to remain credited to the Comprehensive Income and Expenditure Statement.

17.2. **Right of use assets**

The Council as Lessee The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 to include arrangements with nil consideration, peppercorn or nominal payments. Leases are recognised as right of use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, 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 as at the adoption date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Council is reasonably certain to exercise
- Lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- 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.

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.
The right of use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

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

• There is a change in future lease payments arising from a change in index or rate

• There is a change in the 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, or

• There is a revised in-substance fixed lease payment.

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

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. The exception to the low value limit would be vehicles, which will always be accounted for as a lease unless the lease is shorter than 12 months.

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, 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, so these amounts are transferred to the capital adjustment account through the Movement in Reserves Statement.

Current Assets and Liabilities

17.3. **Short term Debtors and Creditors**

With exceptions set out above (policy no 2), the Revenue and Capital accounts of the Council are maintained on an accruals basis in accordance with the Code and other relevant IASs. That is, sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year.

17.4. **Impairment Allowance for Bad and Doubtful Debts**

The figure shown in the Statement of Accounts for Debtors is adjusted for bad debts. This amount is to provide for debts that are unlikely to be collected in future years. The percentage used to reduce the Debtors figure is based on historical evidence of collection and management judgements.

18. **Contingent Assets and Contingent Liabilities**

Contingent assets are not recognised in the Statement of Accounts. They are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities are not recognised in the accounting statements. They are disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability, the nature of the liability is disclosed together with a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

19. **Short term and long-term Provisions**

The Council sets aside provisions for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the provision must be the best estimate of the likely liability or loss. When utilised, the payment is charged to Provisions and not to Service Expenditure.

20. **Reserves**

The Council holds Usable and Unusable Reserves. Usable Reserves give the Council discretion to meet expenditure without having a direct impact on Council Tax. In contrast, Unusable Reserves do not give the Council such discretion and are kept to manage the accounting processes for non-current assets, financial instruments and employee benefits.

Usable Reserves are created when the Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. No expenditure is charged directly to a reserve but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement; this is then offset by a reserve appropriation within the Movement in Reserves Statement. The exception is amounts required for the repayment of external loans and for financing capital expenditure from revenue sources. Where this applies, amounts are appropriated from the General Fund Balance in the Movement in Reserves Statement.

The General Fund Balance acts as a working contingency to meet unforeseen and unforeseeable costs including those relating to emergencies. Earmarked reserves, such as the repairs and renewals reserve, are for specific purposes. The Capital Receipts Reserve can only be used for certain statutory purposes such as financing capital expenditure.

The Major Repairs Reserve is a provision required by statute to be set up in relation to the Housing Revenue Account.

21. **Employee Benefits**

Three categories of employee benefits exist, under IAS 19 and IPSAS 25 Employee Benefits, as detailed below:

21.1. **Benefits payable during employment**

- Short-term employee benefits arise during a financial year or are those due to be settled within 12 months of the year-end. They include 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 employees render service to the Council.
- Benefits earned by current employees but payable twelve months or more after the end of the reporting period such as, long-service leave or jubilee payments and long-term disability benefits.
- Where considered of a material nature these are accrued.

21.2. **Termination benefits including Exit Packages**

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. These are often lump-sum payments, but also include enhancement of retirement benefits and salary until the end of a specified notice period, if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee, the costs of redundancy are accrued to the year that the notice is served, but other costs will be charged to the year they are incurred. These costs are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement where the Council is committed to the termination of employment.

21.3. **Post-employment benefits**

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Code requires the Council to account for this benefit at the time employees earn their future entitlement. The amount charged to the Comprehensive Income and Expenditure Statement for employee's pensions is in accordance with IAS19 Retirement Benefits, subject to the interpretations set out in the Code. This is accounted for in the following ways:

- Pension liabilities, attributable to the Council, are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees etc.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return

- The assets of the pension fund attributable to the Council are included on the Balance Sheet at their fair value:

  - Quoted securities – current bid price;

  - Unquoted securities – professional estimate;

  - Unitised securities – current bid price;

  - Property – market value

- The change in net pensions liability is analysed into five components:

  - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service where employees worked

  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs

  - Net interest on the net defined benefit liability (asset) – the change during the period in the net liability (asset) that arises from the passage of time. This is debited/ (credited) to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement

  - Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or actions that reduce the expected future service or actuarial benefits of employees - debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs

  - Actuarial Gains and Losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the assumptions have been updated - debited to the Comprehensive Income and Expenditure Statement.

Under IAS 19, the Council recognises as an asset or liability, the surplus/deficit in pension costs calculated in accordance with the standard. This surplus/deficit is the excess/shortfall of the value of assets when compared to the present value of the pension liabilities. Where the contributions paid into the Pension Fund do not match the change in the Council's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from the Pension Reserve together with any actuarial gains/losses. The difference between the recognised net pension liability and the amounts attributed to this Council in Kent County Pension Fund are shown in the Balance Sheet as Pensions Liability and this is offset by the Pensions Reserve (an adverse balance).

The Local Government Pension Scheme, applicable to this Council, is administered locally by Kent County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets over the average future working life of its employees.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Pension Fund was

The next formal valuation will be at 31 March 2025 and changes to contribution rates as a result of that valuation took effect on 1 April 2026. At 31 March 2022 and changes to contribution rates as a result of that valuation took effect on 1 April 2023.

22. Financial Instruments

The Code has significant disclosure requirements relating to Financial Instruments (e.g. loans and investments). They relate to the identification of the various types of Financial Instruments, gains and losses arising from transactions during the year, comparative valuation statements, and the assessment of risks associated with holding Financial Instruments.

Detailed disclosure of the Council's holding of Financial Instruments is included in Note 22.

22.1. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure classification in the Comprehensive Income and Expenditure Statement for interest payable, are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The reconciliation of amounts charged to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed in the Movement in Reserves Statement by a transfer to or from Unusable Reserves (Financial Instruments Adjustment Account).

22.2. **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 (FVOCI)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the ‘Financing and Investment’ and ‘Income and Expenditure’ sections in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure section in the CIES.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)
Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services, although they are reversed out through a statutory override.

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis. The inputs to the measurement techniques are categorised in accordance with the 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 section in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)

It is the policy of the Council that certain equity assets will be designated as Financial Assets Measured at Fair Value through other Comprehensive Income. Designation is considered when the investment would normally fall into the Fair Value through Profit of Loss classification, the investment meets the definition of an equity instrument and is not held for trading.

Any designation is determined so that a reliable accounting policy is maintained for the investment reflecting the long-term strategical nature of each investment.

Designation is irrevocable so the gain/losses in movements in fair value are not recognised in usable reserve until the investment matures or is sold.

Financial Instrument Risk

The Code requires Authorities to estimate the "Fair Value" of their Financial Instruments and compare them with the carrying amounts which appear on the Balance Sheet. The Fair Value estimate will include the future discounted cash flows associated with the Councils' Financial Instruments as at 31 March and should reflect prevailing interest rates as at that date.

The Code identifies the following three types of risk associated with Financial Instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

The Code requires Authorities to produce a sensitivity analysis, detailing the impact of a 1% interest rate change. A full assessment of these risks, including the sensitivity analysis, is included in Note 23.

These disclosure requirements are equally applicable to outstanding debtors, see Note 24 for an analysis of debtors. In addition to this, a provision for impairment is also included in the Statement.

23. **Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value and are shown on the Balance Sheet at their nominal value; these include investments that can be accessed immediately without incurring a penalty, such as call accounts. Cash and cash equivalents are shown net of any bank overdraft that forms part of the Council's cash management.

24. **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available Property Plant and Equipment needed to provide the services, passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as the ownership of the Property Plant and Equipment will pass to the Council at the end of the contract at no charge, the Council carries the Property Plant and Equipment used under the contract on the Balance Sheet.

The original recognition of these Property Plant and Equipment was balanced by the recognition of a liability, for the amounts due to the scheme operator to pay for the assets, net of any capital contributions made.

The stock is recognised at current value less the EUV-SH factor and additions are measured at cost, as per the contractor model. Lifecycle costs are accounted for when they occur.

Property Plant and Equipment recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators will be analysed into the following elements:

- Fair value of the services received during the year;
- Finance charge – an interest charge on the balance sheet liability;
- Payment towards the liability.

25. **Group Accounts**

Group Accounts are prepared in accordance with IFRS 10 (consolidated financial statements) and IFRS 12 (disclosure of interest in other entities), where it is considered that the Council has a material interest in subsidiaries.

Where applicable the following principles will be followed:

Basis of Consolidation

Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council and a relevant subsidiary. Any gains and losses arising from a subsidiary will be fully reflected in the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement within the Group column.

Accounting Policies

Group Accounts will be prepared using consistent accounting policies where possible; where there are conflicting policies with IFRS requirements, then the requirements of the Code of practice for Local Authority accounting will be adopted for consolidation purposes.

Where Intra-group charges occur, they will be removed during consolidation of the accounts.

The decision to group account is determined by Qualitative and Quantitative materiality, therefore when considering whether to group, not only the values are relevant, the interest to all stakeholders is also taken into account.

26. **Exceptional Items and Prior Year Adjustments**

Exceptional items are included in the cost of the service to which they relate, or on the face of the Comprehensive Income and Expenditure Account, if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

Prior year adjustments arise as a result of a change in accounting policies or to correct a material error. When either of the circumstances applies, the Council will show the extent of the adjustment in a table, reconciling the adjusted opening and closing balances and/or comparative amounts shown for a prior period.

27. **Events after the Balance Sheet Date**

Where an event occurs after the Balance Sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the Balance Sheet date, the amounts in the Statement of Accounts and any affected disclosures should be adjusted.

Where an event occurs after the Balance Sheet date and is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts should not be adjusted but a disclosure made, including:

- the nature of the event;
- an estimate of the financial effect.

Events after the Balance Sheet date should be reflected up to the date when the Statement of Accounts is authorised for issue, as per the approved policies by the council.

28. **Rounding**

The statements are produced using figures rounded to the nearest thousand. This has led to rounding variances in some of the totals included within the statements and the notes to the accounts.

2. Accounting Standards that have been issued but not adopted

The Code requires disclosure of the impact (where material), of changes to accounting standards which have been issued but not yet adopted.

The accounting standards which have been issued but not yet adopted in the 2025/26 financial statements are listed below:

- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and 7)
- Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and 7)
- Annual improvements to IFRS accounting standards – Volume 11
- Amendments to FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (Amendments to Heritage assets)

These updates will require a change to accounting policies for future years, where the policies are relevant. At this stage it is anticipated that there will be limited impact for Ashford Borough Council.

3. 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 made in the Statement of Accounts are:

- The Council own 100% of the shares in Ashford Cinema Ltd (ACL) which was incorporated in February 2024 to take assignment of the cinema lease from the previous tenant and to operate the cinema with the support of professional consultants. As at 31 March 2026 ACL had a profit of £20,000 and has net assets of £0. Since the transactions and balances are not material, in accordance with the accounting policy group accounts are not required.
- The Council jointly owns Stour Environmental Credits Limited (SECL) with Canterbury City Council. The Company was incorporated in December 2024. The Council's share of the transactions of SECL, classified as a joint venture, are not material and in accordance with the accounting policy group accounts are not required.
- A Better Choice for Property Limited ("ABC Property") is a wholly owned subsidiary of the Council, which also holds 100% in A Better Choice for Property Development Limited ("ABC Developments"). As at 31 March 2026, the Council has advanced loans of £19.7m to ABC Property.

  Based on the assessment of credit risk under IFRS 9, no Expected Credit Loss has been recognised as at 31 March 2026 in respect of the loans given, as the net asset value of ABC Property (£22m) exceeds the loan exposure. However, the headroom over the secured loan balance is relatively small and sensitive to changes in fair value, therefore, the exposure will be subject to ongoing monitoring and review.
- In the past, the Council advanced loans to ABC Property, which in turn on-lent funds to ABC for Development Ltd.. During 2025/26, this arrangement was restructured so that the Council now lends directly to both ABC Property and ABC Developments, with no onward lending between the entities.

  The transfer of the loan balances was processed on 31 March 2026, however, the formal loan agreements were executed on 1 April 2026. The Council has applied judgement in reflecting the revised financing structure as at 31 March 2026, on the basis that the substance of the arrangements and the intention to refinance existing loans at the reporting date, with the delay in execution arising solely due to administrative timing.
- Over recent years, the Council's housing stock has been retrofitted with water flow control technology, reducing water consumption at each property and costs to residents. For properties within the Stour catchment area, reducing the volume of water used reduces the level of nitrogen and phosphorus being discharged from the property. These measurable reductions can be quantified through assessment

methodologies in conjunction with Natural England and converted into non-tangible environmental credits. In future developments the Council can use these credits to demonstrate nutrient neutrality reducing the need to purchase them on the open market and thereby giving them an associated monetary value. This value of the realised credits is recognised as inventory of £687,000 until allocated to specific development projects.

As part of the planning consent process, the credits are applied to the relevant schemes and subsequently utilised to offset nutrient impacts associated with new overnight dwellings within the Stour Catchment.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The items in the Authority's Balance Sheet at 31 March 2026, for which there is a significant risk of material adjustment in the forthcoming financial year, are shown in the following table:

Item	Uncertainties	Effect if Actual Results Differ from assumptions
Pension Liability of (£7.6m)	Estimation of the net liability to pay pensions depends on a number of complex judgements, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. See note 31 for further details.	A 0.1% change in the discount rate would result in a change in the liability of £2m. A 1-year change in the mortality assumption would result in a £5.5m change in the pension liability.
PPE - Property valuations	Property valuations are regularly reviewed to ensure accurate reporting of the Council's non-current assets. External valuers conduct these valuations following the Council's Accounting Policies, and utilising the latest professional guidance. The Council's Property, Plant and Equipment (PPE) assets are valued using different bases depending on their nature and use like: • Council Dwellings are valued using the Existing Use Value for Social Housing and Affordable rents where the valuer is using	If the valuations were made under different assumptions, there could be significant changes in the accounts. A 1% change in valuations would result in an overall movement in valuations of Council Dwellings £5.4m, Land and Buildings £1.6m and Surplus Assets £9,000.

Item	Uncertainties	Effect if Actual Results Differ from assumptions
	market evidence for comparable properties, adjusted for factors for social housing and affordable rents. • Operational assets are valued using the Existing Use Value this means they are measured based on the value of the property in its current use for service delivery. • For specialised properties the valuer has used the Depreciated Replacement Cost that is the modern equivalent build cost and BCIS cost indices for communal areas. • Surplus asset and assets that are generating income the valuer has used the Fair Value method that is the price that would be received to sell an asset between market participants. • Right of use assets have been measured on the same basis as the underlying asset would be valued if owned by the tenant, while only reflecting the rights that the lessee has acquired, and not the full value of the item. The valuation methods are sensitive to housing market trends and local market fluctuations as well as the changes to the construction costs, the assumptions made about the useful life and the indices used by the valuer.	

