

TITLE: ECTC FINANCIAL STATEMENTS 2025/26 & ANNUAL GOVERNANCE STATEMENT 2025/26

Committee: Finance & Assets

Date: 24 September 2026

Author: ECTC Finance Manager and ECTC Managing Director

Report number: AB68

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Issue

1. To receive the East Cambs Trading Company Financial Statements and Annual Governance Statement for 2025/26.

Recommendations

2. Members are asked to note the East Cambs Trading Company Financial Statements 2025/26 as set out in Appendix 1.
3. Members are asked to note the East Cambs Trading Company Annual Governance Statement 2025/26 as set out in Appendix 2.

Background/Options

4. East Cambs Trading Company (ECTC) auditors, Price Bailey, have issued an unqualified opinion on the statements and confirmed that they give a true and fair view of the state of ECTC's affairs as of 31 March 2026. They also confirm that they have been prepared in accordance with the relevant laws and regulations.
5. The ECTC 2025/26 accounts were approved by the ECTC Board on 27 August 2026.
6. The ECTC Annual Governance Statement 2025/26 was approved by the ECTC Board on 27 August 2026.

Arguments/Conclusions

7. The 2025/26 Financial Statements and the Annual Governance Statement 2025/26 are now provided to the Finance & Assets Committee as the Shareholder Committee for noting.

Additional Implications Assessment

Financial Implications No	Legal Implications No	Human Resources (HR) Implications No
Equality Impact Assessment (EIA) No	Carbon Impact Assessment (CIA) No	Data Protection Impact Assessment (DPIA) No

Appendices

- Appendix 1 – ECTC Draft Financial Statements 2025-26
- Appendix 2 – ECTC Annual Governance Statement 2025-26

Background documents

None

EAST CAMBS TRADING COMPANY LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2026

EAST CAMBS TRADING COMPANY LIMITED

COMPANY INFORMATION

Directors	P J Remington J Hill (resigned 31 December 2025) I Edgar E Grima (appointed 5 February 2026)
Company secretary	E L Grima
Company number	10061867
Registered office	The Grange Nutholt Lane Ely Cambridgeshire CB7 4EE
Auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ

EAST CAMBS TRADING COMPANY LIMITED

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EAST CAMBS TRADING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2026

The Directors present their report and the audited financial statements of the company for the year ended 31 March 2026.

Directors

The Directors who served during the year were:

P J Remington
J Hill (resigned 31 December 2025)
I Edgar
E Grima (appointed 5 February 2026)

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

EAST CAMBS TRADING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Auditors

The auditors, Price Bailey LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report was approved by the board on and signed on its behalf.

E Grima
Director

EAST CAMBS TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST CAMBS TRADING COMPANY LIMITED

Opinion

We have audited the financial statements of East Cambs Trading Company Limited (the 'company') for the year ended 31 March 2026 which comprise The Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2026 and of the loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

EAST CAMBS TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF EAST CAMBS TRADING COMPANY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies exemptions in preparing the Director's Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of non-compliance with the applicable laws and regulations including fraud, in particular those that could have a material impact on the financial statements.

This included those regulations directly related to the financial statements, including financial reporting, tax legislation and distributable profits. In relation to the industry this included employment laws and health and safety.

EAST CAMBS TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF EAST CAMBS TRADING COMPANY LIMITED

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, correspondence with their regulators, agreeing the financial statement disclosures to underlying supporting documentation, enquiries of management including those responsible for the key regulations for any instances of actual, suspected or alleged fraud or non-compliance.

To address the risk of management override of controls, we reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stella Athanasiadou ACA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP

Chartered Accountants & Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date:

EAST CAMBS TRADING COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026**

	Notes	2026 £	2025 £
CONTINUING OPERATIONS			
Revenue from contracts with customers			
Revenue from services		1,845,052	1,621,445
Revenue from property development		4,567,416	2,242,879
Revenue from grant income		72,143	-
		<u>6,484,611</u>	<u>3,864,324</u>
Cost of sales		(4,920,314)	(2,837,682)
Gross profit		<u>1,564,297</u>	<u>1,026,642</u>
Administrative expenses		(2,075,995)	(1,796,971)
Other operating income	2	<u>121,629</u>	<u>93,346</u>
Operating (losses) / profit	3	<u>(390,069)</u>	<u>(676,983)</u>
Interest receivable		-	12,105
Interest payable	6	(145,397)	(87,985)
Net fair value gains on financial assets/liabilities at fair value through profit or loss		-	(5,197)
(Loss) / Profit before income tax		<u>(535,466)</u>	<u>(758,060)</u>
Income tax expense	7	-	(10,118)
(Loss) / Profit and total comprehensive (loss) / income for the year		<u><u>(535,466)</u></u>	<u><u>(768,178)</u></u>

There were no recognised gains and losses from 2026 or 2025 other than those included in the statement of comprehensive income.

