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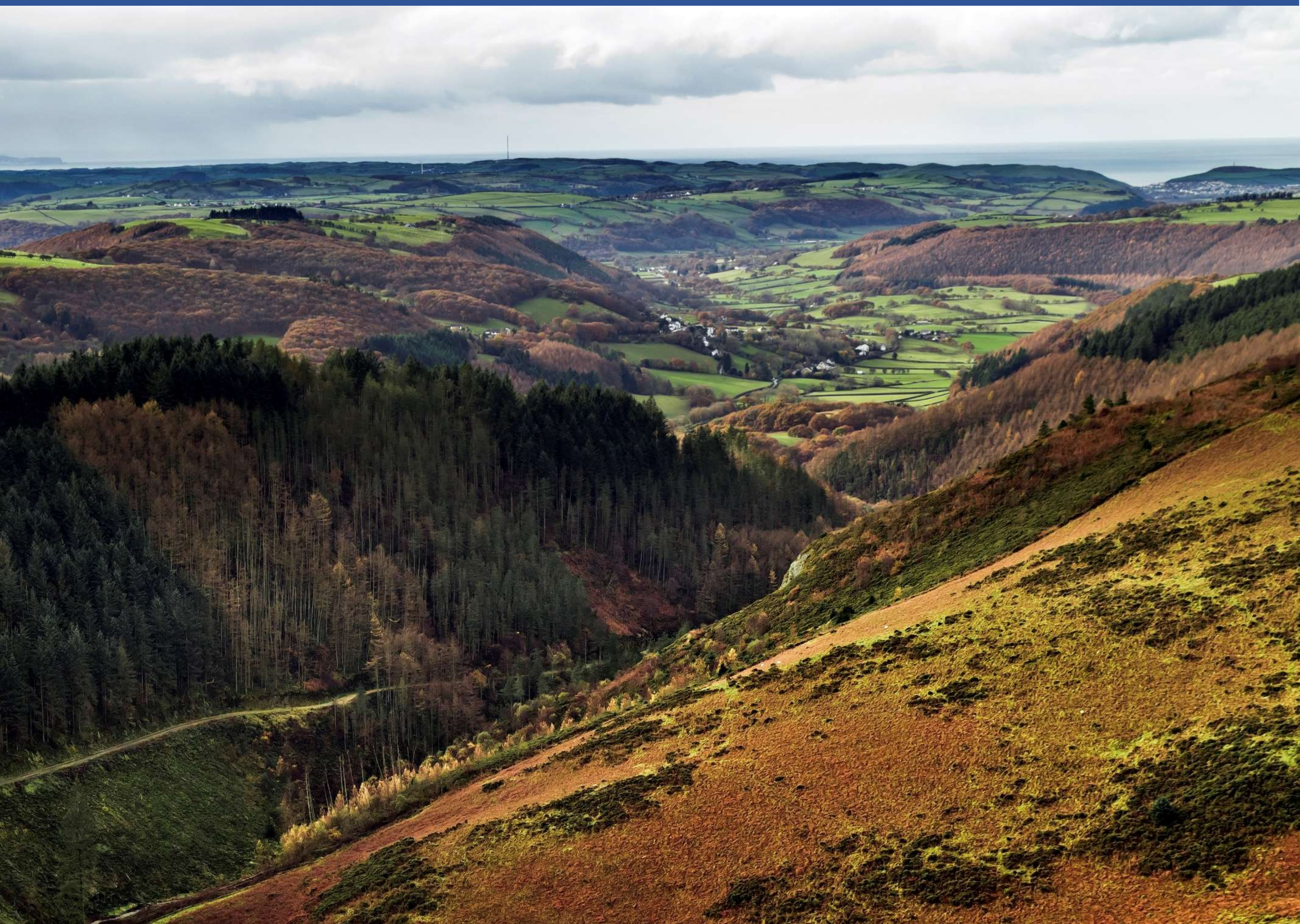
Cyngor Sir
CEREDIGION
County Council

STATEMENT OF ACCOUNTS 2025/2026



PRE-AUDIT

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About Ceredigion County Council

The County of Ceredigion covers an area of over 690 square miles of breath-taking scenery, dramatic coastline and vibrant communities. The County is geographically one of the largest in Wales and has a population figure of 72,590 per the ONS 2024 Mid-Year Estimates. The main towns being Aberystwyth, Cardigan, Lampeter, Llandysul, Aberaeron and Tregaron.

Ceredigion caters for many industries namely agriculture, tourism, food manufacturing companies, retail, scientific research and many other indigenous businesses. Education plays a big role within Ceredigion, with two University campuses, a Further Education College, 34 primary schools, 4 Secondary and 3 All Through Schools.

Ceredigion County Council is a unitary authority formed on 1 April 1996 and is responsible for a wide range of services and activities. The Council has adopted the "Cabinet" system of administration. The Cabinet carries out the Executive functions for the Authority.

Governance

The Annual Governance Statement (AGS), which accompanies the Statement of Accounts each year, outlines the Council's approach to ensuring that it maintains an effective system of corporate governance and internal control. The statement is produced following a review of the council's governance arrangements and includes an action plan to address any significant governance issues identified. The AGS is reviewed by the Governance and Audit Committee and approved by Council.

Issues and risks affecting the Council

The Council's corporate risks, their risk score and RAG [red (13-25), amber (6-12), green (0-5)] ratings at the start and end of the year are shown below:

Corporate Risk	Beginning of the year	End of the year
Finance	25/Red	20/Red
Information Management Security	16/Red	16/Red
Climate Change	25/Red	25/Red
Ash Dieback	16/Red	16/Red
Recruitment and Retention	15/Red	12/Amber
Systems End of Life	16/Red	16/Red
Cyber Resilience	20/Red	20/Red
Fire Safety	16/Red	12/Amber
Rural Poverty	16/Red	16/Red

- **Finance (previously Medium Term Financial Plan)** - This has reduced from 25 to 20, since the latest Medium Term Financial Strategy (MTFS) which was approved by Full Council on 23/10/25 places the Council on a sounder medium to long term footing.
- **Recruitment and Retention** and **Fire Safety** were eligible for de-escalation as they both have a reduced score of 12 following the latest updates. However, it was agreed to retain both on the Corporate Risk Register for the time being to enable continued Leadership Group oversight and management.
- **Rural Poverty** - A new Corporate Risk: Rural Poverty, has been added following a horizon scanning exercise and a review of partners' risks

- All other risks have no changes but mitigating actions have been reviewed.

Following the *Audit Wales Review of Corporate Risk Management Arrangements*, a series of amendments to the Corporate Risk Register have been introduced in this year to ensure alignment with the review's recommendations, including a refinement of risk titles in accordance with the Government Orange Book best-practice.

Financial Strategy and Resource Allocation

The Treasury and external forecasters are expecting a difficult period for economic growth, even more so with the impact of the Middle East conflict, and this continues to provide a challenging background for the Council's budget. Demand led services such as Through Age Wellbeing, Education and the Homeless service continue to see increased pressures.

The Council's latest medium term financial strategy was approved by Cabinet on 23/10/2025 and can be viewed here:

http://www.ceredigion.gov.uk/your-council/strategies-plans-policies/finance/medium-term-financial-strategy/

Financial Performance - Revenue

The final overall revenue outturn position for 25/26 is an improved underspend of £278k, against a 25/26 Budget of £209.2m. This equates to a variance of 0.13% and the underspend will be moved into General Balances.

The final position results in the Council's General Balances ending the year at £7.3m, equating to 3.3% of the 26/27 Budget. This is an important metric as the Council aims to keep within a target range of 3% and 5%, but year on year the %age gets naturally diluted as the Council's annual Budget increases.

The final position can be summarised as follows:

	25/26 Latest Budget £'000	**25/26 Actuals £'000**	**Under/ (Over) spend £'000**
Total Controllable Budget	**209,164**	**210,463**	***(1,299)***
<u>Funding</u>			
Council Tax	**(64,939)**	(66,516)	1,577
NNDR & RSG	**(144,225)**	(144,225)	-
Total Funding	**(209,164)**	**(210,741)**	**1,577**
Overall Outturn Position	**-**	**278**	**278**

The overall final position is also shown in the Expenditure and Funding Analysis on page 13.

Earmarked reserves are regularly reviewed and a full breakdown showing the position as at 31/03/26 is shown in Note 1.8. In overall terms, specific Earmarked reserves (excluding General Balances) end the year at £44.4m.

Final individual Service positions have generally improved since the Q3 projections. Notably the Through Age & Wellbeing model (the 3 Pyrths) have ended the year very close to breakeven with a small overspend of £154k against a combined Budget of £65.8m. The financial position in relation to Ceredigion Schools and their Balances compares favourably with other Local Authorities. The Council has also received positive recognition of its financial management support for Schools in a recent national Estyn report.

The overall positive outturn position has therefore enabled some transfers to earmarked reserves to be actioned to help mitigate key financial risks and commitments. This is the reason that the Controllable Budget is showing as having expenditure above budget, as it includes those transfers to earmarked reserves.

CONCLUSION

The financial position for 25/26 continues to demonstrate that the Council's overall financial position remains strong and resilient and that the Council's financial position is being carefully and proactively managed.

There is a collective Team Ceredigion approach to financial management, from the Leadership Group (through which the Council wide position is managed corporately) through to all Services and Budget-holders supported by the Accountancy Service within the Finance & Procurement Service. There is a strong and positive financial culture in place that is heavily focussed on achieving the 4 Corporate Wellbeing Objectives and the Council's 2022-2027 Corporate Strategy.

With £44.4m of Earmarked Reserves and £7.3m in General Balances as at 31/03/26, the Council's Balance Sheet is financially resilient. However, relative to the Council's £221m budget for 26/27, the combination of Earmarked Reserves and General Balances only affords approx. 85 days' worth of financial cover (i.e. just under 3 months) plus there are commitments against several Earmarked Reserves (e.g. matched funding for major capital schemes, delivery of the Digital Strategy and funding support the delivery of the 4 Corporate Wellbeing Objectives). Ceredigion's School Balances are in a significantly healthier position than many other Councils in Wales.

Taking all matters into consideration, the in-year financial position has been managed robustly within an acceptable level of tolerance.

OPINION OF THE SECTION 151 OFFICER

As part of the Budget setting process, the Section 151 officer is legally required to provide an opinion under Section 25 of the Local Government Act 2003 on the robustness of the estimates made for the purposes of the Budget calculations and also the adequacy of the proposed financial reserves.

From the 2024/25 Accounts onwards, there is also a requirement (under the Code of Practice on Local Authority Accounting) that within the annual Statement of Accounts the Council explains the consideration it has given to any risk that a Section 114 notice (under the Local Government Finance Act 1988) might need to be issued in the near future or the medium term. Section 114 of the Act relates to the potential or actual incurring of ultra vires transactions including a proposed decision being made in that regard – be that an individual item or the risk of the Council facing bankruptcy and not being able to meet its financial obligations. This risk is very specific and is distinct to wider medium to long term financial planning considerations.

The Section 151 officer confirms that based on the information currently available, there is a low risk of a Section 114 notice needing to be issued in the short to medium term, provided at all times that the Council continues to pass a balanced budget by the 11th of March each year.

Financial Performance - Capital

	2025/26 £'000	2024/25 £'000
Approved Budget	41,697	61,907
Expendable Budget	38,011	61,021
Actual Expenditure	36,360	64,093
	1,651	**(3,072)**

For 25/26, Capital expenditure was lower than Budget due to a combination of additional grant funding being secured (e.g. Schools Capital Maintenance grant and Energy Efficiency grants) and some slippage on core funded schemes.

Within the overall position the main area of overspend related to the Aberaeron Coastal Defence scheme where there was a £1.7m overspend in 25/26, taking the cumulative overspend position to £4.0m as at 31/03/26. The overspend has been fully financed, with £2.8m coming from external sources and £1.2m from Council funding.

In addition, during the year:

- Llettytwppa Farm near Lampeter was successfully acquired using a £2m loan from WG.
- Significant Capital funds have been granted to Aberystwyth University to assist with the Yr Hen Goleg (a new Life for the Old College) scheme - including £2.1m of Levelling Up funding and £3.2m of Transforming Towns funding.
- Just under £2.8m was successful spent on Highways infrastructure improvements using the first year's allocation from WG's Highways Local Government Borrowing initiative.

Approved Budget – is the total Capital Programme budget approved by Cabinet/Council which includes a general grants line which is not an expendable budget. This is a mechanism for adding additional approved grant schemes within the year.

Expendable Budget – is the total of the approved schemes within the Capital Programme excluding the general grants line.

Capital Expenditure Financing:	2025/26	2024/25
	£'000	**£'000**
General Capital Funding	6,821	5,935
Supported Borrowing	2,042	3,803
Supported Prudential borrowing Aberaeron Coastal Protection	3,626	18,993
Supported Prudential Borrowing (Road Maintenance SSA)	2,786	0
Unsupported Borrowing (Purchase of Llettywppa)	1,947	0
Developing Education in Ceredigion Reserves	72	2,877
Creating sustainable Green and Well-Connected Communities - Reserve for Aberaeron Coastal Protection	640	2,564
Capital Receipts	92	805
Revenue/Reserve contributions	2,208	2,780
Grants	16,126	26,336
	36,360	**64,093**

ACCOUNTING STATEMENTS

This Statement of Accounts has been provided to give electors, local taxpayers, Members of the Council and other interested parties information about the Council's financial position. It provides a summary of the financial position as at 31 March 2026 and includes a number of accounting statements, which show the range and scale in financial terms, of the Council's services and activities. The various services of the Council have co-operated by maintaining adequate accounting records, exercising budgetary control and providing relevant documents. This document has been prepared to meet the requirements of the Public Audit (Wales) Act 2004 (and as further specified in the Accounts and Audit (Wales) Regulations 2014) and fully reflects the Code of Practice on Authority Accounting in the United Kingdom 2025/26 requirements for accounting statements.

CORE FINANCIAL STATEMENTS

The Statement of Accounts comprises a number of Accounting Statements and the following notes are provided to explain their purpose.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by Councils in comparison with those resources consumed or earned by Councils in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement

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. Councils raise council tax to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce council tax) and 'unusable reserves'. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Balance Sheet

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

Cash Flow Statement

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

Further Information

Interested persons have a statutory right to inspect the Accounts before the annual audit is completed. Anyone wishing further information on the Accounts should contact the Finance and Procurement Service by e-mail: **df.technicians@ceredigion.gov.uk**

Cymraeg
Ysgrifennwch ataf yn Gymraeg neu Saesneg
Please write to me in Welsh or English

THE COUNCIL'S RESPONSIBILITIES

The Council 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 Council, that officer is the Executive Corporate Lead Officer: Finance & Procurement (Chief Finance Officer & Section 151 Officer).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

THE RESPONSIBILITIES OF THE EXECUTIVE CORPORATE LEAD OFFICER: FINANCE & PROCUREMENT (CHIEF FINANCE OFFICER & SECTION 151 OFFICER)

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

In preparing this Statement of Accounts, the Executive Corporate Lead Officer: Finance & Procurement (Chief Finance Officer & Section 151 Officer) has:

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

The Executive Corporate Lead Officer: Finance & Procurement (Chief Finance Officer & Section 151 Officer) has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2026.