Item	Uncertainties	Effect if Actual Results Differ from assumptions
	The estimated remaining useful life of all operational assets is reassessed annually, based on advice from the external valuers.	

5. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used to provide services. This is in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis 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.

The tables below include outturns for adjustments for the whole authority, including HRA and General Fund:

2025/26 Expenditure and Funding Analysis	As reported for resource Management	Adjustment to arrive at the net amount chargeable to GF and HRA balances	Net Expenditure Chargeable to the GF and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Finance and IT	3,274	(52)	3,222	465	3,687
HR, Customer Services, Comms and Digitalisati	827	(492)	335	(178)	157
Housing	3,635	(783)	2,852	814	3,666
Safety, AMC, Parking & Engineering	(41)	(161)	(202)	(123)	(325)
Port Health	(300)	(4,741)	(5,041)	(787)	(5,828)
Environmental Health	977	(198)	779	(92)	687
Direct Services (General Fund)	2,139	(532)	1,607	62	1,669
Environment, Property and Recreation	6,829	(3,735)	3,094	3,854	6,948
Planning and Development	2,577	(212)	2,365	(293)	2,072
Head of Development	0	0	0	(87)	(87)
Head of Economic Development	784	116	900	96	996
Head of Performance and Policy	1,313	13	1,326	(46)	1,280
Solicitor to The Council and Monitoring Officer	503	14	517	(113)	404
Corporate Management Costs	600	126	726	(120)	606
Local Authority Housing (HRA)	378	(15,307)	(14,929)	(21,888)	(36,817)
Non distributed costs	0	576	576	0	576
Net Cost of Service	23,495	(25,368)	(1,873)	(18,436)	(20,309)
Other Income & Expenditure	(286)	(4,540)	(4,828)	(15,034)	(19,862)
(Surplus) or deficit	23,209	(29,908)	(6,701)	(33,470)	(40,171)
Opening GF and HRA Balance 31 March 2025			(39,537)		
Opening balance adjustment			31		
Closing GF and HRA Balance 31 March 2026			(46,207)		

Expenditure and Funding Analysis continued

Restated 2024/25 Expenditure and Funding Analysis	As reported for resource Management £'000	Adjustment to arrive at the net amount chargeable to GF and HRA balances £'000	Net Expenditure Chargeable to the GF and HRA Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Finance	2,443	713	3,156	1,969	5,125
People, Communications And Technology	581	(263)	318	(51)	267
Housing	3,759	(112)	3,647	2,488	6,135
Safety, AMC, Parking & Engineering	(134)	(51)	(185)	48	(137)
Port Health Manager	(381)	(2,251)	(2,627)	(433)	(3,060)
Environmental Health	706	(49)	657	(63)	594
Direct Services (General Fund)	2,013	(211)	1,802	132	1,934
Env, Property And Recreation	7,057	(2,141)	4,916	21,539	26,455
Planning And Development	3,028	(1,318)	1,710	(207)	1,503
Head of Development Manager	(56)	56	0	(46)	(46)
Head Of Economic Development	728	10	738	433	1,171
Head Of Performance And Policy	1,305	50	1,355	(15)	1,340
Solicitor To The Council And Monitoring Officer	563	(155)	408	(81)	327
Corporate Management Costs	642	105	747	(86)	661
Local Authority Housing	(616)	(7,306)	(7,922)	12,617	4,695
Non distributed costs	0	1,358	1,358	0	1,358
Net Cost of Service	21,637	(11,564)	10,078	38,244	48,322
Other Income & Expenditure	979	(13,242)	(12,265)	(8,348)	(20,613)
(Surplus) or deficit	22,616	(24,806)	(2,187)	29,896	27,709
Opening GF and HR Balance 31 March 2024			(37,349)		
Closing GF and HRA Balance 31 March 2025			(39,536)		

6. Note to the Expenditure and Funding Analysis

2025/26	Depreciation/ impairment reported at Service level	Other adjustments in relation to management reporting	Total to arrive at the amount charged to the GF and HRA	Adjustments for capital purposes	Net change for the Pension Adjustment	Net change for Pooled Investments	Net change for Collection Fund Section 31 Grant	Total Adjustment between funding and accounting basis
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance and IT	0	(52)	(52)	591	(126)	0	0	465
HR, Customer Services, Comms and Digitalisati	(133)	(359)	(492)	133	(311)	0	0	(178)
Housing	(237)	(546)	(783)	1,025	(211)	0	0	814
Safety, AMC, Parking & Engineering	(274)	113	(161)	36	(159)	0	0	(123)
Port Health	(22)	(4,719)	(4,741)	22	(809)	0	0	(787)
Environmental Health	(7)	(191)	(198)	6	(98)	0	0	(92)
Direct Services (General Fund)	(304)	(228)	(532)	212	(150)	0	0	62
Environment, Property and Recreation	(2,898)	(837)	(3,735)	4,035	(181)	0	0	3,854
Planning and Development	(40)	(172)	(212)	40	(333)	0	0	(293)
Head of Development	0	0	0	0	(87)	0	0	(87)
Head of Economic Development	(16)	132	116	157	(61)	0	0	96
Head of Performance and Policy	(36)	49	13	36	(82)	0	0	(46)
Solicitor to The Council and Monitoring Officer	(6)	20	14	6	(119)	0	0	(113)
Corporate Management Costs	0	126	126	0	(120)	0	0	(120)
Local Authority Housing (HRA)	(6,995)	(8,312)	(15,307)	(21,323)	(565)	0	0	(21,888)
Non distributed costs	0	576	576	0	0	0	0	0
Net Cost of Service	(10,968)	(14,400)	(25,368)	(15,024)	(3,412)	0	0	(18,436)
Other Income & Expenditure	0	(4,540)	(4,540)	(15,501)	(67)	(747)	1,283	(15,034)
Total	(10,968)	(18,940)	(29,908)	(30,525)	(3,479)	(747)	1,283	(33,470)

Note to the Expenditure and Funding Analysis continued

Restated 2024/25	Depreciation/ impairment reported at Head level	Other adjustments in relation to management reporting	Total to arrive at the amount charged to the GF and HRA	Adjustments for capital purposes	Net change for the Pension Adjustment	Net change for Pooled Investments	Other differences	Total Adjustment between funding and accounting basis
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance	(192)	905	713	1,997	(28)	0	0	1,969
People, Communications And Technology	(151)	(112)	(263)	151	(202)	0	0	(51)
Housing	0	(112)	(112)	2,641	(153)	0	0	2,488
Safety, AMC, Parking & Engineering	(166)	115	(51)	166	(118)	0	0	48
Port Health Manager	(23)	(2,223)	(2,246)	23	(456)	0	0	(433)
Environmental Health	0	(49)	(49)	0	(63)	0	0	(63)
Direct Services (General Fund)	(218)	7	(211)	250	(118)	0	0	132
Env, Property And Recreation	(3,477)	1,336	(2,141)	21,652	(113)	0	0	21,539
Planning And Development	(40)	(1,278)	(1,318)	40	(247)	0	0	(207)
Head of Development Manager	0	56	56	0	(46)	0	0	(46)
Head Of Economic Development	(16)	26	10	476	(43)	0	0	433
Head Of Performance And Policy	(36)	86	50	36	(51)	0	0	(15)
Solicitor To The Council And Monitoring Officer	(6)	(149)	(155)	6	(87)	0	0	(81)
Corporate Management Costs	0	105	105	0	(86)	0	0	(86)
Local Authority Housing (HRA)	(6,925)	(381)	(7,306)	12,942	(325)	0	0	12,617
Non distributed costs	0	1,358	1,358	0	0	0	0	0
Net Cost of Service	(11,250)	(309)	(11,559)	40,380	(2,136)	0	0	38,244
Other Income & Expenditure	0	(13,242)	(13,242)	(7,835)	259	(980)	205	(8,348)
Total	(11,250)	(13,551)	(24,801)	32,545	(1,877)	(980)	205	29,896

Telling the story - Prior year adjustment of statement

This year the presentation of the Comprehensive Income and Expenditure Statement has changed, during 2025/26 Ashford Borough Council implemented a restructure of the organisation.

<u>Restatement of the 2024/25 CIES cost of services.</u>

	Ad Finance	Ad People, Communications And Technology	Ad Housing	Environmental Health	Port Health Manager	Ad Env, Property And Recreation	Ad Planning And Development	Corporate Management Costs	Head of Economic Development	Head Of Development Manager	Head of Performance and Policy	Solicitor to the Council and Monitoring Officer	Local Authority Housing	Non distributed costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ad Finance	5,124														5,124
Ad People, Communications And Technology		267													267
Ad Housing			6,135												6,135
Safety, AMC, Parking & Engineering						(137)									(137)
Port Health Manager					(3,058)										(3,058)
Environmental Health				593											593
Direct Services (General Fund)						1,934									1,934
Ad Env, Property And Recreation						26,455									26,455
Ad Planning And Development							1,503								1,503
Head Of Development Manager										(46)					(46)
Head of Economic Development									1,171						1,171
Head of Performance and Policy											1,340				1,340
Solicitor to the Council and Monitoring Officer												327			327
Corporate Management Costs								661							661
Local Authority Housing													4,695		4,695
Non distributed costs														1,358	1,358
Cost of Services	5,124	267	6,135	593	(3,058)	28,251	1,503	661	1,171	(46)	1,340	327	4,695	1,358	48,321

7. Expenditure and Income Analysed by Nature

2024/25 Totals per CI&ES *£'000*		2025/26 Totals per CI&ES *£'000*
(63,082)	Fees, charges and other service income	(74,031)
(32,327)	Grants	(29,068)
(95,409)	**Total Income**	(103,099)
31,487	Employees	33,993
16,579	Premises	16,061
49,686	Supplies and Services	49,493
905	Transport	920
(1,584)	Support service recharges	(2,189)
46,649	Capital Charges	(15,496)
8	Transfers To/From Reserves	8
143,730	**Total Expenditure**	82,790
48,321	**Cost of Services**	(20,309)
3,191	Parish Council Precepts & Levies	3,380
0	Payments to housing capital receipts pool	0
(2,108)	Gain or loss on disposal of non-current assets	(1,725)
11,106	Interest payable and similar charges	11,088
10,087	Expected Credit Loss	737
256	Net interest on the net defined benefit liability (asset)	(65)
(4,772)	Interest receivable and similar income	(3,859)
(314)	(Surplus)/deficit on revaluation of Investments elected through FVPL	(748)
(12,239)	Council Tax income	(12,741)
(4,566)	Non-domestic rates	(4,713)
(5,828)	Section 31 Grant - Collection Fund	(5,116)
(2,876)	Non-ringfenced government grants	(2,811)
(12,554)	Capital grants and contributions	(3,288)
27,704	**(Surplus) or Deficit on Provision of Services**	(40,170)
(1,081)	**Other Comprehensive Income and Expenditure**	(43,906)
26,623	**Total Comprehensive Income and Expenditure**	(84,076)

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

8. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year:

2024/25		2025/26
£'000		*£'000*
393	Allowances	405
3	Expenses	3
396		408

9. Officers' Remuneration

This note provides the details of Senior Officers' remuneration and the numbers of employees whose remuneration falls into the categories shown.

'Remuneration' or this purpose, means taxable pay, and includes the tax value of other benefits e.g. leased cars, and termination payments.

Senior Employee Remuneration 2025/26

2025/26		Pay & expenses	Benefits in kind	Total	Pension contributions	Total remuneration
		£'000	*£'000*	*£'000*	*£'000*	*£'000*
Chief Executive	+	160	0	160	31	191
Deputy Chief Executive	+	125	0	125	24	149
Corporate Director Place,Space & Leisure	#	91	0	91	17	108
Corporate Director Housing,Customer,Technology and Finance	+	114	0	114	22	136
Corporate Director Health & Wellbeing		114	0	114	22	136
Solicitor to the Council & Monitoring Officer	+	77	12	89	15	104
Assistant Director of Environment,Property and Recreation		99	0	99	19	118
Assistant Director of People Communications and Technology		98	0	98	19	117
Head of Policy & Performance		87	0	87	17	104
		965	12	977	186	1,163

The only employee earning over £150k is the Chief Executive Tracey Kerly
+ Officers that also fulfil statutory roles.
# Left 31/12/2025

Senior Employee Remuneration 2024/25 comparators

2024/25		Pay & expenses	Benefits in kind	Total	Pension contributions	Total remuneration
		£'000	*£'000*	*£'000*	*£'000*	*£'000*
Chief Executive	+	153	0	153	29	182
Deputy Chief Executive	+	120	0	120	23	143
Corporate Director Place,Space & Leisure		109	0	109	21	130
Corporate Director Housing,Customer,Technology and Finance	+	109	0	109	21	130
Corporate Director Health & Wellbeing		109	0	109	21	130
Solicitor to the Council & Monitoring Officer	+	73	11	84	11	95
Head of Economic Development		83	0	83	18	101
Head of Policy & Performance		82	0	82	18	100
		838	11	849	162	1,011

+ Officers that also fulfil statutory roles.

Other Employee Remuneration by Band

2024/25 *nos*		Remuneration bands	2025/26 *nos*
16		£50,000 - £54,999	32
29		£55,000 - £59,999	27
20		£60,000 - £64,999	22
6		£65,000 - £69,999	18
12		£70,000 - £74,999	3
5		£75,000 - £79,999	13
1		£80,000 - £84,999	2
1		£85,000 - £89,999	4
3		£90,000 - £94,999	1
1	*	£95,000 - £99,999	1
94			123

If figures are marked with an * this indicates bands which include officers who have received redundancy payments within their remuneration for the year.

The bandings only include the remuneration of senior employees and relevant officers that have not been disclosed individually within the Senior Employee Remuneration table above.

10. Termination Benefits

The Authority terminated the contracts of eighteen employees in 2025/26 incurring liabilities of £104,050 (£167,120 in 2024/25).

