COTSWOLD
District Council

Council name	**COTSWOLD DISTRICT COUNCIL**
Name and date of Committee	**AUDIT AND GOVERNANCE COMMITTEE – 27 JULY 2026**
Subject	**STATEMENT OF ACCOUNTS 2025/26**
Wards affected	None
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: patrick.coleman@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and S151. Officer Email: David.Stanley@Cotswold.gov.uk
Report author	Michelle Burge, Chief Accountant and Deputy S151 Officer Email: Michelle.Burge@Cotswold.gov.uk
Summary/Purpose	The Statement of Accounts for 2025/26 shows the financial position of the Council as of 31 March 2026 as well as the performance during the year. Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts. This report presents to the Committee for consideration the draft Statement of Accounts for the year ended 31 March 2026.
Annexes	**Annex A** – Unaudited 2025/26 Statement of Accounts
Recommendation(s)	That the Audit and Governance resolves to note: 1. The draft unaudited Statement of Accounts 2025/26 (as attached at **Annex A**) 2. Key highlights from the Statement of Accounts 2025/26 as set out within this report.
Corporate priorities	• Delivering Good Services
Key Decision	No

Exempt	No
Consultees/ Consultation	None

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1. EXECUTIVE SUMMARY

1.1 The Draft Statement of Accounts for 2025/26 shows the financial position of the Council as at 31 March 2026 as well as the performance during the year. The Statement of was published on the Council website on 1 July 2026

1.2 Under the Council's Constitution, the Audit and Governance Committee is charged with the responsibility of the approval of the accounts.

1.3 This report summarises the key aspects of the 2025/26 Statement of Accounts which can be found at **Annex A**.

1.4 Member of the Committee will be offered the opportunity to attend Statement of Accounts training in September 2026, providing an overview of the Accounts, an explanation of their role as Councillor, an explanation of the key statements and of some of the key balances and entries. The PowerPoint slide deck and any associated papers will be circulated for any members of the Committee who are unable to attend.

1.5 A final audited version of the Statement of Accounts, together with the Council's external audit's opinion on those accounts is expected to be presented to the December Committee meeting following completion of the external audit. Bishop Fleming have agreed that their fieldwork will commence from September 2026.

1.6 The draft Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ('the Code'). The Council is statutorily obliged under the Accounts and Audit Regulations 2015 to prepare its Statement of Accounts in accordance with the Code.

1.7 The Statement of Accounts have a specified format which includes a narrative report, four primary statements, accounting policies and notes to the accounts. The purpose of the primary statements is set out below together with any key highlights from those statements for the year ended 31 March 2026.

2. COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

2.1 This statement includes the net cost of services in accordance with generally accepted accounting practices which for 2025/26 was a surplus of £4.529m. This differs from the revenue outturn report which reported a surplus of £0.889m (£0.251m improvement to the budgeted £0.638m surplus) as the CI&ES is prepared under International Financial Reporting Standards (IFRS) while the management accounts are prepared based upon Local Authority accounting rules. The "Expenditure and Funding Analysis" within the published Statement of Accounts reconciles the difference between the IFRS net surplus and management accounts outturn.

2.2 A reconciliation of the CI&ES with the budget monitoring report is shown below.

	2025/26 £m
Surplus for the year per CIES	**(4.529)**
Technical Accounting Adjustments	1.188
(Use of) / transfer to Earmarked Reserves	2.452
Net Surplus per Management Reporting	**(0.889)**

2.3 The technical accounting adjustments include movements for:

- Neutralisation of depreciation.
- Revaluation gains/losses for the Council's property portfolio.
- Transfer of capital grant/contribution to the capital grant reserve.
- Revenue expenditure funded from capital under statute
- Adjustments to the pension reserve which neutralises the current service cost and ensures that the actuarial estimates are not charge to Council Taxpayers.

3. MOVEMENT IN RESERVES STATEMENT (MiRS)

3.1 The MiRS details the movement in the year between reserves, from the deficit on provision of services in the Comprehensive Income and Expenditure Statement, to the position on the Balance Sheet as at 31 March 2026. The reserves are split into usable reserves (which are available to spend) and unusable reserves held for accounting purposes (and are not available for use).

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4. BALANCE SHEET

4.1 The Balance Sheet depicts the assets and liabilities of the Council as at 31 March 2026 splitting these between current (less than 12 months) and non-current (long term assets and liabilities). Subtracting liabilities from assets leads to a net position which represents the Council's 'net worth'.

4.2 As of 31 March 2026, the Council's net worth is £106.051m compared to £96.362m the previous year, an increase of £9.689m.

4.3 The Council's Property, Plant and Equipment values have increased by £2.062m, largely because of £2.770m increases in land and property valuations. This movement is also reflected within the Unusable Reserves, Revaluation Reserve balance.

4.4 Non-Current debtors decreased by £1.064m, predominantly due to reductions in the principal outstanding on vehicle finance leases for vehicles with Ubico, as repayments continued in accordance with the lease agreements.

4.5 Current assets have increased by £5.159m, due in part to a £4.911m increase in short term Investment deposit.

4.6 Current Liabilities have reduced by £0.364m, due to a £0.461m reduction in the provision for NNDR appeals, a £0.270m increase in s106 balances & £0.178m decrease in creditors and receipts in advance.