Executive Corporate Lead Officer: Finance & Procurement 30 June 2026
(Chief Finance Officer & Section 151 Officer)

2025/26	Outturn £'000	Transfers (to)/from Earmarked Reserves (Note 1.8) £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding & Accounting Basis (Note 1.1 & 1.7) £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Customer Contact, ICT & Digital	7,083	77	**7,160**	51	**7,211**
Democratic Services	5,510	(150)	**5,360**	(86)	**5,274**
Economy & Regeneration	4,263	365	**4,628**	3,308	**7,936**
Finance & Procurment	21,550	79	**21,629**	(6,425)	**15,204**
Highways & Environmental	21,074	(1,267)	**19,807**	2,728	**22,535**
Legal & Governance	1,854	29	**1,883**	(10)	**1,873**
People & Organisation	2,522	(35)	**2,487**	(13)	**2,474**
Policy, Performance & Public Protection	2,628	(60)	**2,568**	(58)	**2,510**
Pyrth Through Age Model					
Porth Cymorth Cynnar	4,625	(148)	**4,477**	2,593	**7,070**
Porth Cynnal	41,619	349	**41,968**	(54)	**41,914**
Porth Gofal	19,673	(120)	**19,553**	(198)	**19,355**
	65,917	**81**	**65,998**	**2,341**	**68,339**
Schools & Lifelong Learning	62,506	675	**63,181**	5,018	**68,199**
Leadership Group	7,051	313	**7,364**	263	**7,627**
Levies, Council Tax Premium & Reserves	8,505	(3,446)	**5,059**	(4,889)	**170**
NET COST OF SERVICES	**210,463**	**(3,339)**	**207,124**	**2,228**	**209,352**
Other Income and Expenditure	**(210,741)**	**0**	**(210,741)**	**(5,214)**	**(215,955)**
(Surplus) or Deficit	**(278)**	**(3,339)**	**(3,617)**	**(2,986)**	**(6,603)**
General Fund Opening Balance	**(7,014)**	**(41,029)**	**(48,043)**		
(Surplus) or Deficit	**(278)**	**(3,339)**	**(3,617)**		
General Fund Closing Balance	**(7,292)**	**(44,368)**	**(51,660)**		

2024/25	Outturn	Transfers (to)/from Earmarked Reserves (Note 1.8)	Net Expenditure Chargeable to the General Fund	Adjustments between Funding & Accounting Basis (Note 1.1 & 1.7)	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Customer Contact, ICT & Digital	6,673	(296)	**6,377**	299	**6,676**
Democratic Services	5,159	(140)	**5,019**	161	**5,180**
Economy & Regeneration	3,735	(433)	**3,302**	2,163	**5,465**
Finance & Procurement	19,605	585	**20,190**	(5,152)	**15,038**
Highways & Environmental	19,974	3,260	**23,234**	43	**23,277**
Legal & Governance	1,695	36	**1,731**	29	**1,760**
People & Organisation	2,435	0	**2,435**	68	**2,503**
Policy, Performance & Public Protection	2,348	(50)	**2,298**	99	**2,397**
Pyrth Through Age Model					
Porth Cymorth Cynnar	3,736	(155)	**3,581**	2,633	**6,214**
Porth Cynnal	37,716	506	**38,222**	615	**38,837**
Porth Gofal	17,130	502	**17,632**	7,958	**25,590**
	58,582	**853**	**59,435**	**11,206**	**70,641**
Schools & Lifelong Learning	57,693	2,470	**60,163**	15,273	**75,436**
Leadership Group	8,653	321	**8,974**	(755)	**8,219**
Levies, Council Tax Premium & Reserves	8,178	(3,651)	**4,527**	(4,405)	**122**
NET COST OF SERVICES	**194,730**	**2,955**	**197,685**	**19,029**	**216,714**
Other Income and Expenditure	**(195,040)**	**0**	**(195,040)**	**(11,664)**	**(206,704)**
(Surplus) or Deficit	**(310)**	**2,955**	**2,645**	**7,365**	**10,010**
General Fund Opening Balance	**(6,704)**	**(43,984)**	**(50,688)**		
(Surplus) or Deficit	**(310)**	**2,955**	**2,645**		
General Fund Closing Balance	**(7,014)**	**(41,029)**	**(48,043)**		

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT (CIES)

	Note	2025/26 Gross Exp £'000	Gross Inc £'000	Net Exp £'000
Customer Contact, ICT & Digital		8,705	(1,494)	7,211
Democratic Services		5,378	(104)	5,274
Economy & Regeneration		15,751	(7,815)	7,936
Finance & Procurement		25,865	(10,661)	15,204
Highways & Environmental		33,371	(10,836)	22,535
Legal & Governance		1,948	(75)	1,873
People & Organisation		3,620	(1,146)	2,474
Policy, Performance & Public Protection		3,501	(991)	2,510
Pyrth Through Age Model				
Porth Cymorth Cynnar		18,839	(11,769)	7,070
Porth Cynnal		58,066	(16,152)	41,914
Porth Gofal		28,900	(9,545)	19,355
		105,805	(37,466)	68,339
Schools & Lifelong Learning		91,565	(23,366)	68,199
Leadership Group		10,365	(2,738)	7,627
Levies, Council Tax Premium & Reserves		170	0	170
COST OF SERVICES		**306,044**	**(96,692)**	**209,352**
Other operating expenditure	1.9	19,202	(79)	19,123
Financing and investment income and expenditure	1.10	4,923	(2,612)	2,311
Taxation and non-specific grant income	1.11	0	(237,389)	(237,389)
(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES		**330,169**	**(336,772)**	**(6,603)**
(Surplus) or deficit on revaluation of Fixed Assets	1.27			(36,045)
Remeasurement of the net defined benefit liability (asset)	1.37			1,089
OTHER COMPREHENSIVE INCOME AND EXPENDITURE				**(34,956)**
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				**(41,559)**

		2024/25		
		Gross	Gross	
		Exp	Inc	Net Exp
	Note	£'000	£'000	£'000
Customer Contact, ICT & Digital		8,169	(1,493)	6,676
Democratic Services		5,807	(627)	5,180
Economy & Regeneration		18,831	(13,366)	5,465
Finance & Procurement		28,347	(13,309)	15,038
Highways & Environmental		31,609	(8,332)	23,277
Legal & Governance		1,826	(66)	1,760
People & Organisation		3,903	(1,400)	2,503
Policy, Performance & Public Protection		3,527	(1,130)	2,397
Pyrth Through Age Model				
Porth Cymorth Cynnar		17,005	(10,791)	6,214
Porth Cynnal		53,963	(15,126)	38,837
Porth Gofal		34,204	(8,614)	25,590
		105,172	(34,531)	70,641
Schools & Culture		99,767	(24,331)	75,436
Leadership Group		10,768	(2,549)	8,219
Levies, Council Tax Premium & Reserves		122	0	122
COST OF SERVICES		**317,848**	**(101,134)**	**216,714**
Other operating expenditure	1.9	17,523	(87)	17,436
Financing and investment income and expenditure	1.10	3,978	(2,709)	1,269
Taxation and non-specific grant income	1.11	0	(225,409)	(225,409)
(SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES		**339,349**	**(329,339)**	**10,010**
(Surplus) or deficit on revaluation of Fixed Assets	1.27			(13,553)
Remeasurement of the net defined benefit liability (asset)	1.37			846
OTHER COMPREHENSIVE INCOME AND EXPENDITURE				**(12,707)**
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE				**(2,697)**

2025/26	Note	General Fund Balance £'000	Earmarked Reserves £'000	TOTAL £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31/03/25		**(7,014)**	**(41,029)**	**(48,043)**	**(6,075)**	**(1,085)**	**(55,203)**	**(385,474)**	**(440,677)**
(Surplus) or deficit on provision of services		(6,603)	0	**(6,603)**	0	0	**(6,603)**	0	**(6,603)**
Other Comprehensive Expenditure & Income		0	0	**0**	0	0	**0**	(34,956)	**(34,956)**
Total Comprehensive Expenditure & Income		**(6,603)**	**0**	**(6,603)**	**0**	**0**	**(6,603)**	**(34,956)**	**(41,559)**
Adjustments between accounting basis & funding basis under regulations	**1.7**	2,986	0	**2,986**	(2,086)	298	**1,198**	(1,198)	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(3,617)**	**0**	**(3,617)**	**(2,086)**	**298**	**(5,405)**	**(36,154)**	**(41,559)**
Transfers to/from Earmarked Reserves	**1.8**	3,339	(3,339)	**0**	0	0	**0**	0	**0**
(Increase)/Decrease		**(278)**	**(3,339)**	**(3,617)**	**(2,086)**	**298**	**(5,405)**	**(36,154)**	**(41,559)**
Balance at 31/03/26		**(7,292)**	**(44,368)**	**(51,660)**	**(8,161)**	**(787)**	**(60,608)**	**(421,628)**	**(482,236)**

2024/25	Note	General Fund Balance £'000	Earmarked Reserves £'000	TOTAL £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31/03/24		**(6,704)**	**(43,984)**	**(50,688)**	**(6,620)**	**(4,094)**	**(61,402)**	**(376,578)**	**(437,980)**
(Surplus) or deficit on provision of services		10,010	0	**10,010**	0	0	**10,010**	0	**10,010**
Other Comprehensive Expenditure & Income		0	0	**0**	0	0	**0**	(12,707)	**(12,707)**
Total Comprehensive Expenditure & Income		**10,010**	**0**	**10,010**	**0**	**0**	**10,010**	**(12,707)**	**(2,697)**
Adjustments between accounting basis & funding basis under regulations	**1.7**	(7,365)	0	**(7,365)**	545	3,009	**(3,811)**	3,811	**0**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**2,645**	**0**	**2,645**	**545**	**3,009**	**6,199**	**(8,896)**	**(2,697)**
Transfers to/from Earmarked Reserves	**1.8**	(2,955)	2,955	**0**	0	0	**0**	0	**0**
(Increase)/Decrease		**(310)**	**2,955**	**2,645**	**545**	**3,009**	**6,199**	**(8,896)**	**(2,697)**
Balance at 31/03/25		**(7,014)**	**(41,029)**	**(48,043)**	**(6,075)**	**(1,085)**	**(55,203)**	**(385,474)**	**(440,677)**

BALANCE SHEET

	Note	£'000	31/03/26 £'000	31/03/25 £'000
ASSETS				
Property, Plant and Equipment	1.13	390,072		353,516
Infrastructure	1.13	188,042		177,965
Investment Property	1.14	21,055		21,782
Heritage Assets	1.15	2,691		2,661
Intangible Assets		112		144
Long Term Debtors	1.17	4,920		4,430
LONG TERM ASSETS			**606,892**	**560,498**
Short Term Investments	1.18	16,089		15,146
Assets Held for Sale		120		290
Inventories		589		678
Short Term Debtors	1.21	41,553		59,174
Cash and Cash Equivalents	1.22	22,350		8,899
CURRENT ASSETS			**80,701**	**84,187**
TOTAL ASSETS			**687,593**	**644,685**
LIABILITIES				
Short Term Borrowing	1.24	(3,974)		(1,848)
Short Term Creditors	1.23	(65,466)		(60,877)
Short Term Provisions		(280)		(110)
Donated Inventories Account		(75)		(211)
CURRENT LIABILITIES			**(69,795)**	**(63,046)**
Long Term Creditors		(1,620)		(1,330)
Long Term Borrowing	1.24	(123,158)		(127,089)
Other Long Term Liabilities	1.25	(9,404)		(10,138)
Capital Grants Receipts in Advance		(1,380)		(2,405)
LONG TERM LIABILITIES			**(135,562)**	**(140,962)**
TOTAL LIABILITIES			**(205,357)**	**(204,008)**
NET ASSETS			**482,236**	**440,677**
Usable Reserves	1.26	(60,608)		(55,203)
Unusable Reserves	1.27	(421,628)		(385,474)
TOTAL RESERVES			**(482,236)**	**(440,677)**

CASH FLOW STATEMENT (CFS)

	Note		2025/26 £'000	2024/25 £'000
OPERATING ACTIVITIES				
Net Surplus/(Deficit) on the Provision of Services			**6,603**	**(10,010)**
Non cash transactions				
Depreciation and Impairment			15,501	31,146
Capital Grants and contributions			(12,551)	(17,609)
Pension Fund adjustments			(1,734)	2,023
			7,819	5,550
Adjustments for items reported separately on Cashflow				
(Gain)/Loss on the disposal of Fixed Assets			(840)	0
Items on an accrual basis				
(Increase)/decrease in Inventories			(47)	67
(Increase)/decrease in Debtors			16,666	(20,965)
Increase/(decrease) in Creditors			8,363	12,852
Net Cash Inflow/(Outflow) from Operating Activities	1.28		**31,961**	**(2,496)**
INVESTING ACTIVITIES				
Cash Outflows				
Purchase of fixed assets		(29,573)		(50,911)
Purchase of short term investments		(40,753)		(42,601)
Other Capital cash payments		(948)		(986)
			(71,274)	(94,498)
Cash Inflows				
Sale of fixed assets		2,184		81
Capital grants received		11,960		16,604
Proceeds from short term investments		39,810		43,617
Other Capital Cash Receipts		745		2,006
			54,699	62,308
Net Cash Flows from Investing Activities			**(16,575)**	**(32,190)**
FINANCING ACTIVITIES				
Cash Outflows				
Repayment of short term and long term borrowing		(1,846)		(4,807)
Payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts		(89)		2,087
			(1,935)	(2,720)
Cash Inflows				
New Loans Raised			0	26,908
Net Cash Flows from Financing Activities			**(1,935)**	**24,188**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			**13,451**	**(10,498)**
Cash and Cash Equivalents at beginning of the year			**8,899**	**19,397**
Cash and Cash Equivalents at end of the year	1.22		**22,350**	**8,899**

1.1 NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

2025/26	Adjustments for Capital Purposes (Note A) £'000	Net change for Pensions Adjustments (Note B) £'000	Other Differences (Note C) £'000	Total Adjustments £'000
Customer Contact, ICT & Digital	105	(98)	44	51
Democratic Services	11	(80)	(17)	(86)
Economy & Regeneration	2,496	(127)	939	3,308
Finance & Procurement	179	(102)	(6,502)	(6,425)
Highways & Environmental Services	3,032	(181)	(123)	2,728
Legal & Governance	0	(21)	11	(10)
People & Organisation	0	(41)	28	(13)
Policy, Performance & Public Protection	8	(54)	(12)	(58)
Pyrth Through Age Model				
Porth Cymorth Cynnar	2,662	(126)	57	2,593
Porth Cynnal	(63)	(81)	90	(54)
Porth Gofal	227	(263)	(162)	(198)
	2,826	(470)	(15)	2,341
Schools & Lifelong Learning	5,207	(401)	212	5,018
Leadership Group	2	(6)	267	263
Levies, Council Tax Premium & Reserves	(434)	(1)	(4,454)	(4,889)
NET COST OF SERVICES	**13,432**	**(1,582)**	**(9,622)**	**2,228**
Other Income and Expenditure	(14,546)	(152)	9,484	(5,214)
Difference between General Fund surplus or deficit plus Earmarked Reserves and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(1,114)**	**(1,734)**	**(138)**	**(2,986)**

NOTE A – Adjustments for Capital Purposes
This column adjusts for depreciation, impairment, revaluation gains and losses, gains and losses on disposal of assets, capital grants and capital expenditure funded from revenue.