2024/25			2025/26	
Voluntary	Compulsory	Exit package cost band (including special payments	Voluntary	Compulsory
nos	*nos*		*nos*	*nos*
1	3	£0 - £19,999	3	13
2	1	£20,000 - £39,999	1	1
1		£40,000 - £59,999	0	
4	4	Total number included in bandings and in CIES	4	14

11. External Audit Costs

In 2024/25, Ashford Borough Council paid the following fees relating to external audit and inspection:

2024/25		2025/26
£'000		*£'000*
270	Fees payable with regard to external Audit services carried out by the appointed Auditor for the year	253
	Additional fees payable to Grant Thornton with regard to fee variations for previous years	112
46	Fees payable for the certification of grant claims and returns	49
316		414

12. Grant Income

The Authority credited the following material government grants and contributions to the Provision of Services in the Comprehensive Income and Expenditure Statement.

2024/25			2025/26	
£'000	*£'000*		*£'000*	*£'000*
		Credited to Cost of Services		
1,923		CLG: Homeless Initiatives including Refugee Project	2,770	
119		DWP: Discretionary Housing Payments	197	
292		DWP: Benefit Administration Subsidy	297	
22,796		DWP: Benefits Subsidy	18,619	
32		Home Office: Community Safety	23	
1,627		DFT: Port Infrastructure Grant	0	
32		Covid Grant Paid as Principal	0	
743		Household Support Funds	290	
1,764		Other government grants	3,872	
3,000		PFI Subsidy Grant	3,000	
	32,328	Total credited to Cost of Services		29,068
		Credited to Taxation and Non-specific Grant Income		
		Non-ringfenced government grants:		
113		Rate Support Grant	0	
5,828		S31 Grant NNDR	5,116	
1,316		Other non-specific government grants	2,733	
1,447		New Homes Bonus	77	
12,554		Capital grants and contributions	3,288	
	21,258			11,214
	53,586			40,282

13. General Fund Reserves

This note sets out the split of General Fund reserve balances to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

	Balance at 31 March 2025	2025/26 Transfers In	2025/26 Transfers Out	Balance at 31 March 2026
	£'000	*£'000*	*£'000*	*£'000*
General fund general reserves	(3,265)	(40)	0	(3,305)
Earmarked general fund reserves				
MTFP Risk	(4,591)	(537)	1,467	(3,661)
Ashford Port Health	(930)	(4,724)	136	(5,518)
Collection Fund Risk	(1)	(83)	0	(84)
Strategic Investment and Property Risk	(12,614)	(1,196)	932	(12,878)
Climate Change Delivery Fund	(900)	(539)	63	(1,376)
Provide for Maintenance of Assets	(5,265)	(844)	301	(5,808)
Required by Statute Reserves and other ring fenced amounts	(4,685)	(2,505)	703	(6,487)
Developer Contributions	(4,265)	(289)	76	(4,478)
	(33,251)	(10,717)	3,678	(40,290)

The reserves opening balances were re-profiled into the new reserve allocations that were reviewed as part of the 2026/27 budget setting process and reported to Cabinet on 12 February 2026.

	Balance at 31 March 2024 Restated	2024/25 Transfers In	2024/25 Transfers Out	Balance at 31 March 2025
	£'000	*£'000*	*£'000*	*£'000*
General fund general reserves	(3,265)	0	0	(3,265)
Earmarked general fund reserves				
MTFP Risk	(11,076)	(1,175)	3,919	(8,332)
Ashford Port Health	(2,706)	(2,337)	126	(4,917)
Collection Fund Risk	(1,000)	0	0	(1,000)
Strategic Investment and Property Risk	(3,000)	0	0	(3,000)
Climate Change Delivery Fund	(1,000)	0	100	(900)
Provide for Maintenance of Assets	(5,000)	(818)	553	(5,265)
Required by Statute Reserves and other ring fenced amounts	(5,453)	(223)	104	(5,572)
Developer Contributions	(2,443)	(1,920)	98	(4,265)
	(31,678)	(6,473)	4,900	(33,251)

The Purpose of the Earmarked Reserves
The Council has established a number of earmarked reserves for specific purposes. These reserves broadly fall into the following classifications:

General Fund – Minimum level of reserve equal to 15% of the Net Operational Budget excluding contributions to and from reserves.

MTFP Risk – to cover the risk identified within the last reported MTFP based on no savings being developed. This risk will be reviews as savings are delivered and as new risks emerge/diminish.

Ashford Port Heath – to cover risks associated with the operation of the Port Health Service including business interruption. This was shown under Required by Statute Reserves and other ring-fenced amount in 2023/24 but is now a stand-alone reserve.

Strategic Investment and Property Risk – to recognise risk associated with Strategic Investment to cover possible losses in the event of forced sale (Potential Credit Loss). This also supports in year pressures arising through voids within the commercial property portfolio.

Maintenance of Assets – to provide for the maintenance of the Council's assets, including the Aspire fleet. In addition to this a number of leases require the Council to put aside money to cover future maintenance liabilities.

Climate Change Delivery Fund – Will be used to support projects that support the reduction of Carbon within the Borough.

Collection Fund Risk – to mitigate the risk of fluctuating cashflows as a result of support schemes being awarded by Government which are then reimbursed through S31 Grants. To support movements in actual levels of income received as a result of economic downturn which are then recovered from preceptors in subsequent years.

Ring Fenced Reserves – are funds the Council hold which have limitations on use.

14. Property, Plant and Equipment

Property, Plant & Equipment 2025/26	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Right Of Use Assets	Total Property, Plant & Equipment	PFI Assets Included In Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
1 April 2025	441,257	161,218	14,275	2,849	4,685	1,309	18,067	4,681	648,341	29,167
Opening Balance Adjustment	0	(433)	98	0	0	0	(757)	342	(751)	0
Additions	23,729	3,493	392	0	73	0	15,377	392	43,456	11
Revaluation recognised in the Revaluation Reserve	34,742	2,576	0	0	0	(16)	0	(36)	37,265	(1,084)
Revaluation recognised in the Provision of Services	28,581	(436)	0	0	0	0	0	(46)	28,099	
Acc Depreciation & Impairment written out									0	(414)
Derecognition - disposals	(2,961)	(40)	(11)	0	0	0	0	(24)	(3,036)	(284)
Reclassification IFRS16										0
Transfer between classes of Assets	16,659	2,668	5	0	0	(360)	(18,967)	0	5	0
31 March 2026	542,007	169,046	14,759	2,849	4,758	933	13,720	5,309	753,379	27,396
Accumulated Depreciation and Impairment										
1 April 2025	0	(4,937)	(4,108)	(189)	(229)	(15)	0	(224)	(9,702)	0
Opening balance adjustment	0	0	(75)	0	0	0	0	231	156	0
Depreciation charge	(6,337)	(2,546)	(1,286)	(116)	0	0	0	(582)	(10,867)	(415)
Depreciation written out - Revaluation Reserve	6,318	2,002	0	0	0	0	0	309	8,629	414
Derecognition - disposals	21	40	11	0	0	0	0	0	72	1
Derecognition - other	(2)	2	0	0	0	13	0	0	13	0
31 March 2026	0	(5,439)	(5,458)	(305)	(229)	(2)	0	(266)	(11,699)	0
Net book value										
31 March 2026	542,007	163,607	9,301	2,544	4,529	931	13,720	5,043	741,681	27,396
31 March 2025	441,257	156,281	10,167	2,660	4,456	1,294	18,067	4,457	638,639	29,167

2025/26 Opening Balance Adjustments

Opening balances as at 1 April 2025 have been restated to reflect prior year adjustments and corrections identified following the 2024/25 accounts closure. The key adjustments are:

- Other Land and Buildings have been restated following amendments arising from the implementation of IFRS 16 (leases) in 2024/25. This includes the derecognition of £433,000 where assets had already been recognised as right-of-use assets in the prior year. Corresponding adjustments have been reflected in the Revaluation Reserve and Capital Adjustment Account.

- Vehicles, Plant and Equipment has been adjusted following a reclassification to Intangible assets in 2024/25. These movements have also been reflected in the Capital Adjustment Account opening balance.

- Assets Under Construction have been reduced to reflect the transfer of £634,179 of project costs to Inventory due to the waterflow valves installed to the Council housing stock and the creation of nitrogen and phosphorus credits and the write-off of £122,201 to revenue where projects were aborted.

- Right of Use Assets have been restated to incorporate revised valuations and depreciation for land and buildings due to the subleases, and the identification of additional vehicles lease arrangements which were not captured during 2024/25. Movements are also reflected in the Revaluation Reserve and Capital Adjustment Account.

Property, Plant and Equipment continued

Property, Plant & Equipment 2024/25	Council dwellings	Other land & buildings	Vehicles, plant, furniture & equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Right of use assets	Total property, plant & equipment	PFI assets included in Property, plant & equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation										
1 April 2024	433,107	171,373	12,893	2,823	4,568	3,291	13,703	0	641,758	27,636
Additions	17,313	7,364	1,500	26	117	0	15,474	0	41,794	14
Recognition of Right of Use Assets	0	0	0	0	0	0	0	4,865	4,865	0
Revaluation recognised in the Revaluation Reserve	(2,728)	(5,554)	0	0	0	(12)	0	79	(8,215)	1,989
Revaluation recognised in the Provision of Services	(12,559)	(15,096)	0	0	0	24	0	(686)	(28,317)	
Acc Depreciation & Impairment written out									0	(386)
Derecognition - disposals	(2,015)	(27)	(125)	0	0	0	0	(1,377)	(3,544)	(86)
Reclassification IFRS16	0	(1,682)	0	0	0	0	0	1,682	0	0
Transfer between classes of Assets	8,139	4,840	7	0	0	(1,994)	(11,110)	118	0	0
31 March 2025	441,257	161,218	14,275	2,849	4,685	1,309	18,067	4,681	648,341	29,167
Accumulated Depreciation and Impairment										
1 April 2024	2,522	(4,652)	(2,958)	(73)	(229)	(15)	0	0	(5,405)	0
Opening balance adjustment due to 30/70 Council dwelling split *	(2,522)	0	0	0	0	0	0	0	(2,522)	0
Depreciation charge	(6,227)	(2,782)	(1,276)	(116)	0	0	0	(753)	(11,154)	(387)
Depreciation written out - Revaluation Reserve	6,207	2,497	0	0	0	0	0	529	9,233	386
Derecognition - disposals	20	0	126	0	0	0	0	0	146	1
31 March 2025	0	(4,937)	(4,108)	(189)	(229)	(15)	0	(224)	(9,702)	0
Net book value										
31 March 2025	441,257	156,281	10,167	2,660	4,456	1,294	18,067	4,457	638,638	29,167
31 March 2024 Restated	435,630	167,298	9,935	2,750	4,339	3,276	13,703	0	636,931	27,636

*In 23/24 the Council decided to split the value of the Council Dwellings between the land and building element. This change had an impact on the in-year depreciation, impairment and revaluation reserve. Due to this change the council had to make an opening balance adjustment in 24/25 to the Accumulated Depreciation and Impairment of £2.522m. No prior period adjustment was necessary as the adjustment was not material.

The Council implemented IFRS 16 with effect from 1 April 2024. The existing operating leases which did not appear on the Balance sheet until 1 April 2024, have been recognised under the Right of use category, Recognition of Right of use assets line under Cost or Valuation.

The Council had £1.682m operating leases that have been recognised under Other Land and Buildings due to their extended lease period. From 2024/25 all operating leases are recognised under the Right of use assets category, and the operating leases previously recognised under Land and buildings have been transferred under the new category of assets using the Reclassification IFRS16 line.

The following table shows an analysis of the Net Book Value of revalued assets by the year of valuation and the historic cost values of the various asset classes, which were established at 1st April 2007 when the current capital accounting requirements came into force.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Machinery	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Right of Use Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost	0	0	9,301	2,544	4,529	0	13,720	578	**30,094**
31 March 2026	542,007	163,607				931		4,465	**711,010**
31 March 2025									**0**
31 March 2024									**0**
31 March 2023									**0**
31 March 2022									**0**
Total	**542,007**	**163,607**	**9,301**	**2,544**	**4,529**	**931**	**13,720**	**5,043**	**741,105**

Revaluations

The Council adopts revaluations on a rolling cycle programme where property assets are revalued at least every 5 years, with council dwellings and assets over the de-minimis level £250,000 being valued annually. The valuations as at 31 March 2026 were carried out externally by Wilks Head & Eve qualified RICS valuers.

The basis for valuation is set out in the Statement of Accounting Policies. All assets were revalued within this financial year 2025/26.

Right of use assets

2024/25		2025/26
£'000		*£'000*
	Right of use assets analysed by nature:	
3,949	Land and Buildings	4,465
508	Vehicles, plant and equipment	578
4,457		5,043
	Lease liability for the right of use assets	
(607)	Within one year	(914)
(2,700)	Over one year	(1,606)
(3,307)		(2,520)

Transactions under leases

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

2024/25		2025/26
£'000	**Comprehensive Income and Expenditure Statement**	*£'000*
146	Interest expense on lease liabilities	146
(65)	Interest received on lease receivables	(52)
	Cash Flow Statement	
619	Total cash outflows for lease liabilities	931
(317)	Total cash inflows for lease receivables	(358)
221	Overall cash outflow	478

The cash outflow/inflow for leases includes the full amounts paid in lease expense/lease income for the year. Under IFRS 16 this is split between interest, which is charged/recognised to the comprehensive income and expenditure statement, and repayment of principal which reduces the lease liability/lease receivable. The overall cash outflow of £478,000 is the difference between expenses charged/income received in the comprehensive income and expenditure statement, and the total cashflows included in the cashflow statement.

Surplus Assets

No purchases of surplus land or buildings have occurred during 2025/26. Odeon has been transferred to Land and Building as works have commenced at this site.

The surplus assets have been valued using IFRS13 fair value level 2 as significant observable inputs using land prices in the Local Authority area.

2024/25		2025/26
£'000		*£'000*
62	Bockhanger Site	62
448	Land at Blinds Groom Lane	448
360	Mecca	360
424	Cudworth Road	424
1,294		1,294

Movement of Surplus Assets	1st April	Additions & disposals	Transfer between classes of assets	Revaluation gains/ losses	31st March
	£'000	£'000	£'000	£'000	£'000
2025/26	1,294		(346)	(17)	931
2024/25	3,276		(2,008)	26	1,294
2023/24	6,443		(2,679)	(488)	3,276
2022/23	4,064	1,705		674	6,443

Asset Valuation

A valuation exercise and impairment review was completed by external qualified (RICS) valuers, Wilks Head and Eve LLP, in accordance with the relevant guidance. Valuation movements are reviewed and challenged where significant movement has occurred.

