COMMITTEE REPORT

Subject:	*2025/26 AGAR Accounts Amendment*
Committee:	*Full Council*
Item Number:	*12*
Date:	*9 November 2026*
Author:	*Steve Bishop, Responsible Finance Officer*
Report status:	*Decision*
Confidential / Exempt:	*No*

1. Report Summary

1.1 This report asks Full Council to approve an amendment to the Council's 2025/26 AGAR Section 2 (the accounts) in order to correct a single significant error.

1.2 Ordinarily, the accounts would have been externally audited and certified by the Council's external auditor before 30 September, but until Parliament issues a statutory instrument to redesignate the Council a smaller authority for 2024/25, both the 2024/25 and 2025/26 accounts remain uncertified. This gives us the opportunity to correct any errors made in the accounts before they are audited.

1.3 The Responsible Finance Officer (RFO) found a significant error in the accounts, which has already been reported to the Finance Committee and Full Council. The RFO double-counted £60,231 car parking income in those accounts, which had the effect of artificially inflating the year-end values for the revenue surplus, the Debtors and General Reserve. This error also creates a £60k unbudgeted pressure in this year 2026/27, unless the error is rectified.

1.4 The Council's external auditor, PKF Littlejohn, has been approached and has agreed to this course of action. If the Full Council approves a correction to the accounts before the audit takes place, the amended version of the accounts will be audited.

2. Recommendations

It is recommended that Full Council:

2.1 Notes the RFO's explanation of the cause of the accounting error and the preventative action to mitigate the risk of a recurrence.

2.2 Approves the amended AGAR Section 2 appended to this report.

2.3 Approves that the Chair and RFO should initial the various amendments to demonstrate Full Council's ratification of the amendment, before submitting this version to the external auditor.

3. Background

3.1 Producing the year-end accounts is a time-consuming and complicated process involving hundreds of postings and adjustments to produce an accurate and complete record of the Council's income and expenditure for the year.

3.2 One aspect, the 'matching concept', is to adjust for the timing of cash transactions in order that they better reflect the underlying flows between different financial years. For example, Wiltshire Council (WC) collected £60,231 Lush House car park fees on behalf of this Council and had not paid Quarter 4 income (2025/26 financial year) until May 2026 which is in the 2026/27 financial year. In this scenario, if the Council is not able to invoice WC until after the ledger (accounts) are closed. The RFO is expected to make an 'accrual' adjustment in order to reflect that amount of income in 2025/26 and remove it from 2026/27.

3.3 The RFO made this adjustment, unaware that his team had raised an invoice before the ledger was closed. By including both a £60k invoice and accrual, the income was double-counted in 2025/26. This, in turn, overstated the total income by £60k, overstated the overall outturn surplus, the General Reserve and year-end Debtors by the same amount.

3.4 In addition, the accrual removed £60k from this 2026/27 year's income, creating a further unbudgeted pressure in this financial year.

3.5 The cause of the mistake is human error by the RFO. The RFO should always double-check any accrual adjustments before closing the ledger to ensure no late invoices are raised which negate an accrual.

3.6 To prevent a recurrence of this error, in future, the RFO will include this check in his closedown checklist, and require at least two Finance officers to complete such a review.

4. Financial Position

4.1 No actual financial or cash loss has been experienced, nor will be. This problem is a paper error but nevertheless important as it distorts two sets of accounts.

4.2 Without an amendment to the accounts the Council's 2025/26 outturn surplus was £60k overstated by income; which will be corrected by having to understate 2026/27 income. Across the two years the error will be automatically rectified. However, our accounts for these two years will be knowingly inaccurate by £60k.

4.3 By amending the 2025/26 accounts as recommended in this report, they will become accurate, plus the 2026/27 accounts will also be accurate.

5. Implications

Implication Area	Impact	Comments / Mitigation
Financial	Medium	A £60k error is considered material and will distort any reader's understanding of the Council's financial performance.

Implication Area	Impact	Comments / Mitigation
Legal	High	The Council and RFO have statutory duties to ensure the accuracy and completeness of the accounts. Having been notified of this error and given the opportunity to correct it, if the Council chooses not to do so, it could be deemed to have breached this duty.
Risk	Medium	As set out above.
Personnel	Low	None.
Environmental Impact	Low	None.
Equalities Impact Statement	Low	None.
Community / Public Impact	Medium	The Council encourages public interest in its budgeting and financial performance. To maintain credibility and public confidence the Council would wish to ensure the accounts are as accurate as possible.
Procurement / Contractual	Low	None.
Property / Asset	Low	None.
Data Protection	Low	None.

6. Appendices / Background Papers

12.1 Appendix A – AGAR Section 2 accounts (Original)
12.2 Appendix B - AGAR Section 2 accounts (Amended, proposed for approval)

Section 2 – Accounting Statements 2025/26 for

SALISBURY CITY COUNCIL

RE-STATED

	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures **must** agree to underlying financial records.*
1. Balances brought forward	2,327,650	3,340,174	*Total balances and reserves at the beginning of the year as recorded in the financial records. Value **must** agree to Box 7 of previous year.*
2. (+) Precept or Rates and Levies	5,642,672	5,943,766	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	3,683,605	3,567,826	*Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.*
4. (-) Staff costs	3,049,674	3,616,215	*Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.*
5. (-) Loan interest/capital repayments	312,412	312,412	*Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).*
6. (-) All other payments	4,951,668	5,167,085	*Total expenditure or payments as recorded in the cash-book less staff costs (line 4) and loan interest/capital repayments (line 5).*
7. (=) Balances carried forward	3,340,174	3,756,054	*Total balances and reserves at the end of the year. **must** equal (1+2+3) - (4+5+6).*
8. Total value of cash and short term investments	3,735,460	3,784,959	*The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – **To agree with bank reconciliation.***
9. Total fixed assets plus long term investments and assets	20,169,994 [20,169,109] PREVIOUSLY	20,151,808	*The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.*
10. Total borrowings	2,190,515	1,946,617	*The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).*

For Local Councils Only	Yes	No	
11 Do the figures in the accounting statements above exclude any trust transactions?	✔		*For guidance refer to the Practitioners' Guide sections 2.31 to 2.33.*

I certify that for the year ended 31 March 2026 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval.

S D Bishop

Date 16/06/2026

I confirm that these Accounting Statements were approved by this authority on this date:

29/06/2026

as recorded in minute reference:

FC/Minutes/29.06.26/12.1

Signed by Chair of the meeting where the Accounting Statements were approved

S A Bucknell.

Section 2 – Accounting Statements 2025/26 for

SALISBURY CITY COUNCIL

RE-STATED AMENDED

	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	*Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures **must** agree to underlying financial records.*
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2. (+) Precept or Rates and Levies	5,642,672	5,943,766	*Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.*
3. (+) Total other receipts	3,683,605	~~3,567,828~~ 3,507,595	*Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.*
4. (-) Staff costs	3,049,674	3,616,215	*Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.*
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7. (=) Balances carried forward	3,340,174	~~3,756,054~~ 3,695,823	*Total balances and reserves at the end of the year. **must** equal (1+2+3) - (4+5+6).*
8. Total value of cash and short term investments	3,735,460	3,784,959	*The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – **To agree with bank reconciliation.***
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Signed by Responsible Financial Officer before being presented to the authority for approval.

S D Bishop

16/06/2026

Date

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29/06/2026

as recorded in minute reference:

FC/Minutes/29.06.26/ 12.1

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