NOTE B - Net Change for Pensions Adjustments
This column shows the adjustments required to comply with IAS19 Employee Benefits - specifically the removal of employee pension contributions made by the Council as allowed by statute, the replacement with current service costs and past service costs as calculated by the actuary, and the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

NOTE C - Other Differences
This column includes other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include adjustments to realign expenditure and income in accordance with the code and adjustments for the Accumulated Absences accrual.

2024/25	Adjustments for Capital Purposes (Note A)	Net change for Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments
	£'000	£'000	£'000	£'000
Customer Contact, ICT & Digital	149	132	18	299
Democratic Services	17	120	24	161
Economy & Regeneration	794	193	1,176	2,163
Finance & Procurement	272	223	(5,647)	(5,152)
Highways & Environmental Services	(557)	252	348	43
Legal & Governance	0	28	1	29
People & Organisation	0	57	11	68
Policy, Performance & Public Protection	8	76	15	99
Pyrth Through Age Model				
Porth Cymorth Cynnar	2,513	170	(50)	2,633
Porth Cynnal	898	123	(406)	615
Porth Gofal	7,634	328	(4)	7,958
	11,045	621	(460)	11,206
Schools & Lifelong Learning	14,091	560	622	15,273
Leadership Group	(995)	13	227	(755)
Levies, Council Tax Premium & Reserves	(341)	0	(4,064)	(4,405)
NET COST OF SERVICES	**24,483**	**2,275**	**(7,729)**	**19,029**
Other Income and Expenditure	(19,348)	(252)	7,936	(11,664)
Difference between General Fund surplus or deficit plus Earmarked Reserves and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**5,135**	**2,023**	**207**	**7,365**

1.2 ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, and those Regulations require the accounts to be 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*, 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.

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The only exception to this are some regular payments where the revenue accounts are charged with the number of payments in the year. This policy is consistently applied each year and does not have a material effect on the year's Accounts.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts.

iv. Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

v. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

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

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

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

vi. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding assets during the year:

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account (which is included in Unusable Reserves) in the Movement in Reserves Statement for the difference between the two.

vii. Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages, salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and flexi leave earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence earned.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary severance or redundancy. Such amounts are charged on an accruals basis to Surplus or Deficit on the Provision of Service when the Council is demonstrably committed to the termination of the employment of an officer, or group of officers, or making an offer to encourage voluntary severance or redundancy.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) for the Westminster Government.
- The Local Government Pension Scheme, administered by Carmarthenshire County Council (and referred to as the Dyfed Pension Fund).

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council. However, arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet. The Schools and Lifelong Learning line in the Comprehensive Income and Expenditure

Statement is charged with the employer's contributions payable to the Teachers' Pensions Scheme in the year.

<u>The Local Government Pension Scheme</u>
The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- Assets/Liabilities and service costs of the Dyfed Pension Fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method. The objective under this method is to expense each participant's benefits under the fund as they would accrue, taking into account future compensation increases and the fund's benefit allocation formula. Thus the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.
- The Benefit obligation is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the service cost is the total present value of the individuals' benefits attributable to service during the year.
- Liabilities are discounted to their value at current prices, using a discounted rate of 6.2%.
- The assets of the Dyfed Pension Fund attributable to the Council are included in the balance sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value.
- The change in the net pensions asset/liability is analysed into the following components:
    - Service cost comprising:
        - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to services for which the 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Finance Service
    - Re-measurements comprising:
        - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
        - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
        - contributions paid to the Dyfed Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The balance that arises on the Pensions Reserve thereby measures the impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. Events After the Balance Sheet Date

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

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

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

ix. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- in the principal market for the asset
- in the absence of a principal market, in the most advantageous market for the asset (highest and best use)

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets or liabilities for which fair value is measured or disclosed in the accounts are categorised within the fair value hierarchy, as follows:

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

x. Financial Instruments

Financial Liabilities

Financial liabilities are recognised in the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line 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 effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure lines in the Comprehensive Income and Expenditure Statement in the year of re-purchase/settlement. However, where re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. Where premiums or discounts are incurred that formally meet the terms of a debt restructuring exercise, they are accounted for as an adjustment to the carrying amount of the replacement loan or loans. If they do not meet these terms, they are spread over the longer of the outstanding term on the replaced loan or the term of the replacement loan (premiums) or the outstanding term on the replaced loan up to a maximum of ten years (discounts). The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

The fair value calculations have been based on the comparable new borrowing rate for the same financial instrument from a comparable lender. A consistent approach has been applied to assets and liabilities.

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; and
- Fair value through other comprehensive income

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

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

The Council recognises expected credit losses on its financial assets held at amortised cost. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xi. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

xii. Heritage Assets

The Council's Heritage Assets are primarily held to preserve items which were common in the district or were unique to it or relate to a significant historical event or person with local connections. They are held in a variety of locations across the county, but most remain in the main Coliseum Museum in Aberystwyth. They are generally held in accordance with the Council's accounting policies on Property, Plant and Equipment but some rules are relaxed in relation to specific assets for reasons described below.

<u>Art Collection</u>

The Council has approximately 190 pieces of art, both contemporary and historic, spread throughout its museums, council offices and leisure centres across Ceredigion. Most are of relatively insignificant value, well below the de minimis value of £10,000 applied for entry onto the Council's asset register. However four were specifically identified as being above this value by an appropriately qualified External Valuer and included in the Balance Sheet since 2011. They were revalued for insurance purposes at market value in 2023 and the condition of the items has not changed since this valuation. These are presumed to have an indeterminate life and thus it is not considered appropriate to apply depreciation.

Civic Regalia
The Council has four official chains of office held for the Chairman, Vice-Chairman and their consorts. Only the Chairman's Chain is considered to be worth more than the de minimis level, based on the market values of the metals used in their composition. It has therefore been valued and is included in the Balance Sheet at this amount. It will not be depreciated as it has an indeterminate life, but will periodically be considered for revaluation based on the market price of precious metals.

Historic Sites and Buildings
The Council owns and is responsible for the preservation and display of a number of historic sites and buildings throughout Ceredigion, including two castles. As there is no reliable way of valuing such items, due to the lack of a contemporary market, they are held in the balance sheet at historic cost.

Miscellaneous Exhibits
The Council's main museum at The Coliseum, Aberystwyth contains a large number of exhibits. However, because of low estimated values of each individual item and the lack of a contemporary market for many of the items, the Council considers the costs of a valuation exercise would considerably exceed the value of such a process to the users of the accounts and therefore no such exercise has taken place.

There are also thirteen large and/or potentially valuable items at the museum which have been valued for insurance purposes. Although individually the values are less than the £10,000 de minimis level they are significant in total, so have been added to the register and balance sheet as a single item. They will be treated in the same manner as the artworks and not depreciated. If the council makes any significant new purchase it will be added at cost until the next valuation takes place.

Heritage Assets General
If there is any evidence of impairment then the carrying amounts of the balance sheet will be reviewed, although it is expected such events will be rare. Any such impairment will be treated in a similar way to impairment on Property, Plant and Equipment assets. If any disposals are made they will also be accounted for in the same manner as Property, Plant and Equipment but disposal proceeds will be identified separately in the notes. There were no disposals in the period under consideration for this set of accounts and it is not expected they will be a common event as the collection is fairly static in nature.

xiii. Intangible Assets
These are separately identifiable assets that lack physical substance but still provide future economic benefits to the Council. Generally the expenditure on these assets will be charged to the relevant service heading in Comprehensive income and Expenditure Statement the year in which it is incurred. However, if the benefits incurred exceed one year, for example a software licence covering a period above that, then they may be capitalised at cost and amortised over a period consistent with the consumption of their economic benefits.

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

xv. Investment Property
Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.
Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at

arm’s length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi. Jointly Controlled Operations and Jointly Controlled Assets
Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

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

xvii. Leases
The Council as Lessee
Following the mandatory adoption of IFRS16 from 1 April 2024, the authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement
Leases are recognised as right-of-use (ROU) 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 Council has elected to apply recognition exemptions to low value assets (below £10,000 when purchased) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority’s incremental borrowing rate, as the interest rate implicit in the lease cannot usually be determined. For those assets previously classified as operating leases but now treated as right-of-use assets under IFRS16 from 1 April 2024, the weighted average of the incremental borrowing rates used to discount the associated liabilities at that date was 5.71%.

The asset life is usually the lease period (or lease period remaining at 1 April 2024 for existing leases at that date). For leases still being renegotiated at the time of assessment, a ten-year extension is assumed unless better information is available. For peppercorn leases, the asset is measured at fair value though, if a premium has been paid that will be considered a reasonable proxy thereof.

Subsequent measurement
The right-of-use asset is subsequently remeasured using the fair value model when there is a change of rent or other relevant circumstances. The authority considers the cost model to be a reasonable proxy except for peppercorn and other nil consideration leases, which may require a revaluation using market prices or rentals for equivalent land and properties if considered appropriate.

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.

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

Depreciation and impairments are not charges against council tax, as the cost of non-current assets are fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor
Finance Leases
Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is transferred out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is transferred out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account (which is included in Unusable Reserves) from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income. Where the lease term is indeterminate, or not specified, the term will be assumed to be 125 years for the purposes of the Statement of Accounts.

xviii. Long Term Contracts
Amounts due under long term contracts are charged to revenue as they fall due under the terms of the contract.

xix. Minimum Revenue Provision (MRP)
The Council's Minimum Revenue Provision (MRP) Policy follows the principles of the guidance issued by the Welsh Government under section 21(1A) of the Local Government Act 2003 through using one of the options outlined in the guidance.

The major proportion of the MRP continues to relate to the historic debt liability that existed pre 2008 or post 2008 where it relates to Supported Borrowing funded by the Welsh Government. The MRP liability on the Council's Capital Financing Requirement that relates to pre 2008 debt and post 2008 Supported Borrowing funded through the Revenue Support Grant (RSG) system will be provided for using Option 3 (Asset life method) of the 2018 Welsh Government guidance and applying the Annuity Method with an interest rate of 4.2% (the average borrowing rate of loans outstanding as of 01/04/21) over a 44 year period commencing 1st April 2021. The period consists of the 50 year period selected to match the average lives of Council Assets not specifically financed by Unsupported Borrowing after 1st April 2008, less the six years expired since it was initially applied on 1st April 2015. As further new Supported Borrowing is utilised in the Capital Programme, the MRP liability on each new tranche of such borrowing will also be provided for using Option 3 of the 2018 guidance and applying the Annuity Method. Expenditure that was financed by Unsupported Prudential Borrowing will be provided for using Option 3 (Asset life method) of the 2018 guidance and applying the Annuity Method with an interest rate of 3.68% (the weighted average interest rate of the borrowing concerned) over a 38 year period (the weighted average remaining life of the relevant assets) commencing 1st April 2021. As further Unsupported Prudential Borrowing is utilised in the Capital Programme, the MRP liability reflected within the Capital Financing Requirement will also be charged over a period commensurate with the average estimated useful life of assets using Option 3 and the Annuity Method.

Estimated life periods have been determined in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

Where an asset is under construction, the Council reserves the right to not make an MRP charge until the financial year after that in which the capital expenditure is incurred and in the case of a new asset comes into service use.

The Council continues the principle of not charging MRP on any temporary unsupported (Prudential) borrowing. At present, only Welsh Government repayable funding for Housing Improvements and Empty Properties is treated in this manner.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

According to the Code, assets held under PFI schemes and finance leases are subject to MRP in the same way as assets acquired using other forms of borrowing. Under regulations and statutory guidance, these charges can match the repayment of the liability. The increase in the MRP due to the finance lease assets has therefore been charged at the same rate as the write down of the corresponding liability on the balance sheet so that there will be no overall impact on the General Fund Balances of the Council. The MRP due to the Ysgol Gyfun Penweddig PFI assets, which was historically treated on a similar basis to finance lease assets, was delinked in 2017/18 and will be written down over the remaining lifespan of the Ysgol Gyfun Penweddig buildings on an annuity basis instead.

xx. Overheads and Support Services

The Comprehensive Income and Expenditure Statement is prepared on a Service basis in line with the Council's in-year reporting. As such, the recharging of overhead and support services costs are excluded from the Comprehensive Income and Expenditure Statement.

xxi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, or for administrative purposes and that are expected to be used during more than one financial year are classed as Property, Plant and Equipment.

Voluntary Controlled and Voluntary Aided School buildings are not included on the Balance Sheet as they are not Council assets.

If any material part of a building has a significantly shorter lifespan than the main structure and the value of that part is more than £10,000, then it is considered a component to be separately identified on the Council's asset register. Any such components identified within the new capital expenditure are valued separately when initially added to the asset register (or when the asset is transferred out of Assets under Construction for newly constructed buildings).

<u>Recognition</u> – Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. A de-minimis rule for capital has been applied – generally no capital expenditure valued at under £10k is included within capital spend. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is not added to fixed assets in the Balance Sheet but is charged as an expense as it is incurred. This entry is then reversed out to the Capital Adjustment Account to ensure there is no impact on Council Tax Levels.