Depreciation

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

- Council Dwellings – the useful life of 50 years (previously used the Major Repairs Allowance as a proxy for depreciation between 25-60 years)
- Other Land and Buildings – the useful life estimated by a qualified valuer between 15-60 years
- Vehicles, Plant, Furniture & Equipment – subject to professional view on life between 5-15 years.
- Infrastructure – the useful life estimated between 15-60 years

15. Revaluation Gains and Impairments

There have been valuation movements of the HRA Dwellings. Please see the HRA supplementary statement, Note 7 on page 114.

General Fund assets were revalued as at 31st March 2026. Overall, there have been upward revaluations of £3,903,913 recognised through the Revaluation Reserve and downwards revaluation movements of £219,448 written out through the CIES.

The assets were valued as at 31 March 2026.

16. Investment Properties (Group Accounts)

Investment properties are wholly owned with the A Better Choice for Property Ltd and 65% owned with Ashford International Development Company Ltd (AIDC). Property valuations were made by an independent valuer Sibley Pares Ltd, external qualified (RICS) valuers and are reflected in the group statement and the tables below.

The accuracy of the fair value measurement is classified by ‘fair value levels’ which are shown under financial instruments at note 22, the valuation of the property portfolio is assessed at level 3.

For the A Better Choice for Property Development Ltd and AIDC Ltd the works are valued as inventory as the Company is planning to dispose of the assets once completed, the total is therefore shown separately from the Property Company investment properties.

The cashflow statement has the movements to reflect these purchases.

Group Position 2024/25 £'000		Group Position 2025/26 £'000
22,177	Property Portfolio - (A Better Choice for Property Ltd.)	22,139
1,865	Inventory - (A Better Choice for Property Development Ltd.)	2,226
26,167	Inventory - (Ashford International Development Company Ltd.)	27,896
50,209		52,260

Movements in Investment Property (A Better Choice for Property Ltd. and its subsidiary)	1st April	Additions & disposals	Revaluation gains/ losses	31st March
	£'000	£'000	£'000	£'000
2025/26	24,042	360	(39)	24,364
2024/25	33,928	470	(10,356)	24,042
2023/24	36,564	151	(2,787)	33,928
2022/23	35,092	1,208	264	36,564
2021/22	33,357	506	1,229	35,092
2020/21	28,224	4,422	711	33,357

Movements in Investment Property (Ashford International Development Company Ltd)	1st April	Additions & disposals	Revaluation gains/ losses	31st March
	£'000	£'000	£'000	£'000
2025/26	26,167	1,730		27,896
2024/25	20,161	6,006		26,167
2023/24	17,157	3,004		20,161
2022/23	10,228	6,929		17,157

17. Heritage Assets

Heritage assets have been identified and disclosed in these accounts. The following assets are disclosed in the Balance Sheet:

2024/25 £'000		2025/26 £'000
6,296	Windmills at Woodchurch & Willesborough	4,082
750	Hubert Fountain (Victoria Park)	750
266	Mayor's regalia, including mace and badges	217
96	Queen Marie Statue	96
7,408		5,145

During 2025/26 insurance valuations on the above assets were sought and this resulted in the Windmills at Woodchurch and Willesborough decreasing by £2.2m and the Mayors Regalia, including Mace and Badges decreasing by £49,000.

18. Capital Expenditure and Capital Financing

This year the Capital Financing Requirement has increased, mainly due to the redevelopment of Piper Joinery (55 Mabledon Avenue) site, purchase of properties at Tufton Mews, purchase of existing street properties and HRA decarbonisation.

2024/25		2025/26
£'000		*£'000*
307,106	*Opening Capital Financing Requirement*	326,491
	Capital investment:	
41,794	Property, Plant and Equipment	43,065
23	Intangible Assets	108
376	Loans to subsidiaries	3,649
4,865	Right of Use Assets Recognised in Year	392
9,864	Revenue Expenditure funded from Capital under Statute	2,107
56,922		49,321
	Sources of Finance:	
(7,247)	Capital Receipts	(4,768)
(253)	Capital Receipts due to ROUA subleases	(307)
(11,741)	Government grants and contributions (received in year)	(2,742)
(4,825)	Government grants and contributions (brought forward)	(1,256)
(6,095)	Major Repairs Reserve	(12,155)
(30,161)		(21,228)
	Sums set aside from revenue and subsidiaries	
(2,319)	- Repayment of subsidiary loans	(204)
(699)	- Direct revenue contributions	(397)
(1,146)	- Repayment of HRA debt - PFI scheme	(963)
(2,598)	- Minimum revenue provision (MRP)	(2,893)
(6,762)		(4,457)
327,104	*Closing Capital Financing Requirement*	350,127
	Explanation of movements in year	
26,313	Increase in underlying need to borrowing (unsupported by government financial assistance)	28,002
(253)	ROUA subleases	(307)
(6,063)	Provision for the repayment of debt	(4,060)
19,997		23,636

19. Capital Receipts

During the year the Council received £4.7m in Capital Receipts and used £4.8m to fund Capital Expenditure. At 31 March 2026, the Council had Capital Receipt Reserves of £106,000.

2024/25		2025/26
£'000		*£'000*
(3,302)	Balance at 1 April	(186)
(4,073)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,666)
(100)	Other Capital Receipts not arising from the disposal of a non-current asset	(64)
7,247	Use of the Capital Receipts Reserve to finance new Capital Expenditure	4,768
42	Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	42
(22)	Transfer from the Deferred Capital Receipts Reserve upon the receipt of cash	(22)
22	Capital receipts to treated as revenue income	22
3,116	Movement in year	80
(186)	Balance at 31 March	(106)

20. Capital Grants

During the year the Council received £3.4m in Capital Grants of which £2.7m funded Capital Expenditure in year. At 31 March 2026, the Council had Capital Grant Reserves of £2.3m.

2024/25		2025/26
£'000		*£'000*
(7,049)	Balance at 1 April	(3,038)
4,825	Application of grants to capital financing transferred to the Capital Adjustment Account	1,256
(11,741)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied in year	(2,742)
11,741	Capital grants and contributions applied in year credited to the Comprehensive Income and Expenditure Statement	2,742
(944)	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(683)
130	Other Adjustments	138
4,011	Movement in year	711
(3,038)	Balance at 31 March	(2,327)

21. Capital Commitments

At 31 March 2026, the Council had an approved Capital Programme for the next three years totalling £656m. The value of capital contractual commitments is £31.7m as detailed below:

31-Mar-25		31-Mar-26
£'000		*£'000*
59,979	Newtown Works	0
0	Park Mall Redevelopment	1,490
	Housing Revenue Account - Major Projects	
8,059	Decarbonisation Programme	7,014
1,317	Heathside	174
268	Abbey Way (Waltham Close)	0
145	Mill View	0
86	Four Winds Egerton (Henshaw Place)	0
0	Oakleigh House	16,594
0	Piper Joinery (55 Mabledon)	6,491

22. Financial Instruments

Equity instruments elected to fair value through other comprehensive income (FVOCI) or profit and loss (FVPL)

The tables below identify investments that have recognised through FVPL and FVOCI and detail the annual movements in their fair value.

Equity instruments elected to fair value through other comprehensive income (FVOCI)

	Market Value as at 31/03/2025	(Sale) / Purchase of shares during the year	Change in Market Value during the year recongnised in FVOCI	Market Value as at 31/03/2026	Investment Interest 2025/26	Investment Interest 2024/25
Elected Fair value OCI	£'000	£'000	£'000	£'000	£'000	£'000
A Better Choice for Property Ltd*	0	0	0	0	0	0
Ashford International Development Company	1,359	0	(12)	1,347	0	0
Total	**1,359**	**0**	**(12)**	**1,347**	**0**	**0**

Equity instruments elected to fair value through Profit and Loss (FVPL)

	Market Value as at 31/03/2025	(Sale) / Purchase of shares during the year	Change in Market Value during the year recongnised in FVPL	Market Value as at 31/03/2026	Investment Interest 2025/26	Investment Interest 2024/25
Not elected, fair value through profit and loss	£'000	£'000	£'000	£'000	£'000	£'000
Aegon Diversified Monthly Income Fund	5,029	0	420	5,449	291	293
CCLA Diversified Income Fund	2,783	0	(159)	2,625	84	104
CCLA Local Authorities' Property Fund	11,328	0	177	11,505	636	636
Ninety One Diversified Income Fund	2,220	0	35	2,255	99	111
Payden and Regal	2,980	0	(6)	2,974	128	136
Schroder Income Maximiser Fund	3,306	0	248	3,554	252	229
UBS Global Income Fund	1,276	0	33	1,309	124	117
UBS Multi-Asset Income Fund	0	0	0	0		27
Total	**28,923**	**0**	**748**	**29,671**	**1,616**	**1,654**

Financial Instruments

Long-term	Current		Long-term	Current
31 March 2025			31 March 2026	
£'000	*£'000*		*£'000*	*£'000*
		Investments		
		Investments		
28,922	4,598	FVPL	29,671	2,443
1,359	0	FVOCI*	1,347	0
30,281	4,598	Total Investments	31,018	2,443
		Debtors		
34,032	6,261	Amortised cost	37,142	6,331
64,313	**10,859**	**Total assets**	**68,160**	**8,774**
		Borrowings		
(171,050)	(91,748)	Amortised cost	(136,243)	(145,834)
		Other Long-term Liabilities		
(13,247)	(963)	Amortised cost	(12,404)	(829)
		Creditors		
0	(14,595)	Financial liabilities	0	(14,748)
(184,297)	(107,306)	***Total liabilities***	(148,647)	(161,411)

Financial assets carried at contract amounts include loans to the Council's property and development companies, A Better Choice for Property Ltd, and its subsidiary A Better Choice for Property Development Ltd amounting to £35.8m as at 31 March 2026. These loans are secured against charges on the properties and land acquired by the Companies.

Financial Instruments – Gains and losses

2024/25		2025/26
£'000		*£'000*
11,110	Interest payable	11,087
11,110	Interest payable	11,087
(5,087)	Interest and Investment Income	(4,607)
315	Downward/upward revaluation of financial assets (FVPL)	748
(344)	Downward/upward revaluation of financial assets (FVOCI)*	(12)
5,994	Net gains/loss for the year	7,216

Fair Values of Assets and Liabilities

Not all of the Financial Instruments are carried in the Balance Sheet at fair value. In particular, long-term loans, receivables and financial liabilities are carried at amortised cost.

Balance Sheet and fair values are shown in the tables below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities
- Level 2 – fair value is calculated from inputs other than those quoted prices that are observable for the asset or liability
- Level 3 – fair value of instruments is estimated by using unobservable inputs to the extent that relevant observable inputs are not available. Unobservable inputs are developed using the best information available in the circumstances, which may include the ABC's own data, taking into account all information about market participation assumptions that is reliably available (Level 3 as defined by IFRS 13).

Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000		Fair Value Level	Balance Sheet 31 March 2026 £'000	Fair Value 31 March 2026 £'000
		Financial assets held at fair value:			
3,398	3,398	Money market funds	1	1,203	1,203
17,596	17,596	Equity funds	1	18,166	18,166
11,327	11,327	Property fund	1	11,505	11,505
0	0	Shares in A Better Choice for Property Ltd.	3	0	0
1,359	1,359	Shares in Ashford International Development Co Ltd	3	1,347	1,347
33,680	33,680	Subtotal where fair value is applicable		32,221	32,221
		Financial assets held at amortised cost:			
6,261	*	Short-term debtors		6,331	*
34,032	*	Long-term debtors		37,142	*
73,973				75,694	

Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000		Fair Value Level	Balance Sheet 31 March 2026 £'000	Fair Value 31 March 2026 £'000
		Financial Liabilities held at Amortised Cost:			
(171,050)	(156,681)	Long Term loans from PWLB	2	(136,243)	(122,435)
(14,210)	*	PFI Liabilities	3	(13,233)	*
0	*	Lease Payables	3	0	*
(185,260)	(156,681)	Subtotal where fair value is applicable		(149,476)	(122,435)
(14,595)	*	Short-term creditors		(14,748)	*
(91,748)	*	Short-term borrowing		(145,834)	*
(291,603)				(310,058)	

* The fair value of trade and other receivables (e.g. debtors) is taken to be the invoiced or billed amount.

Fair values have been determined with reference to Arlingclose or Bloomberg where applicable.

The fair value of shares in the Council's wholly owned subsidiary A Better Choice for Property Ltd are equal to 0, to reflect the current negative equity in the group.

The fair value of shares in the Council's subsidiary company Ashford International Development Ltd are equal to 65% of the total equity in the company, as the Council has 65% share.

Long term debtors are carried at amortised cost. Included within the £37m for long term debtors is £30.3m (after excluding short term debtors) in respect of loans to A Better Choice for Property Ltd and A Better Choice for Property Development Ltd.

As per the CIPFA Code of Practice fair value disclosure of PFI and lease liabilities is no longer required since the introduction of IFRS 16.

Short term debtors and creditors are carried at cost, as this is a fair approximation of their value.

Reconciliation of liabilities arising from financing activities for the year ended 31st March

	Long term borrowings	Short-term borrowings	Total
	£'000	*£'000*	*£'000*
1 April 2025	(171,050)	(91,748)	(262,798)
Cash flows:			
- Repayment		126,807	126,807
- Proceeds	0	(145,500)	(145,500)
Non-cash:			
- Accruals		(586)	(586)
- Reclassification	34,807	(34,807)	0
31 March 2026	(136,243)	(145,834)	(282,077)

23. Nature and Extent of Risks Arising from Financial Instruments

Risk management in this area is carried out by a central treasury team and supported by specialist external advisor. Policies approved by the Council in the Annual Treasury Management Strategy provides written principles for risk management and has adopted the CIPFA Treasury Management Code of Practice and has set Treasury Management indicators to control key Financial Instrument risks in accordance with CIPFA's Prudential Code.

The Council's investment portfolio as at 31 March 2026 was as follows:

Credit Risk

Counter party	*Maturity date*	*Amount*	*Credit rating*
		£'000	
Deposits/investments with other financial institutions			
Payden Money Market Fund	3 Days Notice	2,974	AAA
Ninety One Diversified Income Fund	2 Days Notice	2,255	N/A
UBS Global Income Equity Fund	2 Days Notice	1,309	N/A
Aegon Diversified Monthly Income Fund	2 Days Notice	5,449	N/A
Schroder Income Maximiser Fund	2 Days Notice	3,554	N/A
CCLA Diversified Income Fund	2 Days Notice	2,625	N/A
CCLA LAMIT Property Fund	Variable	11,505	N/A
Investment In A Better Choice for Property Ltd	Variable	0	N/A
Investment In Ashford International Development Company Ltd	Variable	1,347	N/A
Black Rock Money Market Fund	Instant	240	AAA
BNP Paribas Money Market Fund	Instant	241	AAA
CCLA Public Sector Disposit Fund	Instant	240	AAA
HSBC Money Market Fund	Instant	241	AAA
Invesco Money Market Fund	Instant	241	AAA

Credit ratings are assigned to each investment using information from ratings agencies, or where formal ratings are not provided ratings are applied, where possible, based on the characteristics of the investment, such as money market funds. AAA, AA, A and BBB are considered investment grade products with AAA being the highest level, any investments below BBB would be considered non-investment grade and would not be entered into directly, unless it was the Council's banking provider.