4.7 The Council's pension surplus has increased by £3.492m to £21.753m. Under the International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or Asset Ceiling calculation due to an ongoing requirement to pay agreed past service contributions. The inclusion of the Asset Ceiling calculation resulted in a lower valuation producing a net liability of £10.735m being included within the balance sheet for 2025/26.

4.8 The total balance of capital resources (excluding Community Infrastructure Levy receipts) as of 31 March 2026 is £6.355m including capital grants. Expenditure on capital projects was £2.605m in 2025/26 including waste and recycling containers £0.128m, electronic vehicle charging points £0.118m, public conveniences card readers £0.083, IT infrastructure £0.082m and private sector housing renewal grants (DFG) awarded totalling £1.605m.

4.9 £0.428m of Capital receipts were applied during the year to finance capital expenditure. In addition, £2.049m of capital receipts were generated from asset disposals and loan and lease repayments. These included £0.271m from the sale of Old Memorial Cottages, £0.238m from the sale of Bourton on the Water Visitor Information Centre and £0.076m from the sale of the Old Station, £0.325m of Right to Buy receipts from Bromford Housing, £0.901m of lease repayments from Ubico and £0.235m of loan repayments from Friends of the Cotswold.

4.10 The Useable Reserve, Capital Grants Unapplied, has increased by £1.039m predominantly due to capital contributions received from developers under the Community Infrastructure Levy scheme (CIL) which have not yet been applied to finance capital schemes.

5. CASHFLOW STATEMENT

5.1 The Cash Flow Statement included within the draft Statement of Accounts presents the year-on-year movement in cash and cash equivalents, rather than solely the movement in the Council's bank balance. Cash and cash equivalents include cash held in the Council's current account together with on-demand deposits, such as Money Market Funds and Call Accounts.

5.2 At 31 March 2026, cash and cash equivalents had increased by £0.904m compared with the previous year. This increase was primarily due to a £0.929m rise in balances held in Money Market Funds and Call Accounts, partially offset by a £0.025m reduction in cash held in the Council's current account.

5.3 The increase in cash balances was largely driven by the timing of cash receipts and payments at the year end, resulting in higher funds being available for short-term investment. Surplus cash was therefore transferred from the Council's current account into Money Market Funds and Call Accounts to maximise investment returns whilst maintaining liquidity.

6. NOTES TO THE ACCOUNTS

6.1 The notes to the accounts provide the detailed breakdown of the numbers contained within the primary statements together with relevant supporting information to assist the readers of the accounts and to comply with accounting standards disclosure requirements.

7. ACCOUNTING POLICIES

7.1 The Council's Financial Rules state that the Chief Finance Officer is responsible for setting the Council's Accounting Policies. The Statement of Accounts is prepared based upon these policies. Whilst it is the Chief Finance officer's responsibility to set the policies, the Audit and Governance Committee is responsible for approving them.

7.2 The Accounting Policies were approved by the Audit and Governance Committee at the meeting on the 9 April 2026. No further changes have been made to the policies presented and approved at that meeting.

8. APPROVAL AND PUBLICATION OF THE ACCOUNTS

8.1 The Audit and Governance Committee is responsible for formally approving the audited Statement of Accounts on behalf of the Council. The statutory deadline for completing the 2025/26 audit is the 31 January 2027.

8.2 Officers have agreed with Bishop Fleming that the audit will commence in September 2026 and is expected to complete by 9 November 2026.

8.3 On completion of the audit, the Committee will be asked to approve the signing of the Statement of Accounts and Letter of Representation. At this point, the accounts can be formally approved by the Committee and the external auditor (Bishop Fleming LLP). The S.151 Officer will then sign the accounts, and they will be published on the Council website alongside the notice of the completion of the Audit.

9. POST BALANCE SHEET EVENTS

9.1 The S.151 Officer will continue to monitor matters which occur after the balance sheet date, (31 March 2026) which could have an impact on the amounts included within the accounts up to the date the external auditor signs the Statement of Accounts. If the matter meets the definition of an 'adjusting' event and would have a material impact on an amount or amounts included within the statements, further adjustments to the statement may be required. Any such events would be discussed with the external auditor and reported to the Committee.

10. ALTERNATIVE OPTIONS

10.1 There are no alternative options as the Council has a legal obligation to prepare the statutory statement of accounts and for those to be subject to external audit.

11. CONCLUSIONS

11.1 The Statement of accounts at Annex A are draft and was published on the Council website on 1 July 2026. Committee members will be offered the opportunity to attend a Statement of Accounts training session in September 2026.

11.2 It is anticipated that an audited version of the accounts will be presented to the December Committee for final sign off following finalisation of the audit by Bishop Fleming

12. FINANCIAL IMPLICATIONS

12.1 Revenue and capital balances as detailed within the report and the annex. There are no other direct financial implications arising from this report.

13. LEGAL IMPLICATIONS.

13.1 No specific implications

14. RISK ASSESSMENT

14.1 The main risks arise from a lack of financial control and poor accounts preparation process. The Council has appropriate controls in place to mitigate these. In addition, any recommendation made by the External Auditor which have been accepted will be implemented within the agreed deadline.

15. EQUALITIES IMPACT

15.1 This report presents to the Committee a statutory report which the Council has a legal obligation to prepare and as such, there are no equalities impacts.

16. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

16.1 None

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17. BACKGROUND PAPERS

17.1 9 April 2026 Audit and Governance Committee approved the Draft Accounting Policies

(END)