Measurement – Assets are initially measured at cost, comprising:

a) the purchase price
b) any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

Assets are then carried in the balance sheet using the following measurement basis:

- Vehicles, Plant, Furniture and Equipment and Infrastructure Assets – Depreciated Historical Cost
- Assets under construction, Community Assets and some Heritage Assets – Historical Cost
- Assets Held for Sale – Lower of Carrying Amount and Fair value less costs to sell
- All other assets – Fair value, determined by Market Value

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value consist mostly of Other Land and Buildings and this category is split into five subcategories. Each subcategory as a whole is revalued every five years. The current timetable for asset revaluations is given below:

2026/27	Social Services Buildings
2027/28	Car Park and Miscellaneous Land Assets
2028/29	Public Buildings (Leisure Centres, Public Conveniences, Theatres & Swimming pools), Heritage Assets (where held at Fair Value)
2029/30	Educational Buildings (Primary, Secondary & all-through schools, Youth Clubs & Referral Units)
2030/31	Offices and other Operational Buildings

Surplus Assets are considered for revaluation based on when it is five years from their last revaluation, so it will be dependent on which of the categories they were transferred into Surplus from.

Further revaluations may take place between the scheduled investigations where the Valuers deem there have been material changes in the value of the relevant asset or assets.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment – Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss has not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, Heritage Assets and Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Buildings – Straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – Straight line depreciation of the historic cost over the remaining expected life of the asset. Vehicles are given a residual value of 10% of the initial purchase price to reflect their potential resale value
- Infrastructure – Straight line depreciation of historic cost over the remaining expected life of the asset

Acquisitions and disposals of fixed assets are added to the asset register as at their date of purchase or sale in the relevant accounting year and are therefore depreciated in the usual manner for the year from that date if they are in a category which is normally depreciable.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant (more than £10,000) and whose lifespan is materially different to the host asset, the components are depreciated separately according to the differing estimated lives.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals – When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it will in most cases be reclassified as an Asset Held for Sale. In order for this category transfer to take place, the asset must meet the following criteria:

- It must be available for sale in its current condition and subject to normal terms of sale
- The decision to make the sale must have been made at the appropriate level of management
- The asset must be actively marketed at an appropriate price
- The sale must be expected to be completed within one year

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets no longer in use that fail to meet all of the above criteria or are to be abandoned or scrapped are normally reclassified as Surplus Assets, unless the Council is not actively marketing the property because it is waiting for prices in the market to rise, in which case the asset might be categorised as an Investment Property. Surplus Assets are depreciated in a normal fashion, however the depreciation is charged to non-distributed costs and not the original service account as the asset is no longer in use.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10k are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xxii. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibilities for making available the 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 ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the Ysgol Gyfun Penweddig PFI scheme, the liability was written down by an initial capital contribution of £12,027,000.

Long term assets 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 each year are analysed into four elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 4.5% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile for write downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of amounts payable is recognised as an enhancement to and a corresponding impairment of the Penweddig School asset in Property, Plant and Equipment when the relevant works are eventually carried out. It will have no net effect on the Balance Sheet.

A fifth element, contingent rents was derecognised from 1 April 2024 when IFRS16 was adopted into the CIPFA Code of Practice for 2024/25. A reassessment of the Penweddig PFI scheme was carried out by MUFG Corporate Markets on the Council's behalf and, as part of that review, the contingent rents were incorporated into the finance costs and payments towards a revised liability.

xxiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions included in the accounts may not be legally enforceable and may only be inferred from a set of facts in a particular situation therefore the inclusion of them in the accounts does not mean that liability has been accepted.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year –

where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated made), the provision is reversed and credited back to the relevant service. Regulations provide the power to make an adjusting entry for certain provisions in the Net Cost of Services and the Balance Sheet.

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

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. They include situations when legal proceedings and other claims covering a range of matters are pending. They concern difficult and complex factual and legal issues which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome.

Contingent Assets
A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.
Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxiv. Reserves
The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.
Certain reserves are kept to manage the accounting processes for non-current fixed assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxv. Revenue Expenditure Funded from Capital under Statute
Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a long term asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

xxvi. Value Added Tax (VAT)
The Accounts have been prepared on a VAT exclusive basis, to the extent that it is recoverable.

1.3 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice requires that the Council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

As at 31st March 2026 there are no relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have a significant impact in the financial statements.

1.4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Future levels of funding
There is a high degree of uncertainty about future levels of funding for local government with continued one year only settlements at both Westminster and Welsh Government level.

Voluntary Controlled and Voluntary Aided Schools
Voluntary Controlled and Voluntary Aided school buildings remain off the Balance Sheet as it has been confirmed that they are not Council assets.

Corporate Joint Committees
Possible changes to future governance arrangements brought about by the introduction of Corporate Joint Committees.

1.5 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty actual results could be different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2026 for which there is a risk of adjustment in following financial years are:

Pensions Asset/Liability
Estimation of the net asset/liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged by Carmarthenshire County Council as the lead Pension Authority to ensure that the Council receives expert advice about the assumptions to be applied.

Impairment Allowance
It is difficult to estimate with certainty the level of impairment allowance required for the various types of debt.

Land and Buildings Valuation

Due to changes in the 2025/26 Code, valuations undertaken in the years 2021/22 to 2024/25 have been reviewed and an indexation of asset valuations has been undertaken as required to ensure that the values are not materially mis-stated.

1.6 EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

	2025/26 £'000	2024/25 £'000
Controllable Expenditure		
Employees	141,351	132,109
Premises	11,978	12,840
Transport	11,369	12,184
Supplies and Services	147,288	150,112
Total Expenditure	**311,986**	**307,245**
Controllable Income		
Grants	(57,069)	(62,861)
Other Income	(42,572)	(41,514)
Contract Services/Schools	(5,222)	(5,184)
Total Income	**(104,863)**	**(109,559)**
Controllable Before Reserves	**207,123**	**197,686**
Revenue Expenditure Funded from Capital under Statute	1,614	1,667
IAS19 *Employee Benefits* adjustments	(1,734)	2,023
Accumulated Absences	454	726
Revaluation, depreciation, amortisation and impairment	15,455	31,146
(Gain)/Loss on disposal of assets	(1,632)	(689)
Capital Expenditure charged to the General Fund	(2,921)	(8,220)
Other capital accounting adjustments	(1,670)	(1,679)
Precepts	14,097	12,759
Taxation and non-specific grant income	(237,389)	(225,409)
(Surplus) or Deficit on Provision of Services	**(6,603)**	**10,010**

1.7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2025/26	Usable Reserves			
	General Fund Balance	Usable Capital Receipts	Capital Grants Unapplied	Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive I&E Statement:				
Charges for depreciation and impairment of non-current assets	16,354			(16,354)
Revaluation losses/gains on Property, Plant & Equipment	(686)			686
Movement in the fair value of Investment Properties	(213)			213
Capital grants and contributions applied	(12,489)			12,489
Revenue expenditure funded from capital under statute	1,614			(1,614)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal on the Comprehensive I&E Statement	1,347			(1,347)
Insertion of items not debited or credited on the Comprehensive I&E Statement:				
Statutory provision for the financing of capital investment	(1,940)			1,940
Capital expenditure charged against the General Fund	(2,921)			2,921
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(62)		62	
Application of grants to capital financing transferred to the Capital Adjustment Account			(360)	360
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	(2,184)	2,184		
Use of Capital Receipts to finance new capital expenditure		(91)		91
Contribution from the Capital Receipts Reserve to finance administrative costs of non-current asset disposals	7	(7)		
Transfer from Deferred Capital Receipts Reserve upon receipt of cash				

Adjustments involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(802)			802
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	269			(269)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	9,259			(9,259)
Employer's pensions contributions and direct payments to pensioners payable in the year	(10,993)			10,993
Adjustments involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive I&E Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	454			(454)
Total Adjustments	**(2,986)**	**2,086**	**(298)**	**1,198**

2024/25	**Usable Reserves**			
	General Fund Balance	**Usable Capital Receipts**	**Capital Grants Unapplied**	**Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive I&E Statement:				
Charges for depreciation and impairment of non-current assets	17,483	0	0	(17,483)
Revaluation losses/gains on Property, Plant & Equipment	15,537	0	0	(15,537)
Movement in the fair value of Investment Properties	(1,874)	0	0	1,874
Capital grants and contributions applied	(17,523)	0	0	17,523
Revenue expenditure funded from capital under statute	1,667	0	0	(1,667)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal on the Comprehensive I&E Statement	81	0	0	(81)

Insertion of items not debited or credited on the Comprehensive I&E Statement:				
Statutory provision for the financing of capital investment	(1,911)	0	0	1,911
Capital expenditure charged against the General Fund	(8,220)	0	0	8,220
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive I&E Statement	(86)	0	86	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(3,095)	3,095
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive I&E Statement	(261)	261	0	0
Use of Capital Receipts to finance new capital expenditure	0	(806)	0	806
Contribution from the Capital Receipts Reserve to finance administrative costs of non-current asset disposals	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(509)	0	0	509
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive I&E Statement are different from finance costs chargeable in the year in accordance with statutory requirements	232	0	0	(232)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive I&E Statement	12,313	0	0	(12,313)
Employer's pensions contributions and direct payments to pensioners payable in the year	(10,290)	0	0	10,290
Adjustments involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive I&E Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	726	0	0	(726)
Total Adjustments	**7,365**	**(545)**	**(3,009)**	**(3,811)**

1.8 EARMARKED RESERVES AND DELEGATED SCHOOLS BALANCES

A summary of the earmarked reserves set up by the Council is set out below:

	31/03/24 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/25 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/26 Balance £'000
Delegated Schools Budget - Primary	1,845	388	(374)	1,859	242	(329)	1,772
Delegated Schools Budget - Secondary	976	67	(284)	759	7	(292)	474
Delegated Schools Budget - All Through	974	264	(54)	1,184	0	(357)	827
Delegated Schools Budget-All Schools	**3,795**	**719**	**(712)**	**3,802**	**249**	**(978)**	**3,073**
Schools, Lifelong Learning & Culture Services	596	0	0	596	26	0	622
Schools, Lifelong Learning & Culture	**4,391**	**719**	**(712)**	**4,398**	**275**	**(978)**	**3,695**
Corporate Capital	5,656	1,461	0	7,117	1,411	(31)	8,497
Education Penweddig PFI	1,313	0	(305)	1,008	0	(279)	729
Funding / CTRS Equalisation	700	180	0	880	0	0	880
Corporate Redundancy	1,062	0	(335)	727	0	0	727
Insurance	1,346	32	0	1,378	100	0	1,478
Finance - General	525	45	(45)	525	0	0	525
Finance & Procurement	**10,602**	**1,718**	**(685)**	**11,635**	**1,511**	**(310)**	**12,836**
Democratic Services	112	0	0	112	25	0	137
County Council Election reserve	35	140	0	175	0	0	175
Democratic Services	**147**	**140**	**0**	**287**	**25**	**0**	**312**
People & Organisation	**0**	**113**	**0**	**113**	**35**	**0**	**148**
Porth Cymorth Cynnar	2	155	0	157	150	0	307
Pyrth Investment	250	0	0	250	0	0	250
Porth Gofal	404	0	0	404	230	(230)	404
Pyrth Through Age Model	**656**	**155**	**0**	**811**	**380**	**(230)**	**961**
Policy, Performance & Public Protection	**127**	**50**	**0**	**177**	**60**	**0**	**237**
Highways & Environment Services	1,104	0	(496)	608	1,613	(42)	2,179
Winter Maintenance/Storm Repairs	155	0	0	155	0	0	155
Environmental & Flood Protection	177	0	0	177	0	0	177
Civil Parking Enforcement	182	2	0	184	86	(58)	212
Highways & Environmental Services	**1,618**	**2**	**(496)**	**1,124**	**1,699**	**(100)**	**2,723**
Local Development Plan	233	0	0	233	0	0	233
Economy & Regeneration	93	0	0	93	388	(54)	427
Food Centre Wales (Horeb)	651	167	0	818	24	0	842
Mid Wales Growth Deal	119	481	(100)	500	0	(125)	375
Sewage Treatment Works Improvement Programme	452	0	0	452	0	(276)	176
Economy & Regeneration	**1,548**	**648**	**(100)**	**2,096**	**412**	**(455)**	**2,053**
ICT & Digital Investment	1,000	200	0	1,200	11	(211)	1,000
Schools ICT Infrastructure Replacement	262	271	0	533	80	0	613
Customer Contact	256	20	(150)	126	57	(14)	169
Customer Contact, ICT & Digital	**1,518**	**491**	**(150)**	**1,859**	**148**	**(225)**	**1,782**

	31/03/24 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/25 Balance £'000	Transfer to £'000	Transfer from £'000	31/03/26 Balance £'000
Contingency & Budget Management	2,757	300	(1,165)	1,892	0	(29)	1,863
Cost and Inflationary Pressures	788	0	0	788	212	0	1,000
Placements Equalisation	500	1,524	(500)	1,524	2,000	(313)	3,211
Community Housing Scheme (Council Tax Premium)	2,557	0	(363)	2,194	239	(433)	2,000
National / Urdd Eisteddfods	0	0	0	0	250	0	250
Providing the Best Start in Life & Enabling Learning at All ages	3,370	1,000	(2,876)	1,494	100	(73)	1,521
Boosting the Economy, Supporting Businesses & Enabling Employment	7,500	0	0	7,500	0	(222)	7,278
Creating Caring & Healthy Communities	2,012	900	(1,008)	1,904	200	(200)	1,904
Creating Sustainable, Green & Well-connected Communities	3,893	0	(2,660)	1,233	0	(639)	594
Leadership Group	**23,377**	**3,724**	**(8,572)**	**18,529**	**3,001**	**(1,909)**	**19,621**
TOTAL EARMARKED RESERVES	**43,984**	**7,760**	**(10,715)**	**41,029**	**7,546**	**(4,207)**	**44,368**

NOTES TO THE EARMARKED RESERVES

Delegated Schools Budgets

These reserves are ring-fenced and consist of the individual balances held for each Primary, Secondary and All through School in Ceredigion.

Corporate Capital

This reserve exists to provide funding for the Capital Programme and will be used for making a revenue contribution to current and future Capital Programmes**.**

Boosting the Economy, Supporting Businesses & Enabling Employment

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for the Council's Economic Strategy.

Creating Caring & Healthy Communities

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities.

Creating Sustainable, Green & Well-connected Communities

This reserve has been created to assist in delivering one of the Council's specific Corporate Priorities. It includes matched funding for Coast Protection Capital schemes.

Other Reserves

All the other reserves are held by the respective services for the specific Purpose or Service named. They have been established from savings or underspends generated in past financial years and exist to meet one off non-recurring expenditure or to assist services in managing their budgets in any particular financial year on a one-off basis.