The Code requires the Council to estimate the potential maximum exposure to credit risk, based on experience of defaults and collection rates over recent years. However, as the Council has not experienced any defaults on investments, the Council is unable to quantify its exposure with any degree of accuracy.

Credit risk arises from investments; some of the Council's customers commercial rent and trade debtors, excluding Council Tax and Business Rate debts.

The Council has not experienced any losses from default by counterparties in the past in relation to investments.

The Council's investments are such that it does not expect any default losses by any of its counterparties in relation to investments. However, there could be capital losses if funds close, or the Council disinvests where the capital position is negative and these will be funded from reserves.

The table below compares the percentage of the Council's investment portfolio that was invested at each credit level at the beginning and at the end of the year.

31 March 2025		31 March 2026
%		%
23	AAA	13
74	Unrated pooled Funds	83
4	Unrated Company	4

The overdue amount of sundry debtors held within the Council's systems can be analysed by age as follows:

31 March 2025		31 March 2026
£'000		*£'000*
841	Less than 30 days	630
17	31 days to 90 days	156
29	91 days to 364 days	348
60	More than 1 year	54
946		1,188
(905)	Impairment allowance	(951)

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loan Board (PWLB), there is no significant risk that it will be unable to raise funds to meet its commitments. Instead, the risk is that the Council may have to re-invest a significant proportion of its investments at a time of unfavourable interest rates.

The PWLB has tightened its lending criteria in recent years and has made it clear that it will not support lending that is for the purpose of 'Debt for Yield' investments. The Council does not anticipate the changes to impact on any future borrowing need or be restricted from accessing the facility.

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

Market Risk interest rates/prices/exchange rates

The council is exposed to interest rate risk on some of its borrowing and if interest rates had been 1% higher or lower during the year, this would have resulted in an increase or decrease in variable investment income of £293,000 and an increase or decrease in variable loan payments of £968,000. The Council's long-term borrowing is fixed rate and therefore a material movement is not anticipated. In relation to the movement in investment this is an indicative figure as the movement in the long-term strategic investment are not directly linked to base rate movements.

Expected Credit Loss Model

The Council recognises expected credit losses (ECL) on all of its financial assets held at amortised cost either on a 12-month or lifetime basis.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has considered it financial assets and considers any losses that would need to be set aside would be immaterial to the accounts.

The most significant asset considered is the loans that have been made to the Council's subsidiary A Better Choice for Property Ltd and its subsidiary A Better Choice for Property Development Ltd which total £33m and these loans are secured against the assets of the business.

	12 month Expected Credit Loss	Lifetime Expected Credit Loss	Total Expected Credit Loss
	£'000	*£'000*	*£'000*
Balance at 31 March 2025	(626)	(10,077)	(10,703)
Movement in year			
Loans to Subsidaries	(737)	0	(737)
Transfer to Lifetime Expected Credit Loss	0	0	0
Balance at 31 March 2026	**(1,362)**	**(10,077)**	**(11,439)**

The 12 month ECL movement includes a £372k reversal relating to loans to A Better Choice for Property Ltd. ECLs are required to be assessed annually under IFRS 9, taking into account collateral where appropriate. The loans are fully secured against property assets with an estimated fair value of £22m compared to loan balances of £19m and as a result, no ECL is required at 31 March 2026.

24. Debtors

These amounts were due to the Council from Long term Debtors:

2024/25		2025/26
£'000		£'000
42,199	Loans to subsidiaries	45,918
(10,703)	*Less* : Expected Credit Loss	(11,439)
31,496		34,479
2,537	Other Long Term Debtors	2,664
34,033	Balance at 31st March	37,143

Movement in Long term Debtors:

2024/25		2025/26
£'000		£'000
1,689	Loans advanced in year	4,972
(2,390)	Loans repaid in year	(526)
(3,784)	Transfer to Short term Debtors	(601)
(10,087)	Expected credit loss	(736)
(14,572)	Movement in the year	3,109

These amounts were due to the Council from Short term Debtors:

31 March 2025			31 March 2026	
£'000	£'000		£'000	£'000
		Central government bodies:		
620		- Elections	467	
2,822	3,442	- VAT	1,854	2,321
		Other entities and individuals:		
2,354		- Housing Tenants	2,167	
(1,082)	1,272	*Less* : Impairment Allowance	(1,052)	1,115
6,583		- Local Taxpayers/ratepayers	4,616	
(1,154)	5,429	*Less* : Impairment Allowance	(1,460)	3,156
1,910		- Housing Benefit overpayments and Subsidy	2,634	
(578)	1,332	*Less* : Impairment Allowance	(655)	1,979
6,758		- Sundry debtors and accruals	6,115	
(905)	5,853	*Less* : Impairment Allowance	(951)	5,164
5,777		- Other	6,303	
0	5,777	*Less* : Impairment Allowance	0	6,303
	23,105	Balance at 31st March		20,038

Movement in Short term Debtors

2024/25 £'000		2025/26 £'000
(417)	Benefit Subsidy owed by government	724
2,650	Other amounts owed by government	(1,121)
(86)	Amounts owed by housing tenants	(187)
(634)	Amounts owed by local taxpayers/ratepayers	(1,967)
433	Movement in payments in advance	544
599	Amounts owed by Sundry Debtors	(1,508)
63	Change in Impairment Allowance	(153)
3,785	Transfer from Long term Debtors	601
6,393	Movement in the year	(3,067)

The opening debtor balance for 2025/26 differs from the closing balance reported in the prior year by £0.122m. This difference relates to the correction of an immaterial error identified after the approval of the 2024/25 accounts. The adjustment has been reflected in the current year opening balances and comparatives, where applicable.

25. Grants receipts in advance

These are grants and contributions received but which as yet have not been applied to revenue and capital projects. Those with conditions are treated as receipts in advance under long term liabilities and those without conditions are treated as a reserve.

2024/25 £'000		2025/26 £'000
	Grants receipts in advance capital	
(8,547)	Miscellaneous grants	(8,062)
	Grants receipts in advance revenue	
(2,614)	Miscellaneous grants	(2,172)
(11,161)		(10,234)

26. Creditors

These amounts were due to be paid by the Council for Long term Creditors at 31 March 2026

31 March 2025 £'000		31 March 2026 £'000
0	Opening Balance Adjustment ROUA Liability	(144)
(259)	Contract Liabilities	(248)
(2,700)	LT Creditors ROUA Liability	(1,461)
(234)	Sundry Creditors	0
(3,193)	Balance at 31st March	(1,854)

Movement in Long Term Creditors

2024/25 £'000		2025/26 £'000
(259)	Contract Liabilities	11
(2,700)	LT Creditors ROUA Liability	1,238
(234)	Amounts owed to Sundry Creditors	234
(3,193)	Movement in the year	1,483

These amounts were due to be paid by the Council for Short Term Creditors at 31 March 2026

31 March 2025 £'000		31 March 2026 £'000
0	Bank Overdraft	0
(338)	Central government bodies	(356)
	Other entities and individuals:	
(905)	- Housing Tenants	(1,420)
(326)	- Local Taxpayers	(363)
(1,114)	- Business Rate Payers	(820)
(1,382)	- Business Rates Pool	(2,267)
(2,514)	- Developer contributions	(7,290)
(607)	- ST Creditors ROUA Liability	(914)
(32,708)	- Sundry Creditors	(30,134)
(39,894)		(43,564)

Movement in Short Term Creditors

2024/25 £'000		2025/26 £'000
0	Bank Overdraft	0
(1,434)	NNDR liability	(2,353)
1,367	Other amounts owed to government	2,335
(82)	Amounts owed by housing tenants	(515)
(29)	Amounts owed by local taxpayers	(37)
(549)	Amounts owed by Business Rate payers	294
1,885	Amounts owed to East Kent Cluster (Business Rate Pilot)	(885)
119	Change in Developer contributions	(4,776)
(607)	Change in ST Creditors ROUA Liability	(307)
(2,073)	Amounts owed to Sundry Creditors	2,574
(1,403)	Movement in the year	(3,670)

27. Unusable Reserves

This category of reserves is held for statutory and accounting purposes, i.e. they are not available for the Council to finance expenditure. They are held for the following purpose:

- *Revaluation Reserve (see note (a))* - Store of gains on revaluation of Property Plant and Equipment not yet realised through sales
- *Pooled Investment Financial Instruments* – this represents the reversal of movements in the fair value on investments recorded through profit and loss, which are then reversed through statutory override
- *Capital Adjustment Account* - *(see note (b))* Store of capital resources set aside to meet past expenditure
- *Financial Instruments Revaluation Reserve* – This is the reserve representing the fair value of investment recognised through other comprehensive income
- *Deferred Capital Receipts* - Recognises that amounts included in long term Debtors will produce capital receipts in the future
- *Pensions Reserve* - Balancing account to allow inclusion of Pensions Liability in the Balance Sheet
- *Collection Fund Adjustment Account* - Holds the balance owing to/from the Council at Balance Sheet date
- *Accumulated Absences Reserve* - The Accumulated Absences Account absorbs the differences between leave accrued but not taken.

Unusable Reserves	Revaluation balances			Adjustment accounts					
2025/26	Revaluation Reserve *	Pooled Investment Financial Instruments	Financial Instrument Revaluation reserve	Capital Adjustment Account * Restated	Deferred Capital Receipts	Pensions Reserve	Collection Fund Adj Acc	Accum -ulated Absences	Total Unusable Reserves
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Balance at 31 March 2025	(241,621)	1,066	1,107	(115,189)	(2,420)	11,308	(1,063)	219	(346,593)
Opening balance adjustments	(334)			315					(19)
Movements in Reserves during the year									
Non-controlling interest at acquisition	0	0	0	0	0	0	0	0	0
Surplus or deficit on the provision of services (accounting basis)	0	0	0	0	0	0	0	0	0
Other comprehensive income & expenditure	(43,660)	0	12	0	0	(258)			(43,906)
Total comprehensive income & expenditure	(43,660)	0	12	0	0	(258)	0	0	(43,906)
Adj between accounting and funding basis				(36,496)	22	(3,478)	1,283	0	(38,669)
Net movement before transfers to other reserves	(43,660)	0	12	(36,496)	22	(3,736)	1,283	0	(82,575)
Transfers to/from other Unusable reserves	4,709	(747)		(5,017)	307				(748)
Increase or decrease during the year	(38,951)	(747)	12	(41,513)	329	(3,736)	1,283	0	(83,323)
Balance at 31 March 2026	(280,906)	319	1,119	(156,387)	(2,091)	7,572	220	219	(429,935)

* Analysed in tables (a) and (b)

Unusable Reserves		Revaluation balances			Adjustment accounts				
2024/25	Revaluation Reserve *	Pooled Investment Financial Instruments	Financial Instrument Revaluation reserve	Capital Adjustment Account * Restated	Deferred Capital Receipts	Pensions Reserve	Collection Fund Adj Acc	Accum -ulated Absences	Total Unusable Reserves
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Balance at 31 March 2024 Restated	(244,393)	2,046	764	(138,042)	(1,326)	13,003	(1,268)	219	(368,997)
Movements in Reserves during the year									
Non-controlling interest at acquisition	0	0	0	0	0	0	0	0	0
Surplus or deficit on the provision of services (accounting basis)	0	0	0	0	0	0	0	0	0
Other comprehensive income & expenditure	(1,610)	0	343	0	0	185			(1,082)
Total comprehensive income & expenditure	(1,610)	0	343	0	0	185	0	0	(1,082)
Adj between accounting and funding basis				26,122	(1,347)	(1,880)	205	0	23,100
Net movement before transfers to other reserves	(1,610)	0	343	26,122	(1,347)	(1,695)	205	0	22,018
Transfers to/from other Unusable reserves	4,382	(980)		(3,268)	253				387
Increase or decrease during the year	2,772	(980)	343	22,854	(1,094)	(1,695)	205	0	22,405
Balance at 31 March 2025	(241,621)	1,066	1,107	(115,188)	(2,420)	11,308	(1,063)	219	(346,592)

* Analysed in tables (a) and (b)

(a) Revaluation Reserve:

2024/25 £'000			2025/26 £'000
	Comprehensive Income and Expenditure Statement		
7,915	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(35,018)	
(292)	PFI Revaluation increases/(decreases) recognised in the Revaluation Reserve	(13)	
(9,233)	Depreciation and downward revaluations written out to the Revaluation Reserve	(8,629)	
(1,610)	(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services		(43,660)
	Transfers to/from Capital Adjustment Account		
3,391	Difference between fair value depreciation and historical cost depreciation	3,357	
990	Accumulated gains on assets sold or scrapped	1,352	
	Amount written off to the Capital Adjustment Account		4,709
2,771	Increase or decrease during year		(38,951)

(b) Capital Adjustment Account

2024/25 £'000		2025/26 £'000
(30,160)	Sources of Finance	(21,229)
(4,440)	Sums set-a-side for capital purposes	(4,253)
9,864	Revenue expenditure met from capital under statute	2,107
50,605	Removal of items not chargeable to Fund Balances	(13,429)
25,869	*Total accounting adjustments between funding basis under statute*	(36,804)
(4,382)	Adjustment with Revaluation Reserve	(4,709)
1,367	Adjustment with Deferred Capital Receipts Reserve	0
22,854	Increase or decrease during year	(41,513)

(c) Collection fund Adjustment Account Split between Council Tax and Business Rates (NNDR)

2024/25 Business Rates £'000	2024/25 Council Tax £'000		2025/26 Business Rates £'000	2025/26 Council Tax £'000
(1,427)	161	Opening Balance	(1,009)	(55)
1,427	(161)	Reversal of Previous Year's Balance	1,009	55
(30)		Ashford Share of Renewable Energy	(2)	
(978)	(55)	Ashford's Share of in year (surplus) / deficit	471	(249)
(1,009)	(55)	Closing Balance	469	(249)

28. Leases

Council as a Lessor - Finance Leases

The Council has leased the Ashford Indoor Bowls Centre to the Ashford Indoor Bowls Centre Ltd; the lease is for the majority of the asset’s life and therefore is to be treated as a finance lease. The remaining life of this lease is 31 years. The table below shows the income due on this lease:

	Principal receivable	Interest	Total lease payment
	£'000	*£'000*	*£'000*
Within 1 year	23	19	42
2 - 5 years	96	72	168
Later than 5 years	751	215	966
	870	306	1,176

This balance is held within the long-term debtor’s line on the Balance Sheet.