The notes on pages 11-26 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026**

Registration No. 10061867

		2026	2025
	Notes	£	£
Non-current assets			
Property, plant and equipment	8	68,690	54,970
Right-of-use assets	9	25,970	51,939
		<u>94,660</u>	<u>106,909</u>
Current assets			
Inventories	10	2,572,177	3,412,927
Trade and other receivables	11	1,995,637	975,254
Cash at bank and in hand	12	524,693	759,830
		<u>5,092,507</u>	<u>5,148,011</u>
Current Liabilities			
Trade and other payables	13	(1,228,875)	(752,139)
Financial liabilities - borrowings	14	-	-
Lease liabilities	15	(40,406)	(34,023)
		<u>(1,269,281)</u>	<u>(786,162)</u>
Net Current Assets		3,823,226	4,361,849
Total assets less current liabilities		3,917,886	4,468,758
Non-Current Liabilities			
Financial Liabilities – borrowings	14	(5,850,000)	(5,825,000)
Lease liabilities	15	-	(40,406)
		<u>(5,850,000)</u>	<u>(5,865,406)</u>
Net assets		<u>(1,932,114)</u>	<u>(1,396,648)</u>
Equity			
Called up share capital	17	1	1
Retained earnings		(1,932,115)	(1,396,649)
		<u>(1,932,114)</u>	<u>(1,396,648)</u>

EAST CAMBS TRADING COMPANY LIMITED

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2026**

Registration No. 10061867

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

E Grima
Director

Date:

The notes on pages 11-26 form part of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026**

	Share Capital £	Retained earnings £	Total equity £
Balance as at 1 April 2024	1	(628,471)	(628,470)
Loss for the year	-	(768,178)	(768,178)
Total comprehensive income for the year	-	(768,178)	(768,178)
Balance as at 31 March 2025	1	(1,396,649)	(1,396,648)
Balance as at 1 April 2025	1	(1,396,649)	(1,396,648)
Loss for the year	-	(535,466)	(535,466)
Total comprehensive income for the year	-	(535,466)	(535,466)
Balance as at 31 March 2026	1	(1,932,115)	(1,932,114)

EAST CAMBS TRADING COMPANY LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2026**

		2026		2025	
	Notes	£	£	£	£
Cash flows from operating activities,					
Net cash inflow from operating activities	21	74,708	(88,132)		
Net cash inflow from operating activities			74,708	(88,132)	
Cash flows from investing activities					
Payments for plant and equipment	8	(45,164)	(9,276)		
Proceeds from sale of plant and equipment	8	-	-		
Interest received		-	12,105		
Net cash (outflow) / inflow from investing activities			(45,164)	2,829	
Cash flows from financing activities					
Repayment of leasing liabilities	23	(36,941)	(47,594)		
Loans advanced	23	2,875,000	1,675,000		
Loans repaid	23	(3,102,740)	(1,263,947)		
Net cash outflow from financing activities			(264,681)	363,459	
Net increase in cash and cash equivalents			(235,137)	278,156	
Cash and cash equivalents at beginning of year			759,830	481,674	
Cash and cash equivalents at end of year	12		524,693	759,830	

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. Accounting policies

1.1 Statutory information

East Cambs Trading Company Limited is a private company limited by shares incorporated and domiciled in England and Wales, United Kingdom. The address of the registered office is The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE.

The company is primarily involved in property development and management of council services.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

1.2 Compliance with accounting standards

These financial statements have been prepared in accordance with UK-adopted international accounting standards.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

1.3 New or amended Accounting Standards and Interpretations adopted

For the purpose of the preparation of these financial statements, the Company has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 April 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

There are a number of standards, amendments to standards which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning 1 April 2026:

- IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments – Amendments regarding the classification and measurement of financial instruments
- IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments — Amendments regarding Contracts Referencing Nature-dependent Electricity
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 resulting from Annual Improvements to IFRS Accounting Standards — Volume 11

The following amendments are effective for accounting periods beginning on or after 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IAS 21 The effects of Changes in Foreign Exchange Rates

The Company has assessed the amendments to become effective in 2026, and onwards, and has concluded they have no material impact on its financial statements.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

1. Accounting policies (continued)

1.4 Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods promised.

Further details on specifics relating to each revenue stream is listed below:

Grounds Maintenance Services

The Company provides a grounds maintenance service predominantly to local authorities and educational establishments and the performance obligation is satisfied when services are rendered. For larger contracts invoices are issued on a monthly basis or as the work is completed for smaller contracts. There is no significant financing component to these contracts, with a fixed fee agreed annually, invoices issued and paid on a monthly basis. The maintenance service is performed to an agreed schedule, with any issues resolved at the next visit.