1.9 OTHER OPERATING EXPENDITURE

	2025/26	2024/25
	£'000	£'000
Community Council Precepts	1,682	1,547
Dyfed Powys Police Precept	12,415	11,212
Levies	5,769	5,365
Loss/(Gain) on the disposal of non-current assets	(743)	(688)
Total	**19,123**	**17,436**

1.10 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2025/26	2024/25
	£'000	£'000
Interest payable and other charges	5,969	6,319
Pensions interest cost and expected return on pensions assets	(152)	(252)
Interest receivable and similar income	(1,405)	(2,058)
Income and Expenditure in relation to Investment Properties	(999)	(865)
(Surplus)/deficit on sale of Investment Properties	(889)	(1)
Changes to fair value on Investment Properties	(213)	(1,874)
Total	**2,311**	**1,269**

1.11 TAXATION AND NON SPECIFIC GRANT INCOME

	2025/26	2024/25
	£'000	£'000
Council tax income	80,613	72,514
Non domestic rates	27,507	27,211
Non-ringfenced government grants (RSG)	116,718	108,075
Capital grants and contributions	12,551	17,609
Total	**237,389**	**225,409**

Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into ten valuation bands, based on estimated 1st April 2003 values for this specific purpose. Charges are calculated by taking the amount of income required for Ceredigion County Council, Town and Community Councils, and the Dyfed Powys Police Authority for the forthcoming year and dividing this amount by the Council Tax base.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts 34,421.81 for 2025/26 (33,768.51 for 2024/25).

Council Tax Base for Ceredigion County Council 2025/26
Tax Base (@ 98.5% collection rate)

Band	Tax Base
A*	2.32
A	1,046.73
B	3,316.87
C	6,154.71
D	7,140.02
E	10,020.57
F	4,996.81
G	1,513.21
H	192.08
I	38.49
Total Tax Base	**34,421.81**

Analysis of the net proceeds from Council Tax:

	2025/26	2024/25
	£'000	**£'000**
Council Tax Collected	80,763	72,798
Less:		
(Increase)/Decrease Provision for Non-payment	(150)	(284)
Net Proceeds from Council Tax	**80,613**	**72,514**

The net proceeds can be analysed as follows:	2025/26	2024/25
	£'000	**£'000**
Ceredigion County Council	66,516	59,755
Precept for Dyfed Powys Police Authority	12,415	11,212
Precept for Town and Community Councils	1,682	1,547
	80,613	**72,514**

National Non-Domestic Rates (NNDR)
NNDR is operated on a national basis. The Welsh Government specifies an amount for the rate which was 56.8p in 2025/26 (56.2p in 2024/25), and local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Government (WG). The WG redistributes the sums payable back to Local Authorities on the basis of a fixed amount per head of population over 18 years old.

As at 31 March 2026 the rateable value was £56,557,942 (£56,419,199 as at 31 March 2025).

1.12 GRANT INCOME

Revenue Grants - Credited to Services:	**2025/26 £'000**	**Restated 2024/25 £'000**	
WG - Post 16 Funding	4,414	4,076	
WG - Local Authority Education Grant	10,429	11,232	
WG - E-Ysgol	600	600	
WG - Children & Communities Grant	3,446	2,820	
WG - Housing Support Grant	4,868	4,378	
WG - No one left out	0	489	
WG - Sustainability Pressures Grant	1,072	1,021	
WG - Health & Social Care Regional Intergration	2,053	2,012	
WG - Sustainable Waste Management	531	528	
WG - Concessionary Fares Grant	593	526	
WG - Public Bus Services Grant	761	685	
WG - Bus Services Support Grant	773	763	
WG - Child Care Admin Grant	671	592	
WG - Eliminating Profit from Care Grant	437	421	
WG - Additional Revenue	2,225	1,072	
WG - SCAPE Pension Costs Pay pressures NJC	353	1,263	
Social Care Wales - Pathways of Care Transformation Grant	727	0	
Social Care Wales - Workforce Development Programme	1,046	1,283	
EU - Knowledge Transfer & Innovation Programme	1,001	1,072	
DLUHC - Shared Prosperity Fund	3,030	8,206	
PackUK - Extended Producer Responsibility Grant	1,519	0	
Home Office - Refugee Programmes	707	800	
Home Office - Unaccompanied Asylum Seeking Children (UASC)	637	703	*
DWP - Housing Benefit Subsidy & Admin Grants	9,964	12,794	
Other Government Grants and contributions	5,212	5,525	*
Total Government Grants in Net Cost of Services	**57,069**	**62,861**	

* Grant over £500k identified in 25/26

Capital Grants and Contributions - Credited to Taxation and Non-Specific Grant Income:

	2025/26	Restated 2024/25
	£'000	£'000
WG - General Capital Grant	5,211	2,945
WG - 21st Century Schools	0	3,436
WG - Schools Additional Capital Works	1,229	902
WG - Ysgol Bro Sion Cwilt Low Carbon Heat Grant	643	0
WG - Traws Cymru Bus Corridor	0	942
WG - Child Care Grant	0	1,034
UK Govt - Levelling Up Projects	1,419	1,802
UK Govt - Shared Prosperity Fund	947	0
Other Grants	3,102	6,548
	12,551	**17,609**

2024/25 Restated to consolidate information

1.13 PROPERTY, PLANT AND EQUIPMENT

Movements in 2025/2026:

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction (AUC)	Total Property, Plant & Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 31 March 2025	337,098	26,953	1,491	4,680	578	370,800
Additions	6,347	3,483	48	0	2,085	11,963
Revaluation increases/(decreases) in the Revaluation Reserve	37,034	0	0	377	0	37,411
Revaluation increases/(decreases) in the Surplus/Deficit on the Provision of Services	(12,231)	0	0	(64)	0	(12,295)
Derecognition-disposals	(75)	(1,338)	0	(467)	0	(1,880)
Derecognition-other	0	(86)	0	0	0	(86)
Assets reclassified from AUC	1,947	0	0	0	(1,947)	0
Other movements	142	(260)	(5)	348	0	225
At 31 March 2026	**370,262**	**28,752**	**1,534**	**4,874**	**716**	**406,138**
Accumumulated Depreciation and Impairment						
At 31 March 2025	(2,787)	(14,090)	0	(407)	0	(17,284)
Depreciation charge	(9,014)	(2,203)	0	(126)	0	(11,343)
Depreciation written out to the Surplus/Deficit on the Provision of Services	10,958	0	0	109	0	11,067
Impairment (losses)/reversals in the Revaluation Reserve	(1,366)	0	0	0	0	(1,366)
Impairment (losses)/reversals in the Surplus/Deficit on the Provision of Services	1,349	0	0	0	0	1,349
Derecognition-disposals	25	1,097	0	307	0	1,429
Derecognition-other	0	82	0	0	0	82
Other movements	0	254	0	(254)	0	0
At 31 March 2026	**(835)**	**(14,860)**	**0**	**(371)**	**0**	**(16,066)**
Net Book Value						
At 31 March 2026	**369,427**	**13,892**	**1,534**	**4,503**	**716**	**390,072**
At 31 March 2025	**334,311**	**12,863**	**1,491**	**4,273**	**578**	**353,516**

Movements in 2024/25:

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction (AUC) £'000	Total Property, Plant & Equipment £'000
Cost or Valuation						
At 31 March 2024	327,011	25,809	1,491	2,674	8,660	365,645
Recognition of Right of Use Assets	682	117	0	0	0	799
Additions	10,634	2,328	0	35	6,701	19,698
Donations	0	0	0	225	0	225
Revaluation increases/(decreases) in the Revaluation Reserve	15,487	0	0	(971)	0	14,516
Revaluation increases/(decreases) in the Surplus/Deficit on the Provision of Services	(27,092)	0	0	(451)	0	(27,543)
Derecognition-disposals	0	(1,888)	0	0	0	(1,888)
Derecognition-other	0	0	0	0	0	0
Assets reclassified (to) /from Held for Sale	(653)	0	0	0	0	(653)
Assets reclassified from AUC	14,783	0	0	0	(14,783)	0
Other movements	(3,754)	587	0	3,168	0	1
At 31 March 2025	**337,098**	**26,953**	**1,491**	**4,680**	**578**	**370,800**
Accumumulated Depreciation and Impairment						
At 31 March 2024	(2,381)	(14,406)	0	(267)	0	(17,054)
Depreciation charge	(11,919)	(1,973)	0	(101)	0	(13,993)
Depreciation written out to the Surplus/Deficit on the Provision of Services	11,126	0	0	304	0	11,430
Impairment (losses)/reversals in the Revaluation Reserve	(513)	0	0	0	0	(513)
Impairment (losses)/reversals in the Surplus/Deficit on the Provision of Services	980	0	0	26	0	1,006
Derecognition-disposals	0	1,809	0	0	0	1,809
Derecognition-other	0	0	0	0	0	0
Other movements	(80)	480	0	(369)	0	31
At 31 March 2025	**(2,787)**	**(14,090)**	**0**	**(407)**	**0**	**(17,284)**
Net Book Value						
At 31 March 2025	**334,311**	**12,863**	**1,491**	**4,273**	**578**	**353,516**
At 31 March 2024	**324,630**	**11,403**	**1,491**	**2,407**	**8,660**	**348,591**

Right of Use assets are included in the relevant subcategory columns from 1st April 2024 as part of the transition to IFRS 16. The corresponding lease liabilities are outlined in Note 1.34 and Note 1.25.

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

Other Land and Buildings – 1-99 years
Vehicles, Plant, Furniture and Equipment – 1-20 years
Infrastructure – 10-99 years

Assets held under Finance Leases are depreciated on a straight line basis over the unexpired term of the existing lease.

Revaluations
The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value are revalued at least every five years with Investment Properties and County Farms considered annually. All property valuations for 2025/26 were carried out externally by the Council's officially appointed valuers, Bruton Knowles, who are accredited by the Royal Institution of Chartered Surveyors. The assets revalued in 2025/26 were Offices and other Operational Buildings.

The Code was amended in 2025/26 to formally include the requirement for indexation of assets in the intervening years of a quinquennial rolling programme of valuations. As a result of these changes, desktop revaluations of miscellaneous land assets that were last valued in 2022/23 were carried out internally by the Council's valuers who are members of the Royal Institution of Chartered Surveyors. All the remaining Council Buildings had their current valuations uprated by an index based on appropriate figures taken from either Building Cost Information Service (BCIS) data, Consumer price inflation data from the Office for National Statistics or the UK House Price Index, as appropriate. The remaining land assets not revalued in the year were not uprated as there is no suitable index available.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, referred to as the 'Red Book'. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values are:

- Historic cost is a reasonable proxy for fair value
- Vehicles, plant and equipment asset lives are based on the leasing periods the Council uses for vehicles or equipment of that specific type
- Residual values for vehicles, plant and equipment assets are 10% of the initial cost for vehicles and other equipment has no residual value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment:

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Surplus Assets £'000
Carried at historical cost:	2,284	28,752	490
Valued at fair value as at:			
31 March 2026	348,907	0	4,384
31 March 2025	15,682	0	0
31 March 2024	1,082	0	0
31 March 2023	110	0	0
31 March 2022	2,197	0	0
TOTAL	**370,262**	**28,752**	**4,874**

Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. There is no impact to any of the financial statements.

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Infrastructure Assets with a net carrying amount of £188,042k were held as at 31 March 2026 (£177,965k as at 31 March 2025).

	2025/26 £'000	2024/25 £'000
Net Book Value at 1 April	**177,965**	**148,264**
Recognition of Right of Use Assets	0	746
Additions	14,101	32,153
Depreciation Charge	(3,763)	(3,182)
Impairment	(261)	(16)
Net Book Amount at 31 March	**188,042**	**177,965**

1.14 INVESTMENT PROPERTY

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2025/26 £'000	2024/25 £'000
Balance at start of the year	21,782	19,279
Additions:		
Purchases	0	0
Subsequent expenditure	7	632
Disposals	(721)	(3)
Net gains/(losses) from fair value investments	213	1,874
Transfers (to)/from Property, Plant and Equipment	(226)	0
Balance at the end of year	**21,055**	**21,782**

1.15 HERITAGE ASSETS

Cost or Valuation	Historic Land & Buildings £'000	Museums £'000	Artwork £'000	Civic Regalia £'000	Museum Exhibits £'000	Total Assets £'000
1st April 2024	**1,163**	**2,395**	**116**	**65**	**58**	**3,797**
Additions	5	35	0	0	0	**40**
Revaluations	0	(1,176)	0	0	0	**(1,176)**
31st March 2025	**1,168**	**1,254**	**116**	**65**	**58**	**2,661**
Cost or Valuation						
1st April 2025	**1,168**	**1,254**	**116**	**65**	**58**	**2,661**
Additions	0	477	0	0	0	**477**
Revaluations	0	(346)	0	0	0	**(346)**
Impairment Losses/(Reversals) In Revaluation Reserve	0	(101)	0	0	0	**(101)**
31st March 2026	**1,168**	**1,284**	**116**	**65**	**58**	**2,691**

Further information on the Council's Heritage Assets is available in section 1.1 of the Notes to the Statement of the Accounts - part xii

1.16 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair Value Hierarchy

Category / Sub Category	Level 1	Level 2	Level 3	Fair Value as at 31/03/2026
Assets Held for Sale	0	120	0	120
Corporate Estate	0	0	12,178	12,178
Empty Property	0	0	627	627
Investment Properties	0	0	5,634	5,634
Leased Property	0	0	295	295
Other Buildings	0	0	2,322	2,322
Surplus	0	100	4,403	4,503
	0	**220**	**25,459**	**25,679**

Category / Sub Category	Level 1	Level 2	Level 3	Fair Value as at 31/03/2025
Assets Held for Sale	0	290	0	290
Corporate Estate	0	0	12,614	12,614
Empty Property	0	0	628	628
Investment Properties	0	226	5,470	5,696
Leased Property	0	0	292	292
Other Buildings	0	0	2,552	2,552
Surplus	0	23	4,249	4,272
	0	**539**	**25,805**	**26,344**

Transfers between Levels of Fair Value Hierarchy
There were no transfers between Levels 1 and 2 during 2025/26.

Valuation Techniques used to Determine level 2 and 3 Fair Values for Investment Properties
Significant Observable Inputs – Level 2
The fair value for these assets has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3
The fair value of these assets has been based on the capitalised income received using the Council's own data, but also, where necessary, using a market approach using current market conditions of recent sales/lettings for similar assets in the local council area.

Highest and Best Use of the Investment Properties
In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

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

Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	2025/26	2024/25
	£'000	£'000
Opening Balance	25,805	0
Transfers into Level 3	5	24,365
Transfers out of Level 3	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	377	(971)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	259	2,186
Additions	7	225
Disposals	(874)	0
Other Movements	0	0
Depreciation charge	(120)	0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
Closing Balance	**25,459**	**25,805**

Closing Balance

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Quantitative Information about Fair Values Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Sub Category	As at 31/03/2026 £'000	Valuation technique used to measure fair value
Commercial	25,459	Valuation based on the market rent passing or terms agreed for the property
	25,459	

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuers work closely with finance officers reporting on a regular basis regarding all valuation matters.