Council as a Lessor - Operating Leases

The Council leases out property under operating leases for different purposes. These include sports facilities, shops, and community assets. The income from these leases, over remaining life of the contracts, calculated at current levels, is detailed in the tables below.

The Council owns International House, which is Town Centre office space. The future income receivable for these leases is detailed below:

2024/25		2025/26
£'000		*£'000*
575	Within 1 year	607
1,120	2 - 5 years	595
27	Later than 5 years	19
1,722		1,221

The Council also owns various smaller leases including industrial units, estate shops such as Park Mall, and other small units. Future income receivable from these units are detailed in the table below.

2024/25		2025/26
£'000		*£'000*
1,670	Within 1 year	1,426
3,059	2 - 5 years	2,438
1,325	Later than 5 years	1,731
6,054		5,595

The Council owns Elwick Place which is an entertainment complex featuring a cinema, hotel and a mixture of commercial units. Future income receivable from these units are detailed in the table below:

2024/25		2025/26
£'000		*£'000*
355	Within 1 year	307
2,789	2 - 5 years	2,803
9,130	Later than 5 years	10,031
12,274		13,141

29. Provisions

2024/25		2025/26
£'000		*£'000*
(967)	Business Rates Appeals	(1,116)
(188)	Municipal Mutual Insurance	(188)
(1,155)		(1,304)

The reasons for movement in provisions are:

2024/25		2025/26
£'000		*£'000*
	Short term provisions	
459	Increase/decrease of provision made in year	0
	Long term provisions	
(604)	Increase/decrease of provision made in year	(987)
1,390	Amounts used in year	838
1,245	Movement in the year	(149)

Municipal Mutual Insurance

In 1992 the company failed and went into solvent “run-off”. If a solvent “run-off” is not achieved the Council is liable to repay sums paid out on its behalf to settle claims. The maximum amount liable to clawback is the total claim payments of £803,754 less £50,000. A provision of 25% of the claim payment was therefore set aside.

Business Rates Appeals

The Council is required to calculate a provision for successful appeals made against NNDR debts based on disputes over rateable value, which includes an estimate based on appeals currently lodged against 2025/26 and prior years. The Council includes only its share (40%) of the total appeals provision calculated within the Council’s own balance sheet. The full provision of circa £2.8m (2024/25 £2.4m) can be seen within the separate Collection Fund section.

30. PFI and Similar Contracts

Stanhope PFI

On the 13 April 2007 the Council entered into a design, build, finance, and operate contract with the Chrysalis Consortium (the Contractor) for the provision of the regeneration of the Stanhope Estate and housing management services for the duration of the contract. The contract was for 30 years.

The total value of the contract (assuming an annual inflationary increase of 2.5%) was £140m, which included construction costs of £28m net of a capital contribution by the authority. The contract was benchmarked and reduced to £127m in 2011/12. A further benchmarking exercise in 2016/17 showed the PFI was performing consistently within its peer group, therefore no changes were made to the calculations. A benchmarking exercise was then carried out in 2020/21, again this showed the PFI was performing consistently within its peer group, therefore no changes were made to the calculations.

Details of the PFI assets held on the Balance Sheet are included in note 14.

Under the terms of the contract the Council is required to make the following payments to the Contractor:

- An annual unitary charge net of deductions for performance
- Capital contributions to infrastructure costs
- Pass through costs e.g. Disabled Facilities Grants.

These payments will be met from:

- The Council’s existing revenue budget for the services, rental income and housing subsidy
- PFI Special Grant from Central Government.

The payments to the Provider will be subject to indexation RPIX and may vary by virtue of certain provisions within the contract. These primarily relate to the following:

- Performance and availability deductions
- changes in law which affect the costs of the service
- variations to the contract which are approved by the Council
- benchmarking of non-property related costs at agreed intervals (the last benchmarking exercise was completed in 2020/21, with the next expected in 2026/27).

Analysis of minimum forecast Unitary Charge assuming 0% inflation

	Service cost	Life Cycle Costs	Repayment of liability	Interest cost	Total payment
	£'000		£'000	£'000	£'000
Within 1 year	2,068	1,390	829	719	5,007
2 - 5 years	8,620	4,767	4,133	2,277	19,797
6 - 10 years	11,192	4,490	7,790	726	24,199
11 - 15 years	2,308	2,298	480	(73)	5,013
	24,188	12,944	13,233	3,650	54,016

The PFI contract transfers risks from the Council to the contractor, as the Council retains ownership of the assets the risk to the Council in event of a contractor default is low. The Council monitors performance of the contractor against a range of Key Performance Indicators and can deduct money from the unitary payment in the event that these measures are not achieved. A ratchet mechanism in the contract allows penalties to increase in the event of continued performance issues.

The value of assets held under the PFI contract can be found under Property Plant and Equipment (Note 14). The value of liabilities held under the PFI contract on the balance sheet is detailed below:

2024/25		2025/26
£'000		£'000
15,648	Balance as at 1st April	14,210
(286)	Opening balance adjustment	0
15,362	Adjusted opening balance	14,210
843	Finance Cost	772
(1,989)	Finance lease rental	(1,736)
(6)	In year liability revaluation	(13)
14,210	Balance as at 31 March	13,233

Extra Care Housing PFI

During 2007/08, the Council entered into a partnership arrangement with Kent County Council and nine other district councils within Kent to provide new homes for vulnerable people. The overall scheme is being funded by Public Finance Initiative credits over a 30-year period. In the event of the scheme ceasing the Council will be liable for:-

1. Contractor default, for example £4.125m in year 20
2. Force Majeure, for example £3.675m in year 20

Other Service Contracts

The Council entered into a refuse collection and street cleansing contract on 27 March 2024 and covers three Councils. The equipment has been bought by all three Councils, can be used in any of the three areas, and therefore the Council does not have exclusive use of the assets. Ashford's value of the contract is estimated to be £6m per year over the remaining life of the 8-year contract.

31. Defined Benefit Pension Schemes

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services, when employees earn these, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the difference is reversed out. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2024/25 £'000	Local Government Pension Scheme	2025/26 £'000
	Comprehensive Income & Expenditure Statement	
	Service cost comprising:	
3,411	- current service cost	2,622
56	- past service costs	39
135	Administration expenses	154
	Financing and Investment Income and Expenditure	
256	- net interest expense	(65)
3,858	*Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services*	2,750
	Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
2,575	- return on plan assets (excluding the amount included in net interest expense)	(7,985)
0	- Other actuarial gains/(Losses) on assets	(2,175)
(411)	- actuarial gains and losses arising on changes in demographic assumptions	2,068
(21,721)	- actuarial gains and losses arising on changes in financial assumptions	(5,416)
(422)	- gains/losses on defined benefit obligation	6,136
20,164	Impact Of Asset Ceiling	7,114
185	*Total Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	(258)
4,043	*Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	2,492
	Movement in Reserves Statement	
(3,858)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,750)
	Actual amount charged against the General Fund Balance for pensions in the year:	
5,735	employers' contributions payable to scheme	6,228
1,877		3,478

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

2024/25 £'000	Local Government Pension Scheme	2025/26 £'000
(158,952)	Present value of the defined benefit obligation	(175,449)
147,644	Fair value of plan assets	167,877
(11,308)	Net liability arising from defined benefit liability	(7,572)

The liability shows the Council's underlying long-term commitment to pay retirement benefits. Although the liability has a negative impact on the Council 's equity position, statutory arrangements for the funding of the deficit mean that the financial position of the Council remains healthy.

The deficit on the Local Government Pension Scheme will be made good by increased contributions, as assessed by the scheme actuary.

Assets and liabilities in relation to retirement benefits

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

2024/25 £'000	Local Government Pension Scheme	2025/26 £'000
142,814	Opening fair value of scheme assets	147,644
7,322	Interest income	8,794
	Remeasurement gain/(loss)	
(2,575)	- return on plan assets, excluding the amount included in net interest expense	7,985
	- other	2,175
5,735	Contributions from employer	6,228
1,447	Contributions from employees into the scheme	1,704
(7,000)	Benefits paid - funded	(6,499)
36	Settlement Price Received/Paid	0
(135)	Administration expenses	(154)
147,644	Closing fair value of scheme assets	167,877

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

2024/25 £'000	Local Government Pension Scheme	2025/26 £'000
(155,817)	Opening balance at 1st April	(158,952)
(3,411)	Current service cost	(2,622)
(7,578)	Interest cost	(7,534)
(1,447)	Contributions from scheme participants	(1,704)
	Remeasurement (gains)/loss	
411	- actuarial gains/losses arising from changes in demographic assumptions	(2,068)
21,721	- actuarial gains/losses arising from changes in financial assumptions	5,416
(33)	Liabilities assumed/(extinguished) on settlement	0
(56)	Past service cost	(39)
6,795	Benefits paid - funded	6,301
205	Benefits paid - unfunded	198
(20,164)	Changes in impact of asset ceiling	(8,309)
422	Experience loss/(gain) on defined benefit obligation	(6,136)
(158,952)	Closing balance at 31st March	(175,449)

Reconciliation of Pension Asset Ceiling

2024/25 £'000	Reconciliation of Pension Asset Ceiling	2025/26 £'000
0	Opening Impact of asset ceiling	(20,164)
0	Interest on Impact of Asset Ceiling	(1,195)
0	Actuarial Losses/(Gains)	(7,114)
(20,164)	Initial valuation of Asset Ceiling	0
(20,164)	Closing balance at 31st March	(28,473)

The actuary applied an asset ceiling which is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. This was based on the following assumptions:

- There is no prospect of the Employer having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.

- The Employer will participate in the Fund indefinitely and is open to new employees. It is assumed that new entrants continue to join the Fund such that a stable population is maintained.

- The present value of the cost of future accrual in respect of the expected period of participation is £144,090,000.

• The present value of primary contributions in respect of the expected period of participation is £187,520,000.

• The potential economic benefit from future contribution reductions is therefore nil.

• An additional liability of £6,146,000 is recognisable in respect of the Employer's obligation to pay future deficit contributions, thereby increasing or generating an irrecoverable surplus.

The Pension Fund’s assets consist of the following categories, by value of the total assets held:

2024/25				2025/26
£'000				*£'000*
5,839	Cash and cash equivalents	2.8%		4,629
84,075	Equity instruments:	58.6%		98,407
8,752	- gilts	5.5%	9,262	
21,948	- other	13.9%	23,444	32,706
12,090	Property	9.8%		16,400
7,399	- infrastructure	4.4%		7,355
7,541	Target return portfolio	5.0%		8,380
147,644	Total assets			167,877

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Pension Fund's liabilities were assessed by Barnett Waddingham, an independent firm of actuaries. A full actuarial valuation is carried out every 3 years, the results of the last valuation are effective from 1 April 2022. The next actuarial valuation of the fund will be carried out as at 31 March 2025 and will set contributions for the period 1 April 2026 to 31 March 2029.

The significant assumptions used by the actuary have been:

2024/25		2025/26
	Assumed life expectations from age 65 are:	
	Retiring today	
20.7	- Men	21.6
23.3	- Women	23.9
	Retiring in 20 years	
22.0	- Men	23.2
24.7	- Women	25.6
	Additional assumptions	
	- Members will exchange half of their commutable pension for cash at retirement	
	- Active members will retire one year later than they are first able to do so without reduction	
2.90%	Rate of inflation - Consumer price index (CPI)	2.90%
3.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions	2.90%
5.80%	Rate for discounting scheme liabilities	6.10%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable changes to the assumptions made above, occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes, while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy may increase or decrease for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimation in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

2024/25			2025/26	
Increase in assumption	Decrease in assumption	Local Government Pension Scheme	Increase in assumption	Decrease in assumption
£'000	*£'000*		*£'000*	*£'000*
		Longevity (increase or decrease in 1 year)		
144,109	133,696	- Present value of total obligation	152,594	141,600
2,689	2,588	- Projected service cost	2,997	2,794
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)		
129,474	149,280	- Present value of total obligation	137,376	157,765
2,140	3,112	- Projected service cost	2,403	3,469
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)		
139,804	137,815	- Present value of total obligation	147,705	146,269
2,588	2,588	- Projected service cost	2,894	2,894
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)		
148,524	130,156	- Present value of total obligation	156,409	139,196
3,132	2,122	- Projected service cost	3,513	2,367

The projected pension expenses for the year ended 31 March 2026 are:

	Year to 31 Mar 2026
	£'000
Service Cost	2,894
Net Interest on the defined liability (asset)	307
Administration Expenses	157
	3,358
Employer contributions	4,935

<u>Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)</u>

Ashford Borough Council is aware of the ‘Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)’ case and considers that there is potential for the outcome of this case to have an impact on Ashford Borough Council. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial

confirmation required under Section 37 of the Pension Schemes Act 1993.
The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

As a result, there may be a further liability to Ashford Borough Council's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on Ashford Borough Council and thus the obligation and liability shown in Ashford Borough Council's accounts.

June 2025 update - The Department for Work and Pensions (DWP) published an announcement on 5 June 2025 noting the plan to introduce new legislation in response to the Virgin Media vs NTL Trustees ruling. The legislation will allow affected pension schemes to retrospectively obtain written actuarial confirmation that historic changes to scheme rules met the required standards. The new legislation is hoped to provide clarity to affected schemes. No further information has been provided at this time.

32. Related Parties

Under the Accounting Standard IAS25 'Related Party Transactions' the Council must declare any Related Party Transactions between the Council and elected Members, Senior Officers of the Council or any of their close relatives.

United Kingdom Central Government

United Kingdom Central Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Members and Senior Officers

Members of the Council have responsibility for setting the Council's financial and operational policies, while senior officers oversee day-to-day management. In accordance with IAS 25 and the Code of Practice on Local Authority Accounting, all Members and senior officers were asked to declare any relationships or interests that could give rise to related party transactions during the financial year 2025/26.

The majority of declarations confirmed that no transactions requiring disclosure occurred. The Council maintains a Register of Members' Interests and records declarations made at meetings, both of which are available for public inspection.

A small number of interests were disclosed, including:

Several Members acting as trustees or directors of local organisations, some of which received minor grant funding during the year.