Markets

The Company operates street markets on behalf of the local council and collects revenue from the individual stallholder and the performance obligation is satisfied when the Market is held. Invoices are issued on a monthly basis and payments are made via direct debits.

Property Development

The Company develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the company. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract. The consideration is due when legal title has been transferred.

1.5 Government grants

Government grants are recognised in Statement of Comprehensive Income on a systemic basis over the periods in which the company recognises as expenses the related costs for which grants are intended to compensate. The grants are shown separately in the Statement of Comprehensive Income.

Grants are recognised on respect pf the delivery of affordable housing projects and all conditions have been fulfilled.

1.6 Other operating income

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the company. This includes the recharge of ancillary costs incurred on behalf of other group entities.

EAST CAMBS TRADING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026**

1. Accounting policies (continued)**1.7 Property, plant and equipment**

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	25% straight line
Leasehold improvements	16.67% straight line
Office equipment	16.67% straight line
Computer equipment	33.33% straight line

1.8 Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Work in progress comprises direct materials, labour costs, site overheads, associated professional charges and other attributable overheads. Net realisable value represents the estimated selling price less costs to complete and sell.

At each year end, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.10 Trade and other receivables

Short term receivables are measured initially at transaction price and are measured subsequently at amortised costs.

1.11 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.

1.12 Operating profit

Operating profit consists of items which are of operational nature, excluding investment income and finance cost.

1.13 Trade and other payables

Short term payables are measured initially at fair value, and subsequently at amortised cost. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

EAST CAMBS TRADING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026**

1 Accounting policies (continued)**1.14 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.15 Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

1.16 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Company leases an office used by staff in the Property Development division and Market Square, Ely to provide street markets in Ely. Both leases have annual rent reviews.

EAST CAMBS TRADING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026**

1. Accounting policies (continued)**1.17 Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. This is based on the cost of the asset at the interest rate charged on the company's borrowings of 4.5%.

All other finance costs are expensed in the period in which they are incurred.

1.18 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year and the amounts reported for assets and liabilities at the statement of financial position date. However, the nature of estimation means that the actual outcomes could differ from those estimates. The significant accounting judgements and key sources of estimation uncertainty affecting the company are disclosed below.

Going concern including liquidity

The Directors regularly review the plans of the business and are pleased to report that by the end of the first half of the financial year 2026/27, the remaining units in the 27-property development at Arbour Square will have been successfully handed over to the customer, Havebury Homes. Planning permission, subject to completion of a Section 106 agreement, was granted on a third phase at Arbour Square to deliver another 13 dwellings. It is forecast that this project will commence in early 2027. Part of the Company's purpose is to support East Cambridgeshire District Council, of which it is a wholly owned subsidiary, in its' desire to work with local communities to deliver affordable housing initiatives for residents. This involves providing support in the form of staff expertise as well as when necessary interim funding. The staff expertise being provided means that there are very close links to the organisations that ECTC is assisting, including access to all necessary information to allow a complete understanding of the status of any debts and their recoverability.

Careful consideration has been given to the timing of expected receipts from debtors and the impact on the company's cashflow. The directors remain satisfied as to the recoverability of this balance; however, the timing of receipts is dependent upon the completion of related transactions and associated funding arrangements. The directors have reflected their best estimate of the timing of these receipts within their forecasts.

The Directors are satisfied that there is sufficient headroom on the facility with ECDC to enable it to commence the third phase at Arbour Square early in 2027, and to continue to explore other possible opportunities. There is reasonable certainty that the handover of the last few properties on phase 2 at Arbour Square will occur within the next two months, which will bring significant cashflow receipts. Payments have also been made by debtors in line with revised timescales agreed, and assurances received that future payments will also be made within the timescales expected. This has not always been within the total control of the debtors as they have been reliant on other third parties to be able to access their long-term funding.

In consideration of all of the above, the Directors have concluded that the accounts should be prepared on a going concern basis and that the company has sufficient resources to enable it to meet liabilities as they fall due for a period of at least 12 months from approval of these financial statements.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

1. Accounting policies (continued)

1.19 Critical accounting estimates and judgements (continued)

Leases – discount rate

Under IFRS 16, the Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. Management have made a judgement to use a portfolio approach when estimating an incremental borrowing rate.

The incremental borrowing rate is determined on a portfolio basis, the most significant portfolio being the lease of properties. Judgement has been used to determine that a portfolio basis is an appropriate basis. As the Company had agreed borrowings for general purposes at a rate of 5.22%, this has been determined as the borrowing rate of the lease.

Refer to note 14 for additional disclosures relating to leases held by the Company.