1.17 LONG TERM DEBTORS

	2025/26	2024/25
	£'000	£'000
Adult Social Care	410	225
Housing	4,390	4,046
Other	120	159
	4,920	**4,430**

1.18 FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31/03/26	31/03/25	31/03/26	31/03/25
Investments	**£'000**	**£'000**	**£'000**	**£'000**
Loans and Receivables	0	0	16,089	15,146
Total Investments	**0**	**0**	**16,089**	**15,146**

	Long Term		Current	
	31/03/26	31/03/25	31/03/26	31/03/25
Debtors	**£'000**	**£'000**	**£'000**	**£'000**
Loans and Receivables	4,920	4,430	0	0
Financial Assets at amortised cost	0	0	34,652	52,755
Total Debtors	**4,920**	**4,430**	**34,652**	**52,755**

	Long Term		Current	
	31/03/26	31/03/25	31/03/26	31/03/25
Borrowings	**£'000**	**£'000**	**£'000**	**£'000**
Financial Liabilities at amortised cost	123,158	127,089	3,974	1,848
Total Borrowings	**123,158**	**127,089**	**3,974**	**1,848**

	Long Term	
	31/03/26	31/03/25
Other Long Term Liabilities	**£'000**	**£'000**
PFI and finance lease liabilities	9,404	10,138
Total Other Long Term Liabilities	**9,404**	**10,138**

	Long Term		Current	
	31/03/26	31/03/25	31/03/26	31/03/25
Creditors	**£'000**	**£'000**	**£'000**	**£'000**
Financial Liabilities at amortised cost	1,620	1,330	65,236	60,854
Total Creditors	**1,620**	**1,330**	**65,236**	**60,854**

Income, Expense, Gains and Losses

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

	2025/2026			2024/2025		
	Financial Liabilities at amortised cost	Financial Assets: Loans & Receivables	Total	Financial Liabilities at amortised cost	Financial Assets: Loans & Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	5,997		5,997	5,630	0	5,630
Fee expense	15		15	15	0	15
Total expense in Surplus/Deficit on the Provision of Services	**6,012**	**0**	**6,012**	**5,645**	**0**	**5,645**
Interest Income		(1,522)	(1,522)	0	(2,199)	(2,199)
Interest income accrued on impaired financial assets			0	0	0	0
Total income in Surplus/Deficit on the Provision of Services	**0**	**(1,522)**	**(1,522)**	**0**	**(2,199)**	**(2,199)**
Net (gain)/loss for the year	**6,012**	**(1,522)**	**4,490**	**5,645**	**(2,199)**	**3,446**

Fair values of Financial assets and liabilities that are not measured at Fair Value
The fair values calculated are as follows:

Financial Liabilities	31 March 2026		31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial Liabilities (All - Premature Repayment rates)	127,132	117,588	128,936	125,335
Financial Liabilities (All - New Loans rate)	127,132	106,880	128,936	110,862
Financial Liabilities (PWLB loans only - Premature Repayment rate)	94,613	88,073	95,837	91,759
Financial Liabilities (PWLB loans only - New Loans rate)	94,613	80,286	95,837	83,189

Valuation of PWLB loans: For loans from the PWLB, fair value estimates have been provided using both redemption and new borrowing (certainty rate) discount rates.

Valuation of non-PWLB loans: For non-PWLB loans, fair value estimates have been provided using both both premature redemption and new borrowing rates. In the absence of a substantial active market for new long term market loans, the rates used for new borrowing is based on discussions with possible market participants for new lending. These rates provide a reasonable proxy for rates that a market participants appear to have used for early redemption costs for market loans.

The fair value estimates use the 'income approach', a valuation technique that converts future amounts (eg cash flows or income and expenses) to a single current (ie discounted) amount.

The valuation basis adopted uses **Level 2 Inputs** - i.e. inputs other than quoted prices that are observable for the Financial Liability.

PWLB loans:
The commitment to pay interest above current market rates increases the amount that the Council would have to pay if PWLB requested or agreed to early repayment of the loans (Premature Repayment rate). The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB (New loans rate).

The following assumptions have been used in the fair value calculations:

- Accrued interest is included in the fair value calculation. This figure is calculated up to and including the valuation date.
- The discount rates were obtained from the market on 31 March 2026.

Other assumptions made about the fair values of financial assets and financial liabilities:

- the fair value of payables and receivables (Short Term Creditors and Debtors) is taken to be the invoiced or billed amount.
- the fair value of loans and receivables have been calculated and are not materially different to the carrying value.

1.19 CAPITAL COMMITMENTS

At 31 March 2026, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £2,531k. Similar commitments at 31 March 2025 were £4,660k. The major commitments are:

As at 31 March 2026	**£'000**
Ceredigion Museum Roof	738
Ysgol y Deri - New Heating System	426
Ysgol Gyfun Aberaeron - Toilet Reconfiguration / Refurb	402
Cardigan Leisure Centre - Roof replacement & Photovaltaic Solar Installation	314
Canolfan yr Enfys & Pili-Pala, Llwyn yr Eos	290
New Pupil Referral Unit, Felinfach Campus	218
Provision of 14 EV Charging Points (Various Locations)	143
Total	**2,531**

As at 31 March 2025	**£'000**
Aberaeron Harbour Coastal Defence Construction	3,743
Fleet - Manufacture & Supply of 2 Sweeper Vehicles	381
Aberystwyth Revitalised Promenade - Phase 1 Works	253
Trefechan Active Travel - Phase 2 Works	229
Aberystwyth Revitalised Promenade - Lighting Installation	54
Total	**4,660**

1.20 CAPITALISATION DIRECTION

LOCAL GOVERNMENT ACT 2003 SECTIONS 16(2)(b) and 20: TREATMENT OF CERTAIN COSTS AS CAPITAL EXPENDITURE

The Council has used flexibility in the use of capital receipts under guidance and direction issued by Welsh Government in March 2024 for financial years through to 2029/30. This has enabled the Council to capitalise certain qualifying revenue expenditure. The Council did not capitalise any costs under this direction in 2025/26. £75k was capitalised under this direction in 2024/25 for Service Reform.

1.21 DEBTORS

	31/03/26 £'000	31/03/25 £'000
Central Government Bodies	19,579	38,296
Other Local Authorities	2,674	2,451
NHS Bodies	4,092	4,090
Public Corporations and trading funds	1	4
Other entities and individuals	20,813	19,555
Impairment Allowance	(5,606)	(5,222)
Total	**41,553**	**59,174**

1.22 CASH AND CASH EQUIVALENTS

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

	31/03/26 £'000	31/03/25 £'000
Cash held by the Council	37	37
Bank current accounts	(2,155)	(3,505)
Short-term deposits with banks/building societies/other financial institutions	24,468	12,367
Total Cash and Cash Equivalents	**22,350**	**8,899**

1.23 CREDITORS

	31/03/26 £'000	31/03/25 £'000
Central Government Bodies	5,413	4,157
Other Local Authorities	29,484	26,094
NHS Bodies	147	235
Public corporations and trading funds	0	0
Other entities and individuals	30,422	30,391
Total	**65,466**	**60,877**

1.24 BORROWING

The Council's long term borrowing is mainly from the Public Works Loan Board (PWLB) with some borrowing from other institutions that was inherited from the former Dyfed County Council. The loans are analysed by maturity with the interest rates ranging between 1.73% and 9.875%.

During 2024/25 the Council borrowed £24.9m from what was then known as the UK Infrastructure Bank (UKIB) to contribute to the funding of the Aberaeron Coastal Defence Scheme. Costs associated with this borrowing are fully funded by Welsh Government.

Since this borrowing was taken out UKIB has been renamed as the National Wealth Fund (NWF). The borrowing was drawn down in two tranches, the first tranche of £12m at 4.53% and the remaining £12.9m at 4.38%. This borrowing is included in the Other Borrowing column below.

An analysis of loans by maturity:

	31/03/26 PWLB £'000	31/03/26 OTHER £'000	31/03/26 TOTAL £'000	31/03/25 PWLB £'000	31/03/25 OTHER £'000	31/03/25 TOTAL £'000
Maturing withing one year	**3,280**	**694**	**3,974**	**1,225**	**623**	**1,848**
Long Term Borrowing						
Maturing in 1 - 2 years	1,301	686	1,987	3,280	651	3,931
Maturing in 2 - 5 years	6,167	2,783	8,950	4,901	2,692	7,593
Maturing in 5 - 10 years	16,780	6,696	23,476	19,193	6,505	25,698
Maturing in 10 - 15 years	19,521	5,547	25,068	19,497	5,306	24,803
Maturing in 15 - 20 years	8,457	6,921	15,378	3,572	6,621	10,193
Maturing in 20 - 25 years	9,813	3,226	13,039	12,876	4,735	17,611
Maturing in 25 - 30 years	10,500	0	10,500	7,500	0	7,500
Maturing in 30 - 35 years	19,000	0	19,000	20,000	0	20,000
Maturing in 35 - 40 years	0	0	0	4,000	0	4,000
Maturing in 40 - 45 years	0	5,760	5,760	0	5,760	5,760
45+ years	0	0	0	0	0	0
Total Long Term Borrowing	**91,539**	**31,619**	**123,158**	**94,819**	**32,270**	**127,089**

Loan Restructuring
No loan restructuring was carried out during 2025/26.

Welsh Government Grants to be repaid in future years
The Council received a £2m Strategic Transforming Town loan from Welsh Government during 2024/25 which is repayable in seven years. Together with an existing WG loan of £806k the Council now has a total of £2,806k worth of WG loans that are repayable in the future. Although these have been called grants, they have been treated as loans within the Balance Sheet due to the need to pay them back within 5-15 years. These loans are included in the Other columns in the table above.

1.25 OTHER LONG TERM LIABILITIES

	31/03/26 £'000	31/03/25 £'000
Ysgol Gyfun Penweddig PFI Liability	2,123	3,019
Pension Liability	2,224	2,869
Finance Lease Liability	1,144	1,111
MRP writedown adjustment	3,913	3,139
Total	**9,404**	**10,138**

1.26 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 17 and Note 1.8.

1.27 UNUSABLE RESERVES

	31/03/26	31/03/25
	£'000	£'000
Revaluation Reserve	209,447	179,363
Capital Adjustment Account	213,735	208,388
Financial Instruments Adjustment Account	112	381
Pensions Reserve	(2,224)	(2,869)
Deferred Capital Receipts Reserve	5,120	4,319
Accumulated Absences Account	(4,562)	(4,108)
Total Unusable Reserves	**421,628**	**385,474**

The following are an analysis of the most significant Unusable Reserves:

Revaluation Reserve
The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2025/26	2024/25
	£'000	£'000
Balance at 1 April	179,363	173,008
Upward revaluation of assets	38,180	20,024
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,135)	(6,471)
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	36,045	13,553
Difference between fair value depreciation and historical cost depreciation	(5,407)	(7,198)
Accumulated gains on assets sold or scrapped	(554)	0
Amount written off to the Capital Adjustment Account	(5,961)	(7,198)
Balance at 31 March	**209,447**	**179,363**

Capital Adjustment Account
The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 1.7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2025/26 £'000	2024/25 £'000
Balance at 1 April	208,388	202,530
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(16,354)	(17,483)
Revaluation losses on Property, Plant and Equipment	686	(15,537)
Revenue expenditure funded from capital under statute	(1,614)	(1,667)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,347)	(81)
	(18,629)	(34,768)
Adjusting amounts written out of the Revaluation Reserve	5,962	7,197
Net written out amount of the cost of non-current Assets consumed in the year	(12,667)	(27,571)

	2025/26 £'000	2024/25 £'000
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	91	806
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	12,489	17,523
Application of grants to capital financing from the Capital Grants Unapplied Account	360	3,095
Statutory provision for the financing of capital Investment charged against the General Fund	1,940	1,911
Capital expenditure charged against the General Fund	2,921	8,220
	17,801	31,555
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	213	1,874
Balance at 31 March	**213,735**	**208,388**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	31/03/26 £'000	31/03/25 £'000
Balance at 1 April	(2,869)	0
Reversing out IAS19 items	(9,259)	(12,313)
Remeasurements	31,173	55,503
Pension Costs payable	10,993	10,290
Asset ceiling adjustment	(32,262)	(56,349)
Balance at 31 March	**(2,224)**	**(2,869)**

Deferred Capital Receipts

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangement, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	31/03/26	31/03/25
	£'000	£'000
Low Cost Home Ownership Scheme	349	349
WG Houses into Home loans	175	175
HILS/H2H Capital Loans Deferred	189	190
Planning Permissions Commuted	3,143	2,777
Emergency Repair loans	425	422
Community Housing Scheme Loans	774	341
Other Deferred Capital Receipts	65	65
Balance at 31 March	**5,120**	**4,319**

Accumulated Absences Account

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

	2025/26	2024/25
	£'000	£'000
Balance at 1 April	(4,108)	(3,382)
Settlement or cancellation of accrual made at the end of the preceding year	4,108	3,382
Amounts accrued at the end of the current year	(4,562)	(4,108)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(454)	(726)
Balance at 31 March	**(4,562)**	**(4,108)**

1.28 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2025/26	2024/25
	£'000	£'000
Interest Paid	(3,871)	(6,411)
Interest Received	1,462	2,218

1.29 MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year. Details of individual payments, as required by The Local Authorities (Allowances for Members of County and County Borough and National Park Authorities) (Wales) Regulations 2002 are published in the local press.

	2025/26	2024/25
	£'000	£'000
Salaries	1,034	979
Expenses	3	4
Total	**1,037**	**983**

1.30 OFFICERS' REMUNERATION

- The multiple between the median full time equivalent earnings and the Chief Executive's maximum salary is **1:5.0** (2024/25: 1:5.1)
- The average full time equivalent earnings of the Chief Executive is **£146,690** (2024/25: £142,141)
- The median full time equivalent earnings of all the Council's employees is **£29,540** (2024/25: £27,711)

The remuneration paid to the Council's senior employees is as follows:

Senior Officers Emoluments - Salary between £60,000 and £150,000 2025/26

Post Holder Information (Post Title)	Salary (inc. Fees & Allowances) £	Returning Officer/Election Related Payments	Compensation for loss of employment	Pension Contributions Employers £	Total Remuneration Including Pension Contributions £
Chief Executive	146,690	0	0	21,417	**168,107**
Executive Corporate Director (1)	124,033	0	0	18,109	**142,142**
Executive Corporate Lead Officer: Porth Cynnal (2)	108,705	0	0	14,739	**123,444**
Executive Corporate Lead Officer: Finance & Procurement (S151) (3)	105,274	0	0	15,370	**120,644**
Executive Corporate Lead Officer: Schools, Lifelong learning & Culture (4)	105,274	0	0	15,370	**120,644**
Corporate Lead Officer: Democratic Services	92,603	0	0	13,520	**106,123**
Corporate Lead Officer: Economy & Regeneration	92,603	0	0	13,520	**106,123**
Corporate Lead Officer: Highways & Environmental Services	92,603	0	0	13,520	**106,123**
Corporate Lead Officer: Legal & Governance Services	92,603	0	0	13,520	**106,123**
Corporate Lead Officer: People & Organisation	92,603	0	0	13,520	**106,123**
Corporate Lead Officer: Policy & Performance	92,603	0	0	13,520	**106,123**
Corporate Lead Officer: Porth Cymorth Cynnar (5)	92,072	0	0	11,852	**103,924**
Corporate Lead Officer: Customer Contact & ICT	90,594	0	0	13,227	**103,821**
Corporate Lead Officer: Porth Gofal (6)	58,866	0	0	8,595	**67,461**
Corporate Director (7)	33,955	0	0	2,126	**36,081**

No benefits in kind were paid to senior officers.