One Member serving as trustee and Chair of the Ashford Volunteer Centre, a voluntary organisation that receives a £10k Annual Community Services Grant from the council.

One member is a director of a private recovery company, recently engaged with the council in relation to recovery of a works vehicle.

One Member who is also an elected Councillor for a Town Council; no material transactions occurred between the Town Council and Ashford Borough Council.

One Member who rents a property through ABC Lettings, a Council-operated service.

In addition, three officers within the Chief Executive's Office and several Directors and Assistant Directors hold directorships in the Council's subsidiary companies (see Note 33), a joint venture with Canterbury City Council, charities, Kent Invicta Chamber of Commerce and Enterprise Ltd, and a Community Interest Company.

One Assistant Director disclosed that their spouse is a Director of a company providing CCTV, fire systems, and door entry installations. While the Council has procured services from this company, the officer is not involved in any related procurement decisions.

33. Interest in Companies

The Council holds an interest in several companies, including a wholly owned subsidiary, A Better Choice for Property Ltd, and its own subsidiary, A Better Choice for Property Development Ltd. It also fully owns Ashford Cinema Ltd and holds a 65% share in Ashford International Development Company Ltd, with the remaining 35% shares held by Quinn Estates Kent Ltd.

The Council also has a joint venture company, Stour Environmental Credits Ltd in partnership with Canterbury City Council.

There are no significant restrictions on the Council's ability to access or use assets and settle liabilities of the Group.

A Better Choice for Property Limited

The Company has a Facilities Agreement with the Council which enables it to draw down loans up to £150m.

During 2025/26, the funding structure of the loans was revised. Rather than loans being onward lent from A Better Choice for Property Limited to its subsidiary, A Better Choice for Property Development Ltd, separate facility agreements are now in place directly between the Council and A Better Choice for Property Development Ltd. These arrangements are established on a project-by-project basis

The Agreement includes a number of financial covenants, which are required to be reported annually. One such covenant requires that the ratio of total outstanding loans under the Facilities Agreement to the market value of the Group's property portfolio does not exceed 1:1. As at 31 March 2026, this ratio was 1.45:1 and was therefore in breach of the covenant.

The breach arose as a result of an impairment recognised in respect of one of the development projects, which reduced the overall market value of the Group's property portfolio.

As at 31 March 2026, the Company and its subsidiary, A Better Choice for Property Development Ltd, had combined borrowings of £33m.The Council, as sole shareholder of the Company, held 1,039,549 ordinary shares at 31 March 2026, with a nominal value of £1 per share

Ashford Cinema Ltd

Ashford Cinema Ltd (ACL) was incorporated in February 2024 to take assignment of the cinema lease from the previous tenant and to operate the cinema with the support of professional consultants. The transfer of the lease and assets was completed on 23 April 2024 and the company has since continued to operate the cinema.

There is a loan agreement between the Council and the Cinema of £100,000 and the full amount has been drawn down.

The Council has also agreed to underwrite the operational deficit for the Cinema and had provided financial support of £391,000 as at 31 March 2026.

As sole shareholder, the Council has purchased one share at the nominal value of £1.

It is the Council's intention to dispose of its interest in ACL during 2026/27, and contracts for the exchange have been signed.

Ashford International Development Company Ltd (AIDC)

AIDC was established to manage the Newtown Works Development, with the aim to transform the former Newtown Railway Works site into a predominantly residential-led development.

The Company has a £72m Facilities Agreement with the Council which has now expired. No further drawdowns are permitted, although interest continues to accrue on the outstanding balance of £12.1m at 31 March 2026

In July 2025, the Council entered into a £600,000 bridging loan facility to support planning costs associated with the revised development. This has been full drawn down as at 31 March 2026.

The Council had acquired 650 shares at a purchase price of £1,426,695 on 10 May 2022.

Stour Environmental Credits Ltd

On 17 December 2024 the Council created a Joint Venture Company with Canterbury City Council with the aim to satisfy nutrient neutrality rules in the River Stour catchment area.

As at 31st March 2026, the Council has purchased one share at the nominal value of £1.

34. Events after the Balance Sheet Date

No events to be reported at the date of drafting these accounts.

35. Cash Flow Statement – Adjustment to Net Deficit on the Provision of Services for Non-Cash Movement

2024/25 £'000		2025/26 £'000
	Adjustment for items that are operating activities	
(11,154)	Depreciation	(10,867)
(28,340)	Impairment and downward valuations	28,099
(96)	Amortisation	(101)
(39,590)	Items relating to Capital Adjustment Account	17,131
(319)	Increase/(decrease) in impairment for bad debts	(399)
(7,983)	(Increase)/decrease in debtors	563
(10,783)	Increase/(decrease) in creditors	(1,348)
0	Inventory	53
1,877	Movement in pension liability	3,479
(2,022)	Carrying amount of non-currents and Held for Sale sold or derecognised	(2,965)
1,861	Contributions to/from Provisions	(149)
2,494	Other non-cash items charged to the net surplus of deficit on the provision of services	(58)
980	(Increase)/decrease in FVPL investments	747
(53,485)	*Total non-cash adjustments of operating activities*	17,107

36. Cash Flow Statement - Adjustment to Net Deficit on the Provision of Services for Investing & Financing Activities

2024/25 £'000	*Adjustment for items that are investing and financing activities*	2025/26 £'000
4,131	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,688
814	Capital grants and contributions applied	545
4,945	*Total non-cash adjustments of investing and financing activities*	5,233

37. Cash Flow Statement – Interest

2024/25 ABC £'000	2024/25 Group £'000		2025/26 ABC £'000	2025/26 Group £'000
9,681	9,682	Interest paid	9,667	9,668
(1,269)	(1,271)	Interest received	(1,705)	(1,707)
(1,582)	(1,582)	Dividend received	(1,487)	(1,487)
6,830	6,829		6,475	6,474

38. Cash Flow Statement - Investing Activities

2024/25 ABC £'000	2024/25 Group £'000		2025/26 ABC £'000	2025/26 Group £'000
46,914	46,914	Purchase of property, plant and equipment, investment property and intangible assets	42,733	42,733
		Other payments for investing activities		
(4,131)	(13,208)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,688)	(3,957)
(2,321)	(2,321)	Proceeds from short-term and long-term investments	0	0
(814)	(814)	Other receipts from investing activities	(545)	(545)
(220)	(220)	Payments for the reduction of lease liability	1,003	1,003
39,428	30,352	*Net cash flows from investing activities*	38,503	39,234

39. Cash Flow Statement - Financing Activities

2024/25 *ABC* £'000	2024/25 Group £'000		2025/26 *ABC* £'000	2025/26 Group £'000
(179,102)	(180,193)	Cash receipts of short- and long-term borrowing	(146,086)	(163,679)
		Other receipts from financing activities	(204)	
1,146	1,146	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	964	964
158,807	161,148	Repayments of short- and long-term borrowing	126,807	140,762
(19,149)	(17,899)	*Net cash flows from financing activities*	(18,519)	(21,953)

40. Cash Flow Statement - Makeup of Cash and Cash Equivalents

31 March 2025		31 March 2026
£'000		*£'000*
80	Cash held by the Council	80
1,120	Bank Current Accounts	1,160
3,398	Bank Call Accounts	1,203
4,598	Cash and cash equivalents at the end of the reporting period	2,443

41. Contingent Liability

The Council is party to an Asset Protection Agreement with Stanhope PLC and High Speed 1 (HS1). This agreement resulted in the Council undertaking a commitment to HS1 to underwrite the costs of remedying any incidents that affect the High-Speed line as a result of construction activity by Stanhope on the Elwick site. Construction in respect of phase 1 has been completed. This obligation also applies to Phase 2 although as at 31 March 2026 no construction activities had commenced on Phase 2.

In Nov 2024 the Council was notified as one of 23 corporate members of an unincorporated body APSE (Association of Public Service Excellence) that there was a risk of the Council being included as a representative defendant in legal proceedings brought by Thurrock Council regarding an alleged negligent valuation given by an APSE body. The claim is potentially for many millions of pounds of alleged loss suffered by Thurrock. The Council is not named as a representative defendant in the proceedings although it could be affected by any judgment or settlement in the case. At present (April 2025) the proceedings are stayed (deferred) to allow Thurrock to conclude related legal proceedings against other parties.

There is a potential impact to Ashford Borough Council following the Virgin Media v NTL Pension Trustees II Ltd case for a further liability to ABC's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid. At this stage it is not possible to estimate the potential impact, if any, on ABC. For more information, please see note 31 (page 103).

Supplementary Single Entity Statements
Housing Revenue Account

The Housing Revenue Account (HRA) is a record of the revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants; the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

2024/25		2025/26	
£'000		*£'000*	*£'000*
	Expenditure		
10,523	Repairs and maintenance	10,748	
11,071	Supervision and management	10,108	
182	Rents, rates, taxes and other charges	928	
0	Special services	0	
0	Negative HRA Subsidy payable	0	
6,810	Depreciation	6,996	
12,897	Impairment/Reversal of Charges of non-current assets	(28,318)	
133	Debt management costs	135	
(100)	Movement in the allowance for bad debts	208	
41,516	*Total Expenditure*		805
	Income		
(32,154)	Dwelling rents	(32,710)	
(7)	Non-dwelling rents	(5)	
(1,816)	Charges for services and facilities	(1,581)	
0	Leaseholder charges for services and facilities	0	
(587)	Contributions towards expenditure	(326)	
(3,000)	PFI Subsidy receivable	(3,000)	
(37,564)	*Total Income*		(37,622)
3,952	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(36,817)
743	HRA services' share of Corporate and Democratic Core		894
43	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		(318)
4,738	Net Cost for HRA Services		(36,241)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(1,748)	Gain or (loss) on sale of HRA non-current assets		(1,684)
	Other capital receipts		
6,220	Interest payable and similar charges		5,946
843	Interest payable on PFI contracts and Finance Leases		772
(1,000)	Interest and investment income		53
38	Net interest on the net defined benefit liability (asset)		(11)
(4,141)	Capital grants and contributions receivable		(1,550)
4,950	(Surplus) or deficit for the year on HRA services		(32,715)

Movement on the HRA Statement

2024/25 *£'000*		2025/26 *£'000*
(2,406)	Balance on the HRA at the end of the previous year	(2,991)
4,950	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(32,715)
(5,567)	Adjustments between accounting basis and funding basis under statute	33,093
(616)	Net (increase) or decrease before transfers to or from reserves	378
(616)	(Increase) or decrease in year on the HRA (MIRS)	378
(3,022)	Balance on the HRA at the end of the current year	(2,613)

Notes to the Housing Revenue Account

1. Number and type of Housing Stock, Balance Sheet Opening and Closing Values

31 March 2025 *Units*		31 March 2026 *Units*
5,267	Total Dwellings	5,296

31 March 2025 *£'000*		31 March 2026 *£'000*
473,332	Operational assets - dwellings, land and buildings	574,100
0	Non-Operational assets	0
15,059	Assets Under Construction	11,176
488,390		585,276

2. Vacant Possession Value of Dwellings

The vacant possession value of dwellings within the Council's HRA as at 31 March 2026 was £1.275m (£1.268m as at 31 March 2025). The difference between this and the Balance Sheet value shows the cost of providing council housing at less than open market rents.

The valuation exercise was completed by an external valuer, Wilks Head and Eve LLP.

3. Vehicles, Plant and Machinery

31 March 2025		31 March 2026
£'000		£'000
537	Vehicles, Plant and Machinery	638
537		638

4. Major Repairs Reserve

2024/25	*Movements in year*	2025/26
£'000		£'000
(4,443)	Balance at the end of the previous year	(5,165)
	Opening balance adjustment	(31)
(6,817)	Amount transferred to the Reserve during the year	(6,996)
0	Debits in respect of any repayment, made in the year, of the principal of any amount borrowed where the repayment was met by payment out of the	
6,095	Debits to the Reserve in respect of capital expenditure on HRA land, houses and other property	12,155
0	Reversal of depreciation (other than Council Dwellings)	0
(5,165)	Balance at the end of the financial year	(37)

5. Summary of Capital Expenditure and Financing

2024/25		2025/26
£'000		£'000
	Capital investment:	
6,095	Expenditure on Existing Dwellings	12,574
11,222	Expenditure on New Stock Purchases	11,185
13,668	Expenditure on new developments (including Assets Under Construction)	13,135
209	Expenditure on Vehicles, Plant & Machinery	0
31,194		36,894
	Sources of Finance:	
(6,849)	Capital Receipts	(4,573)
(6,095)	Major Repairs Reserve	(12,155)
(6,221)	External Contributions - HCA Grants and S106	(1,550)
(12,029)	Borrowing	(18,616)
(31,194)		(36,894)

6. Capital Receipts from Disposal of Assets

2024/25 £'000		2025/26 £'000
(3,632)	Receipts from Right-to-buy sales	(4,425)
(40)	Receipts from Repayment of Discounts	0
0	Receipts from the sale of Housing land	0
(100)	Other non right-to-buy sales	(240)
(3,772)	Total receipts	(4,665)
29	Costs of disposal	41
(3,743)		(4,624)

7. Valuations

Land and Buildings are held individually and the total housing stock (including land and garages) had increases and decreases in valuation.

The net adjustments of these valuations as reported saw an increase to the Housing Revenue Account of £41,991,145 recognised in the Revaluation Reserve and £28,318,000 written through the CIES to reverse previous year impairments.

8. Pensions

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge the Council is required to make against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the Housing Revenue Account Balance. The following transactions have been made in the Income and Expenditure Account and the Statement Movement.

2024/25 £'000		2025/26 £'000
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
503	- current service cost	432
20	- administration expenses	25
38	- net interest expense cost	(11)
561	*Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services*	446
561	*Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement*	446
	Movement in Reserves Statement	
(561)	- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(452)
	- actual amount charged against the General Fund Balance for pensions in the year:	
848	employers' contributions payable to scheme	1,028

9. Rent Arrears

The balance on the bad debts provision at 31 March 2026 was £1,051,948 (£1,081,872 at 31 March 2025).

31 March 2025 £'000		31 March 2026 £'000
1,772	Gross arrears	1,764
(1,081)	Provision for Bad Debts	(1,051)

Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund; it shows the transactions in relation to non-domestic rates, including distribution to government; and council tax, illustrating the way this has been distributed to precepting authorities and the General Fund.