1) As part of a Leadership Restructure, the post of Corporate Director was retitled to Executive Corporate Director with effect from 1st August 2025.

2) As part of a Leadership Restructure, the post of Corporate Lead Officer: Porth Cynnal was retitled to Executive Corporate Lead Officer: Porth Cynnal with effect from 1st August 2025.
3) As part of a Leadership Restructure, the post of Corporate Lead Officer: Finance & Procurement was retitled to Executive Corporate Lead Officer: Finance & Procurement with effect from 1st August 2025.
4) The post of Corporate Lead Officer: Lifelong Learning was filled and retitled to Corporate Lead Officer: Schools, Lifelong Learning & Culture on 5th May 2025 by the Interim Corporate Lead Officer: Lifelong Learning. As part of a Leadership Restructure, the post of Corporate Lead Officer: Schools, Lifelong Learning & Culture was retitled to Executive Corporate Lead Officer: Schools, Lifelong Learning & Culture with effect from 1st August 2025.
5) The post of Corporate Lead Officer: Porth Cymorth Cynnar was filled on 1st July 2025 by the Interim Corporate Lead Officer: Porth Cymorth Cynnar.
6) The Corporate Lead Officer: Porth Gofal reduced to 0.60 FTE commencing 1st May 2025. Remuneration includes £375 honorarium for additional duties due to planned absence of the Statutory Director of Social Services and Executive Corporate Lead Officer: Porth Cynnal paid 31st January 2026.
7) The Corporate Director retired on 15th May 2025. The post was removed as part of a Leadership Restructure with effect from 1st August 2025.

Senior Officers Emoluments - Salary between £60,000 and £150,000
2024/25

Post Holder Information (Post Title)	**Salary (inc. Fees & Allowances) £**	**Returning Officer/Election Related Payments**	**Compensation for loss of employment**	**Pension Contributions Employers £**	**Total Remuneration Including Pension Contributions £**
Chief Executive	142,141	8,527	0	21,331	**171,999**
Corporate Director	114,120	5,451	0	16,662	**136,233**
Corporate Lead Officer: Porth Cynnal	99,937	0	0	14,591	**114,528**
Corporate Lead Officer: Lifelong Learning (Interim)	92,418	1,330	0	13,493	**107,241**
Corporate Director	87,597	584	0	16,662	**104,843**
Corporate Lead Officer: Finance & Procurement (S151)	90,578	716	0	13,224	**104,518**
Corporate Lead Officer: Democratic Services	85,162	6,579	0	12,434	**104,175**
Corporate Lead Officer: Legal & Governance Services	85,162	1,295	0	12,434	**98,891**
Corporate Lead Officer: Policy & Performance	85,162	637	0	12,434	**98,233**
Corporate Lead Officer: Economy & Regeneration	85,162	604	0	12,434	**98,200**
Corporate Lead Officer: Highways & Environmental Services	85,162	527	0	12,434	**98,123**
Corporate Lead Officer: People & Organisation	85,162	465	0	12,434	**98,061**
Corporate Lead Officer: Porth Gofal	85,162	275	0	12,434	**97,871**
Corporate Lead Officer: Customer Contact, ICT & Digital	81,549	601	0	11,906	**94,056**
Corporate Lead Officer: Porth Cymorth Cynnar (Interim)	81,894	660	0	11,448	**94,002**
Corporate Lead Officer: Schools (Interim) - to Aug'24 (1)	36,301	0	0	10,411	**46,712**

No benefits in kind were paid to senior officers.

1) The Corporate Lead Officer: Schools (Interim) departed the post on 31st August 2024. This appointment was on a secondment basis and came with the entitlement to remain a member of the Teachers' Pension Scheme.

The number of employees (not including the senior employees shown separately above) whose remuneration was £60,000 or more, in bands of £5,000 is shown below. These amounts do not include any employer’s pension contributions paid. They do however include amounts paid to or receivable by the employee for any compensation for loss of employment (5 employees in 2025/26 and 5 employees in 2024/25). Included in the bandings are teachers who are employed by Voluntary Controlled/Voluntary Aided Schools (3 teachers in 2025/26 and 3 teachers in 2024/25).

Remuneration Band	**2025/26 No. of Employees**	**2025/26 No. which Include Termination Payments**	**2024/25 No. of Employees**	**2024/25 No. which Include Termination Payments**
£60,000 - £64,999	85	2	57	2
£65,000 - £69,999	33	0	39	0
£70,000 - £74,999	35	0	13	2
£75,000 - £79,999	9	2	2	0
£80,000 - £84,999	5	0	2	1
£85,000 - £89,999	0	0	2	0
£90,000 - £94,999	2	1	2	0
£95,000 - £99,999	2	0	0	0
£100,000 - £104,999	0	0	3	0
£105,000 - £109,999	3	0	0	0
£110,000 - £114,999	0	0	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	0	1	0
£125,000 - £129,999	1	0	0	0
TOTAL	**175**	**5**	**121**	**5**

The above table includes 119 Teaching staff (e.g. Headteachers), 14 Soulbury staff (e.g. Educational Improvement officers) and 42 NJC staff (e.g. Corporate Managers) in 2025/26 (93 Teaching staff, 12 Soulbury Staff and 16 NJC staff in 2024/25).

The Remuneration Bands are determined by the CIPFA Accounting Code of Practice, however the starting Remuneration Band level of £60,000 has not changed since the 2005/06 Accounts. Therefore with nationally set annual pay award processes in place for all employees (to recognise the impact of annual inflation), as each year progresses more employees are naturally captured in this table by virtue of the lowest Remuneration Band not changing to reflect the impact of inflation over the last 20 years.

The Council terminated the contracts of a number of employees in 2025/26, incurring liabilities of £299k (£620 in 2024/25). The following payments comprise of statutory and voluntary redundancy costs, lump sum payments, pension contributions in respect of added years and pension strain and other ex gratia payments.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total Number of exit packages		Total cost of exit packages in each band	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	no.	no.	no.	no.	no.	no.	£'000	£'000
£0 - £20,000	12	26	11	26	23	52	133	337
£20,001 - £40,000	0	1	5	9	5	10	124	283
£40,001 - £60,000	1	0	0	0	1	0	42	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	**13**	**27**	**16**	**35**	**29**	**62**	**299**	**620**
Add: Amounts provided for in Comprehensive Income & Expenditure Statement not included in bandings							0	0
Total cost included in the Comprehensive Income & Expenditure Statement							**299**	**620**

1.31 EXTERNAL AUDIT COSTS

The following fees relating to external audit and inspection for the 2025/26 financial year are payable by the Council:

	Proposed Fee 2025/26 £'000	Estimated Fee 2024/25 £'000
Financial Audit Work	209	198
Performance Audit Work	124	118
Grant Certification Work	44	42
Other Financial Audit Work:		
Ceredigion Harbour Authority	2	2
	379	**360**

1.32 RELATED PARTY TRANSACTIONS

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides 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).

Individual revenue and capital grants received from government departments are shown in note 1.12.

Members and Officers

The Council has arrangements in place requesting officers and members to identify and disclose related party transactions. There were no material related party transactions with officers during the year.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' salaries paid in 2025/26 is shown in Note 1.29. Under the Code of Conduct, Members are required to record in the Register of Members' Interests any financial and other personal interests. The Register is open to inspection by the public and is available on an individual Member basis on the Council's website. Members who declare an interest do not take part in any discussion or decision relating to grants made or works or services commissioned.

The following transactions related to elected members took place during the year 2025/26:

Related party	Relationship and transaction details	Amount £'000
Neuadd Pentre Aberporth Village Hall	One member is a trustee. Funding provided for various schemes/projects including All Wales Play Opportunities, Pride in Place Play Areas and Shared Prosperity Fund.	12
Theatr Mwldan	One member is a trustee. Venue/room hire and funding contributions including Shared Prosperity Fund	118
Cyngor Bopeth Ceredigion Citizens Advice Bureau	One member is a director. Funding contributions from Shared Prosperity Fund	65
Cerbydau Cenarth Coaches	One member is a director. Payments for school transport.	688
Cardigan Castle Enterprises	One member is a Director. Room hire and catering for various activities/events and contribution from Shared Prosperity Fund	14
West Wales Care & Repair	One member is a Voluntary Director. Various funding/grants to support independent living for residents	175
D C Evans Plant Hire Ltd	One member is a company secretary. Payments for bridge repair and maintenance	41
Cwmni Theatr Arad Goch	One member is a Director. Payments for various performances for schools	17
Gwasanaeth Angladdau Lewis Funeral Service	One member is the owner. Payments for funeral expenses.	12
Total		**1,142**

1.33 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2025/26 £m	2024/25 £m
Opening Capital Financing Requirement	168.6	147.6
Capital Investment:		
Property, Plant and Equipment	26.0	49.8
Investment Properties	0.0	0.6
Other	0.5	0.2
Revenue Expenditure Funded from Capital under Statute	1.6	1.7
Sources of Finance:		
Capital Receipts	(0.1)	(0.8)
Government grants and other contributions	(12.8)	(20.3)
Sums set aside from Revenue:		
Direct Revenue Contributions - General Fund	(2.9)	(8.3)
Minimum Revenue Provision	(1.9)	(1.9)
Closing Capital Financing Requirement	**179.0**	**168.6**
Explanation of Movements in year		
Increase/(decrease) in underlying need to borrow (supported)	9.1	21.8
Increase/(decrease) in underlying need to borrow (unsupported)	1.6	(0.4)
Assets acquired under PFI	(0.2)	(0.2)
Assets acquired under finance leases	(0.1)	(0.2)
Increase/(decrease) in Capital Financing Requirement	**10.4**	**21.0**

1.34 LEASES

Council as Lessee:

The authority’s lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. They are individually immaterial.

Right of Use Assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Land & Buildings £'000	Vehicles, plant, furniture & equipment £'000	Infrastructure £'000
Balance at 1 April 2025	**522**	**191**	**718**
Additions	206	17	57
Revaluations	0	0	0
Depreciation and Amortisation	(128)	(75)	(28)
Disposals	(50)	(66)	0
Balance at 31 March 2026	**550**	**67**	**747**

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	31 March 2026	31 March 2025
	£'000	£'000
Not later than one year	262	299
Later than one year and not later than five years	593	658
Later than five years	1,229	1,287
Minimum lease payments	**2,084**	**2,244**

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

	31 March 2026	31 March 2025
	£'000	£'000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	640	699
Expense relating to short-term leases	21	95
Expense relating to exempt leases of low-value items	96	112
Income from subletting right-of-use assets	(12)	(12)
Cash flow statement		
Total cash outflow for leases	433	519

Council as Lessor:
Operating Leases
The Council has leased out its Corporate Estate properties under operating lease terms.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2026	31 March 2025
	£'000	£'000
Not later than one year	993	668
Later than one year and not later than five years	3,608	2,371
Later than five years	25,650	24,116
Minimum lease payments	**30,251**	**27,155**

1.35 PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Ysgol Gyfun Penweddig PFI Scheme
2025/26 was the twenty sixth year of a 30 year PFI contract for the construction, maintenance and operation of Ysgol Gyfun Penweddig in Aberystwyth. The PFI contract agreement covers the following operating specifications:

- Facilities Management – to ensure that the site and buildings are available during school days, office days and for community use at agreed times and periods;
- Building and Engineering Maintenance – to maintain the school buildings, facilities and equipment in good working order;
- Grounds Maintenance – to ensure that the school grounds are kept in a safe, pleasant, functional and operational condition;
- IT Network Maintenance – to maintain the school's main ICT infrastructure and the telephone system;
- Cleaning – to provide a cleaning service that will ensure that the school operates within a clean environment; and

- Catering Service – to provide meals of high nutritional standards delivered in accordance with the needs of the school.

The agreement specifies minimum standards for the services to be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the school and maintain it to a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the school. The building and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council has rights under the PFI agreement to terminate the agreement if the Provider defaults as stipulated within the agreement. The Council, in the event of such termination, will be liable to pay compensation to the Provider in accordance with Part II of Schedule 3 of the PFI Agreement.

Property Plant and Equipment
The asset is recognised on the Council's Balance Sheet. Movements in its value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 1.13. The carrying value of Ysgol Gyfun Penweddig is £29,283k.

Payments
The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2026 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Payments due to be made:	Payment for Services £'000	Reimbursement of Capital Exp £'000	Interest £'000	Total £'000
within 1 year	742	895	469	2,106
within 2 to 5 years	2,782	2,123	821	5,726
within 6 to 10 years	0	0	0	0
	3,524	**3,018**	**1,290**	**7,832**

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to the contractor for capital expenditure incurred is as follows:

Value of Liabilities at Balance Sheet Date	2025/26 £'000	2024/25 £'000
Balance at 1 April	3,985	3,010
Restatement (IFRS16)	0	2,147
Repayment of Principal	(966)	(1,172)
Balance at 31 March	**3,019**	**3,985**
Long term	2,123	3,019

1.36 PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

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

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded, a notional fund is used as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26 the Council paid £8.4m (£8.1m in 2024/25) to the Department for Education and Skills in respect of teachers' pension costs, which represents 28.68% of teachers' pensionable pay for 2025/26 (28.68% of teachers' pensionable pay for 2024/25). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2025/26, £394k (£409k in 2024/25) was paid to the Teachers' Pension Fund, either directly or via Carmarthenshire County Council (in respect of the Council's share of the former Dyfed County Council's costs relating to the premature retirement of teachers). Also, the Council made payments of £464k in 2025/26 (£450k in 2024/25) directly to teachers who have retired prematurely since 1 April 1996. The capitalised value of the above payments is £7.10m and £8.37m respectively

1.37 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Carmarthenshire 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 pensions liabilities with investment assets. The estimated employer contributions for 2026/27 are £9,461k and this is based on contribution rates set per the 2025 Actuarial Valuation.