Collection Fund – continued

2024/25 Business Rates £'000	2024/25 Council Tax £'000		2025/26 Business Rates £'000	2025/26 Council Tax £'000
		Income		
	(110,483)	- Council Tax		(117,551)
(55,888)		- Business Rates	(59,269)	
(55,888)	(110,483)	*Total Income*	(59,269)	(117,551)
		Expenditure		
		Precepts, Demand & Shares		
5,083	80,270	- Kent County Council	5,231	83,430
	12,764	- Kent Police Authority		13,327
565	4,480	- Kent and Medway Fire Authority	581	4,680
22,592	12,224	- Ashford Borough Council (including Parish Precepts)	23,248	12,579
28,241		- Central Government	29,059	
56,481	109,738		58,119	114,016
		Charges to the Collection Fund		
168	113	- Write-Offs of uncollectable amounts	352	164
461	454	- Increase/(Decrease) in Bad Debt Provisions	80	1,899
603		- Increase/(Decrease) in Provision for Appeals	2,468	
105		- Disregarded amounts	101	
207		- Costs of Collection Allowance	207	
(1,812)		- Transitional Protection Payments	(745)	
99		- Interest on Appeals	77	
(169)	567		2,540	2,063
		Contributions		
567	(1,766)	- Towards previous year's estimated Collection Fund Surplus/Deficit	2,233	(293)
56,879	108,539	*Total Expenditure*	62,892	115,786
991	(1,944)	Deficit/(Surplus) in Year	3,623	(1,765)
(3,437)	1,449	Balance at 1st April	(2,446)	(495)
(2,446)	(495)	Balance at 31st March	1,177	(2,260)
		Apportionment of Balance to Preceptors/Borough Council		
(220)	(362)	- Kent County Council	106	(1,656)
	(58)	- Kent Police Authority		(263)
(24)	(20)	- Kent and Medway Fire Authority	12	(92)
(978)	(55)	- Ashford Borough Council	471	(249)
(1,224)		- Central Government	588	
(2,446)	(495)		1,177	(2,260)

Notes to the Collection Fund

1. Collection Fund - Allocation of Arrears, Prepayments and Other Balances

for the year ended 31st March 2026

2025/26	2025/26					
	Ashford Borough Council	*Kent County Council*	*Police & Crime Commissioner for Kent*	*Kent & Medway Fire and Rescue Service*	*Central Government*	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Council Tax:						
Council Tax Arrears (excl. costs)	1,322	8,722	1,415	495	0	11,954
Council Tax Overpayments and Prepayments	(362)	(2,392)	(388)	(136)	0	(3,278)
Council Tax Provision for Bad and Doubtful Debts	(644)	(4,246)	(689)	(241)	0	(5,820)
Council Tax Cash	(67)	(428)	(75)	(26)	0	(596)
Council Tax Collection Fund (Surplus)/Deficit	(249)	(1,656)	(263)	(92)	0	(2,260)
	0	0	0	0	0	0
Business Rates (NNDR):						
NNDR Arrears (excl. costs)	1,665	375	0	42	2,081	4,163
NNDR Overpayments and Prepayments	(820)	(185)	0	(21)	(1,025)	(2,051)
NNDR Provision for Bad and Doubtful Debts	(525)	(118)	0	(13)	(656)	(1,312)
NNDR Provision for Alteration of Lists and Appeals	(1,116)	(251)	0	(28)	(1,395)	(2,790)
NNDR Cash	325	73	0	8	407	813
Council Tax Collection Fund (Surplus)/Deficit	471	106	0	12	588	1,177
	0	0	0	0	0	0
Total	0	0	0	0	0	0

for the year ended 31st March 2025

2024/25	2024/25					
	Ashford Borough Council	*Kent County Council*	*Police & Crime Commissioner for Kent*	*Kent & Medway Fire and Rescue Service*	*Central Government*	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Council Tax:						
Council Tax Arrears (excl. costs)	1,127	7,477	1,194	419	0	10,217
Council Tax Overpayments and Prepayments	(326)	(2,162)	(345)	(121)	0	(2,954)
Council Tax Provision for Bad and Doubtful Debts	(433)	(2,869)	(458)	(161)	0	(3,921)
Council Tax Cash	(314)	(2,084)	(333)	(117)	0	(2,848)
Council Tax Collection Fund Surplus	(54)	(362)	(58)	(20)	0	(494)
	0	0	0	0	0	0
Business Rates (NNDR):						
NNDR Arrears (excl. costs)	1,718	373	0	41	2,073	4,205
NNDR Overpayments and Prepayments	(1,114)	(251)	0	(28)	(1,393)	(2,786)
NNDR Provision for Bad and Doubtful Debts	(493)	(111)	0	(12)	(616)	(1,232)
NNDR Provision for Alteration of Lists and Appeals	(966)	(217)	0	(24)	(1,208)	(2,415)
NNDR Cash	1,864	426	0	47	2,367	4,704
NNDR Collection Fund Surplus	(1,009)	(220)	0	(24)	(1,223)	(2,476)
	0	0	0	0	0	0
Total	0	0	0	0	0	0

2. NNDR Rateable Value

The Council collects business rates for its area, based on rateable values and multipliers set by central government (details below). The Council was a member of the Kent Business Rates Pool in 2025/26. The total amount for 2025/26, less certain reliefs and other deductions, is shared between Central Government (50%), Ashford Borough Council (40%), Kent County Council (9%) and the Kent Fire and Rescue Authority (1%).

2024/25		2025/26
£'000		*£'000*
	Total Non-Domestic Rateable Values at:	
144,388	- 1st April	145,163
145,163	- 31st March	145,962
775	Increase/(decrease) in year	799

2024/25		2025/26
p		*p*
	Uniform rate (multiplier) set by the government:	
49.9	For rateable values below £51,000	49.9
54.6	For rateable values £51,000 and above	55.5

3. Band D Council Tax

The band D level of council tax is the average level of tax charged as prescribed in legislation. When calculating the tax base, the number of properties is converted into band D equivalents and this is used when authorities set their council tax. If a property is within a parished area, an additional charge will be made for the Parish Council.

2024/25		2025/26
£		£
1,610.82	Kent County Council	1,691.19
256.15	Kent Police Authority	270.15
89.91	Kent and Medway Fire Authority	94.86
187.96	Ashford Borough Council	193.58
2,144.84	Council Tax - basic amount	2,249.78
57.34	(including Parish Precepts)	61.41
2,202.18	Council Tax - Borough average	2,311.19

4. Council Tax Base

The number of chargeable dwellings in each valuation band (adjusted where discounts apply) converted into an equivalent number of Band D dwellings, was calculated has follows:

	2024/25			2025/26		
Band	*Estimated Number of properties (Net of exemptions, discounts & reliefs) (a)*	*Multi-pliers (b)*	*Band D equivalents properties (a x b)*	*Estimated Number of properties (Net of exemptions, discounts & reliefs) (c)*	*Multi-pliers (d)*	*Band D equivalents properties (c x d)*
A with disabled relief	3.50	5 /9	1.94	3.00	5 /9	1.67
A	3,581.60	6 /9	2,387.75	3,611.50	6 /9	2,407.67
B	12,275.90	7 /9	9,547.90	12,326.00	7 /9	9,586.89
C	12,635.50	8 /9	11,231.56	12,690.30	8 /9	11,280.22
D	9,668.20	9 /9	9,668.18	9,658.30	9 /9	9,658.28
E	6,585.80	11 /9	8,049.25	6,632.50	11 /9	8,106.39
F	5,751.50	13 /9	8,307.72	5,877.30	13 /9	8,489.36
G	3,330.80	15 /9	5,551.25	3,379.00	15 /9	5,631.67
H	189.80	18 /9	379.50	197.80	18 /9	395.50
Tax Base before Council Tax Support			55,125.05			55,557.64
Less Council Tax Support			(4,534.19)			(4,960.72)
Tax Base after Council Tax Support			50,590.86			50,596.92
Estimated Collection Rate			0.985			0.975
Council Tax Base			49,832.00			49,332.00

Independent Auditor's report to the Members of Ashford Borough Council

Glossary

Actuary – a business professional who advises on the measurement and management of risk and uncertainty. In Ashford's case Barnett Waddington undertakes this work for the Local Government Pension Scheme.

Agency Services – services which are performed for another Authority or public body, where the principal Authority remains responsible for the service and reimburses the agent Authority for the costs incurred in delivering the work.

Amortised – the deduction of capital expenses over a specific period. Similar to depreciation, it is a method of measuring the consumption of the value of long-term assets like equipment or buildings and intangible assets e.g. software.

Appointed Auditors – external auditors of Local Authorities appointed by the Public Sector Audit Appointments Ltd, in Ashford's case, Grant Thornton carries out this function.

Asset Ceiling – Present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

Budget – a statement defining the Council's financial plans for the year of expenditure and income.

Capital Expenditure – expenditure incurred on the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment, which will be used to provide services for a number of years. Under statutory determination, expenditure on assets not belonging to the council can be treated as capital expenditure.

Capital Financing – funds used to pay for capital expenditure.

Capital Receipts – the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within the rules set down by the Government, but they cannot be used to finance revenue expenditure. Capital Receipts can be used for debt repayment.

CIPFA – The Chartered Institute of Public Finance and Accountancy is the leading professional accountancy body for public services in the UK. CIPFA has responsibility for setting good practice accounting standards for Local Government. And has approval from the Financial Reporting Advisory Board to issue the Accounting Code of Practice, which prescribes the content and format of the Statement of Accounts.

Collection Fund –The Collection Fund for English authorities is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and Central Government of council tax and national non-domestic rates.

Componentisation – An accounting term that covers the practice of splitting an asset into its component parts (e.g. Walls, Roof, Lift, Boiler) to determine the appropriate value and depreciation basis for each component.

Contingent Liability – a potential liability at the Balance Sheet date. If the liability cannot be estimated reasonably accurately, it must be disclosed as a note to the Statement of Accounts.

Council Tax – the main source of local taxation to Local Authorities. Council Tax is levied on all domestic households within the Council's area.

Council Tax Support – assistance provided to adults on low incomes to help them pay their Council Tax bill. A resident that qualifies for this are entitled to a discount on their council tax bill.

Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.

Creditors – money owed by the Council to others for goods received, works carried out, or services rendered up to the end of the accounting period.

Debtors – money owed to the Council by others for goods supplied, works carried out, or services rendered up to the end of the accounting period.

Fair Value - is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Assets – is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

Force Majeure – is a common clause in contracts which essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as war, strike, riot, crime, act of nature e.g. flooding, earthquake, volcano, prevents one or both parties from fulfilling their obligations under the contract.

General Fund – the main revenue fund of the Authority. Day-to-day spending on services is met from the fund. Spending on the provision of social housing, however, must be charged to a separate Housing Revenue Account.

Going Concern – assumption that the authority will continue in operational existence for the foreseeable future and that its accounts are prepared without the intention or necessity to materially curtail its operations.

Gross Expenditure – the total cost of providing the Council's services before taking into account income from Government grants and fees and charges for services.

Housing Benefit – the allowance to persons on low income or unable to meet, in whole or part, their rent. Benefit paid to the Authority's own tenant is known as rent rebate and that paid to private sector tenants as rent allowance.

Housing Revenue Account (HRA) – account which sets out the expenditure and income arising from the provision of housing. The HRA is funded by specific housing grants and rents payable by the Council's tenants.

Impairment – An accounting term that covers the loss in value of an asset either through consumption of its economic life or a change in its usefulness. For example, fire damage.

Internal Audit – a specialist section of the Council that examines, evaluates and reports on the adequacy of internal control systems and the proper, economic, efficient and effective use of resources.

International Financial Reporting Standards – The accounting standards issued by the International Accounting Standards Board (IASB), adopted to provide a consistent and comparable framework for financial reporting on a global basis
.

Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments.

Market Risk - the possibility that losses may arise due to changes in interest rates and market prices.

MRP – Minimum Revenue Provision. This is the calculation that Councils make for the repayment of debt.

National Non-Domestic Rate (NNDR) – a levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. Since the localisation of Business rates was introduced, NNDR is collected by Billing Authorities and distributed to Central Government, County and Fire Authorities on the basis of a pre-set formula.

Net Expenditure – gross expenditure minus specific service income and grants, but before deduction of Revenue Support Grant and reallocated NNDR receipts.

Outturn – actual income and expenditure in a financial year.

Partial Exemption– a VAT term which ensures that a Local Authority does not recover VAT on Inputs that relate to the generation of exempt income more than the 5% of the total VAT recovered.

Pension Fund – an employees' pension fund maintained by an Authority, or group of Authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Authority, the employee and investment income. Ashford participates in a pension fund that covers all Kent Authorities.

Pooled Investments – a pooled investment fund collects money from multiple investors and puts it in one managed portfolio.

Principal Arrangement – this is where the Council is administering grants on behalf of another body but has an element of control over the award, and therefore the cost and receipt of grant are reflected in the costs of service. Where the Council has no control over the allocation, the arrangement is treated as an agency arrangement and the associated costs are not included within the Council's cost of services.

Precept – the levy made by precepting authorities on Billing Authorities, requiring the latter to collect income from Council taxpayers on their behalf. County councils, police authorities, fire and rescue authorities are major precepting authorities and Parish Councils are local precepting authorities.

Private Finance Initiative (PFI) – a Central Government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance.

In 2018 the Government announced that new PFIs could no longer be created, however existing contracts would continue.

Provisions – amounts set aside for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the Provision must be the best estimate of the likely liability or loss.

Reserves – amounts set aside to meet general, rather than specific future expenditure. These include “other reserves”, to be spent on specific services or functions and “general reserves” or “balances”, which every Authority must maintain as a matter of prudence. Sums may be put into or taken from reserves at the Council’s discretion. The Council also maintains **unusable reserves** that are established by the code of practice to offset non-current assets.

Revenue Expenditure – the day-to-day running costs of providing services.

Revenue Expenditure Funded from Capital under Statute – expenditure that does not result in the creation of a Property Plant and Equipment but is classified as capital expenditure for Capital Control purposes.

Revenue Support Grant (RSG) – a grant paid by Central Government to aid Local Authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

Specific Grants – grants from Central Government which may only be used for a specific purpose.

Stanhope Private Finance Initiative (PFI) - The PFI agreement for the regeneration of the Stanhope Estate has been ongoing since 2007; the details are in note 30.

Treasury Management – management of the Council’s cash balances on a daily basis, to obtain the best return while maintaining an acceptable level of risk.

Usable Reserves – funds available to the Council and represent specific amounts set-aside for future policy purposes or earmarked purposes, including the General Fund and the Capital Receipts Reserve.

Unusable Reserves – These are non-cash reserves that are kept to manage the accounting processes for non-current assets, investments, retirement benefits, employee benefits and collection fund adjustments and do not represent usable resources for the Council.