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, 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 real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2025/26	2024/25
	£'000	£'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
- current service cost	9,195	12,221
- past service cost	0	344
- (gain)/loss from settlements/curtailments	216	0
Financing and Investment Income and Expenditure:		
- net interest cost	(8,657)	(4,470)
- interest on Asset ceiling	8,505	4,218
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	**9,259**	**12,313**
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement:		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	(27,423)	13,611
- Actuarial gains and losses arising on changes in demographic assumptions	(5,006)	(1,107)
- Actuarial gains and losses arising on changes in financial assumptions	(5,920)	(68,047)
- Experience (gain)/loss	7,176	40
Asset ceiling adjustment	32,262	56,349
	1,089	846
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	**10,348**	**13,159**
Movement in Reserves Statement:		
- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(9,259)	(12,313)
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers' contributions payable to scheme	10,993	10,290

Pensions 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 plans is as follows:

	2025/26	2024/25
	£'000	£'000
Present value of the defined benefit obligation	425,963	408,916
Fair value of plan assets	(611,145)	(552,686)
Asset ceiling adjustment	187,406	146,639
Net (asset)/liability arising from defined benefit obligation	**2,224**	**2,869**

IAS19 limits the amount of pension surplus that can be recognised, taking into consideration future contributions and costs. This limit is the 'asset ceiling' and is calculated in accordance with International Financial Reporting Standards.

Change in Asset Ceiling to 31 March 2026

	£'000
Asset Ceiling impact as at 31/03/25	146,639
Interest on surplus above asset ceiling	8,505
Asset ceiling adjustment	32,262
Asset ceiling impact as at 31/03/26	**187,406**

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

	All Benefits		Unfunded Benefits	
	2025/26 £'000	**2024/25 £'000**	**2025/26 £'000**	**2024/25 £'000**
Opening fair value of scheme assets	552,686	543,239	0	0
Interest income	32,037	26,540	0	0
Remeasurement gain/(loss):				
- The return on plan assets, excluding the amount included in the net interest expense	27,423	(13,611)	0	0
Contributions from employer	10,993	10,290	339	355
Contributions from employees into the scheme	4,583	4,262	0	0
Benefits paid	(16,212)	(17,762)	(339)	(355)
Other	(365)	(272)		0
Closing fair value of scheme assets	**611,145**	**552,686**	**0**	**0**

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

	All Liabilities		Unfunded Liabilities	
	2025/26 £'000	**2024/25 £'000**	**2025/26 £'000**	**2024/25 £'000**
Opening balance at 1 April	408,916	457,167	2,869	3,281
Current service cost	8,830	11,949	0	0
Interest cost	23,380	22,070	157	152
Contributions from scheme participants	4,583	4,262	0	0
Remeasurement (gains) and losses:				
- Experience (gains)/losses	7,176	40	(419)	0
- Actuarial (gains)/losses arising from changes in financial assumptions	(5,920)	(68,047)	(13)	(198)
- Actuarial (gains)/losses arising from changes in demographic assumptions	(5,006)	(1,107)	(31)	(11)
Past service cost	0	344	0	0
Losses/(gains) on curtailment	216	0	0	0
Benefits paid	(16,212)	(17,762)	(339)	(355)
Closing balance at 31 March	**425,963**	**408,916**	**2,224**	**2,869**

Local Government Pension Scheme assets comprised:

		Fair value of scheme assets	
		2025/26	2024/25
		£'000	£'000
Equities:	UK	76,061	62,288
	Global	295,131	276,951
	Japan	0	21,555
	Emerging Markets	43,393	32,277
	European ex UK	8,197	7,406
Sub-total equities		**422,782**	**400,477**
Bonds:	WPP Global Credit Fund	58,162	50,737
Sub-total bonds		**58,162**	**50,737**
Property:	Property Funds	79,374	57,700
Sub-total property		**79,374**	**57,700**
Alternatives:			
	Black Rock UK SAIF	18,929	20,394
	Infrastructure WPP GCM Grosvenor	10,377	7,627
	Infrastructure WPP Capital Dynamics	1,090	553
	WPP Global Private Credit	13,324	10,225
	Gresham House Forestry	3,326	0
Sub-total alternatives		**47,046**	**38,799**
Cash:	Cash accounts	3,781	4,973
Sub-total cash		**3,781**	**4,973**
	Total assets	**611,145**	**552,686**

Split of assets between investment categories

	2025/26	2024/25
Equities	69.18%	72.46%
Bonds	9.52%	9.18%
Property	12.99%	10.44%
Alternatives	7.70%	7.02%
Cash	0.62%	0.90%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the Fund being based on the last actuarial valuation of the scheme as at 31 March 2025. The significant assumptions used by the actuary have been:

	31 March 26	31 March 25
Duration information as at the end of the accounting period:		
Estimated Macaulay duration of liabilities	14 years	18 years
Duration profile used to determine assumptions	Very Mature	Very Mature
Financial assumptions:		
- Rate of CPI Inflation/CARE benefits revaluation	2.90%	2.60%
- Rate of increase in salaries	4.40%	4.10%
- Rate of increase in pensions in payment/deferment	3.00%	2.70%
- Discount rate	6.20%	5.80%
Post retirement mortality assumptions (normal health):		
Non retired members M/F		
- Mortality table	SAPS 4 / SAPS 4 middle	SAPS 4 / SAPS 4 middle
- Improvements	CMI 24 1.5% / CMI 24 1.5%	CMI 23 1.5% / CMI 23 1.5%
- Weightings	115% /104%	103% / 97%
- Additional parameters	S=7, A=0 Underlying	S=7, A=0 W20=W21=0, W22=W23=15%
- Life expectancy at 65* *currently aged 45*	22.4 / 25.3	22.9 / 25.7
Retired member M/F		
- Mortality table	SAPS 4 / SAPS 4 middle	SAPS 4 / SAPS 4 middle
- Improvements	CMI 24 1.5% / CMI 24 1.5%	CMI 23 1.5% / CMI 23 1.5%
- Weightings	109% / 103%	100% / 97%
- Additional parameters	Core Underlying	S=7, A=0 W20=W21=0, W22=W23=15%
- Life expectancy at 65*	21.2 / 23.6	21.5 / 23.9

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations 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 below did not change from those used in the previous period.

Sensitivity analysis as at 31 March 2026

Disclosure item	Central £'000	Sensitivity 1 + 0.5% p.a. discount rate £'000	Sensitivity 2 + 0.25% p.a. inflation £'000	Sensitivity 3 + 0.25% p.a. pay growth £'000	Sensitivity 4 1 year increase in life expectancy £'000
Liabilities	425,963	398,694	440,289	428,033	434,595
Assets	(611,145)	(611,145)	(611,145)	(611,145)	(611,145)
Deficit/(Surplus)	**(185,182)**	**(212,451)**	**(170,856)**	**(183,112)**	**(176,550)**
Projected Service Cost for next year	8,446	7,187	9,136	8,446	8,658
Projected Net Interest Cost for next year	(11,775)	(14,551)	(10,876)	(11,635)	(11,229)

	Sensitivity 5 +/- 1% change in Investm	
	+1% £'000	-1% £'000
Liabilities	425,963	425,963
Assets	(617,253)	(604,037)
Deficit/(Surplus)	**(191,290)**	**(178,074)**
Projected Service Cost for next year	8,446	8,446
Projected Net Interest Cost for next year	(12,153)	(8,317)

The figures above exclude the impact of the asset ceiling.

Risks associated with the Pension Fund

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

1.38 DISCLOSURE OF NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's treasury management activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity and Re-financing risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Treasury Management is carried out by a central Treasury team supported by an external advisor – MUFG Corporate Markets. Treasury Management is defined as '*The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of the optimum performance consistent with those risks*'.

The Local Government Act 2003 requires the Council to set out its Treasury Management Strategy, which is approved annually by Full Council. Guidance exists in the form of a CIPFA Treasury Management code of practice. The Council's Treasury Management Strategy sets out the Council's policies for managing its investments and debt and for giving priority to the security and liquidity of those investments.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they have a credit rating.

All credit ratings are monitored via a creditworthiness service which provides online information together with weekly credit rating lists provided by MUFG Corporate Markets. This utilises credit ratings from all 3 credit rating agencies (Fitch, Moodys and Standards & Poors) and also factors in credit default swaps data where this exists in the markets. The Council is notified electronically every time a change occurs to the rating of an institution that is on the approved list. If a counterparty or investment scheme is down-graded with the result that it no longer meets the Council's minimum credit criteria, the use of that counterparty/investment scheme will be withdrawn with immediate effect.

The credit criteria in respect of financial assets held by the Council as at 31st March 2026 are detailed below:

Financial Asset Category	Criteria	Maximum Individual Investment held as at 31/03/26	Total Investments held as at 31/03/26
Deposits with UK Government Debt Management Office	Not credit rated	£3.0m	£22.8m
Deposits with Banks / Building Societies	Minimum rating: Long Term A- Short Term F1	£4.0m	£17.6m

The Council has an investment schedule which is approved by Full Council as part of the annual Treasury Management Strategy. This list shows:

- the categories of investment that are allowed and who is authorised to invest in each category (e.g. in house officers, external fund managers);
- the minimum credit rating criteria required for each type of investment;
- the maximum value of funds that can be invested with each individual counterparty;
- the maximum value of funds that can be invested for each category of investment;
- the maximum duration allowed for each type of investment;
- the upper limit for investments of greater than 364 days' duration.

This schedule is reviewed regularly and updated in line with latest credit ratings and market conditions.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default.

	Amount at 31 March 2026 £'000	Historical Experience of default %	Estimated maximum exposure to default £'000
Deposits with Banks & Financial institutions			
Fixed Term deposits with UK DMO	22,800	0.0%	-
AAA rated counterparties	-	0.03%	-
AA rated counterparties	8,000	0.02%	2
A rated counterparties	9,641	0.04%	4
	40,441		**6**

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Management Strategy report.

The financial services sector continues to face much uncertainty and challenges. The Council continues to closely monitor the credit ratings of institutions on its approved counterparty list. Any counterparty that is downgraded resulting that it no longer meets the Council's minimum credit criteria, will with immediate effect be withdrawn from the approved counterparty list.

Liquidity and Re-financing Risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will need to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. To this end the debt maturity profile is a key consideration when undertaking new borrowing or the restructuring of existing borrowing.

The maturity analysis of the Council's external debt as at 31/03/2026 is:

	£'000
Less than one year	3,974
Between 1 and 2 Years	1,987
Between 2 and 5 Years	8,950
Between 5 and 10 Years	23,476
10 Years and over	88,745
	127,132

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

Market Risk

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are carried at amortised cost, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound.

The main strategy the Council adopts to manage interest rate risk is to manage the core balance and cashflow requirements, making longer investments where surplus funds allow, whilst at the same time recognising the financing requirements within the Council's 3-year capital Programme.

For 2025/26 the Council's investment portfolio (excluding accrued interest) began the year at £27.4m and ended the year at £40.4m. The debt portfolio (excluding accrued interest) began the year at £128.7m and ended the year at £126.9m. The small decrease is attributed to scheduled repayments of annuity loans.

An assessment of the latest interest rate position and future forecasts feeds into the setting of the annual budget. This is also used to monitor and project a budget outturn position regularly during the year. This allows any adverse changes to be taken into account. Interest rate forecasts are received from independent forecasters via the Council's external treasury advisors. This not only influences borrowing strategies but also investment timescales and the overall balance of the investment and borrowing portfolios.

At 31/03/2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in Interest Receivable on variable rate investments	36
Total impact on Income and Expenditure Account	**36**

Fair Value Impact	**£'000**
Decrease in fair value of fixed rate borrowings	9,339

The Fair Value of Fixed Rate investments and the difference to their carrying value is not material. The Council also does not have any variable rate borrowing liabilities.

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Total investment returns for 2025/26 have decreased compared to the previous year due to interest rates falling during the year (2025/26: £2.11m; 2024/25: £2.38m). The Council holds ringfenced funds for specific purposes; after allocating interest to these funds the net interest attributable to non-ringfenced Council balances during 2025/26 was £1.41m (2024/25: £2.1m).

Price Risk
The Council no longer uses an external fund manager, therefore the investments it places are currently based on fixed interest rates. The Council is therefore not currently exposed to losses arising from movements in the prices of traded items e.g. shares, gilts, certificates of deposits.

Foreign Exchange Risk
The Council does not have any financial assets or liabilities denominated in foreign currencies and therefore does not have an exposure to loss arising from movements in exchange rates.

1.39 CONTINGENT LIABILITIES

Human Rights Act (1998)

The Council currently has on-going cases where it is alleged the Council has breached the claimant's human rights under the Human Rights Act (1998). These cases are at the early stages where the exact nature of the allegations being made and the potential liability to the Council have yet to be established.

Contractual dispute

A County court claim has been lodged against the Council during the year in relation to sundry debts going back to 2018/19, together with associated damages. There is currently a stay on proceedings to determine if both parties can reach a settlement agreement.

Judicial review

A judicial review application has been made in relation to a Coroner's case within Ceredigion which is challenging a decision not to resume an inquest.

1.40 JOINT COMMITTEES

Growing Mid Wales Board

The Council and Powys County Council are members of the Growing Mid Wales Board which was established in 2020/21. The Board provides leadership, strategic decision making, and accountability for the Mid Wales Growth Deal. A separate annual return has been produced for the Board. The only figures relating to Growing Mid Wales which are included in the Income and Expenditure Account is the Council's contribution towards the Board which is £125K for 2025/26 (£100K for 2024/25) and income received of £20K in relation to services provided by the Council (£20K for 2024/25).

1.41 CORPORATE JOINT COMMITTEES

Mid Wales Corporate Joint Committee (MWCJC)

The Council, Powys County Council and Bannau Brycheiniog National Park Authority are members of the MWCJC which was established in 2021/22. The Committee is tasked with the development of regional transport, strategic development plans and improving economic wellbeing. A separate annual return has been produced for the MWCJC. The only figures relating to the MWCJC which are included in the Income and Expenditure Account is the Council's contribution which is £100K for 2025/26 (£100K for 2024/25) and income received of £238K in relation to services provided by the Council (£224K for 2024/25).

1.42 POST BALANCE SHEET EVENTS AND AUTHORISATION OF ACCOUNTS FOR ISSUE

There are no post balance sheet events for 2025/26. The Statement of Accounts is authorised for issue by the Executive Corporate Lead Officer: Finance & Procurement (Chief Finance Officer & Section 151 Officer) on 30 June 2026.

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