The valuation of work in progress and allocation of costs to each period

Costs directly attributable to the projects have been included in the work in progress figure accordingly. When calculating the work in progress the directors consider the stage of completion of the project and the likelihood of all costs being recovered, applying this in accordance with applicable framework.

Refer to note 14 for additional disclosures relating to leases held by the Company.

Useful lives of depreciable assets

Estimates have been made in respect of useful economic lives of property, plant and equipment, which determine the amount of depreciation charged in profit or loss. Uncertainties in these estimates relate to the technological obsolescence that may change the utility of plant and machinery and could result in a material change to the amount of depreciation recognised. These estimates are reviewed annually at the reporting date based on the expected utility of the assets. The net book value of the assets at the end of the period was £68,690 (2025 £54,970)

Further detail on useful life estimates is included in the accounting policy note 1.7.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

2. Other Operating Income

Other operating income consists of:

	2026 £	2025 £
Recharges of expenditure incurred on behalf of other Group entities	121,629	93,346

3. Operating (losses) / profit

Operating (losses / profit is stated after charging

	2026 £	2025 £
Depreciation of owned fixed assets	30,920	37,782
Depreciation of right to use assets	25,969	41,320
Auditors' remuneration	48,600	46,300

4. Employees and directors

	2026 £	2025 £
Wages and Salaries	1,203,774	1,081,702
Social security	149,772	107,850
Other pension costs	67,482	66,751
	<u>1,421,028</u>	<u>1,256,303</u>

The average monthly number of employees during the year was as follows:

	2026	2025
Directors	3	3
Administration	35	29
	<u>38</u>	<u>32</u>

Two of the three Directors only receive remuneration from the ultimate parent company.

5. Directors' remuneration

	2026 £	2025 £
Directors' remuneration	12,000	12,000
Directors' pension contributions to a defined contribution pension scheme	630	1,320
	<u>12,630</u>	<u>13,320</u>

During the year 1 directors (2025 – 1) was accruing benefits under defined contribution pension schemes.

The above director's remuneration disclosure relates to the highest paid director also for both 2026 and 2025.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

6. Interest Payable

	2026 £	2025 £
Loan interest payable	142,478	83,290
Interest on leases	2,919	4,695
	<u>145,397</u>	<u>87,985</u>

Total loan interest payable in the year was £252,740 (2025: £259,850). During the year £110,262 was transferred to work in progress (2024: £140,409) based on the funding requirements for each capital project at the loan rate of 4.5%.

7. Income tax expense

Factors affecting the income tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2026 £	2025 £
Loss per accounts	<u>(535,466)</u>	<u>(768,178)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(101,739)	(145,954)
Effects of:		
Depreciation in excess of capital allowances	4,679	4,543
Adjustment for IFRS 16 leases	-	(282)
Movement in unrelieved pension provision	1,818	(1,675)
Losses carried forward	95,242	142,381
Change in corporation tax provision relating to previous periods	-	10,118
	<u>-</u>	<u>10,118</u>
Tax expense	<u>-</u>	<u>10,118</u>

The company has trading losses of £2,003,691 carried forward (2025 - £1,502,415)

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

8. Property, plant and equipment

	Plant & Machinery	Leasehold Improvement	Office & computer Equipment	Total
Cost				
As at April 1 2025	72,094	11,600	97,848	181,542
Additions	3,464	37,500	4,200	45,164
Disposals	(7,615)	-	(38,901)	(46,516)
As at 31 March 2026	<u>67,943</u>	<u>49,100</u>	<u>63,147</u>	<u>180,190</u>
Depreciation				
As at April 1 2025	46,735	9,280	70,557	126,572
Charge for the year	12,488	2,320	16,112	30,920
On disposals	(7,615)	-	(38,377)	(45,992)
As at March 31 2026	<u>51,608</u>	<u>11,600</u>	<u>48,292</u>	<u>111,500</u>
Net Book Value				
As at March 31 2026	<u>16,335</u>	<u>37,500</u>	<u>14,855</u>	<u>68,690</u>
As at March 31 2025	<u>25,359</u>	<u>2,320</u>	<u>27,291</u>	<u>54,970</u>
	Plant & Machinery	Leasehold Improvement	Office & computer Equipment	Total
Cost				
As at April 1 2024	71,244	54,508	89,420	215,172
Additions	850	-	8,428	9,278
Disposals	-	(42,908)	-	(42,908)
As at 31 March 2025	<u>72,094</u>	<u>11,600</u>	<u>97,848</u>	<u>181,542</u>
Depreciation				
As at April 1 2024	33,927	43,902	53,867	131,696
Charge for the year	12,808	8,286	16,690	37,784
On disposals	-	(42,908)	-	(42,908)
As at March 31 2025	<u>46,735</u>	<u>9,280</u>	<u>70,557</u>	<u>126,572</u>
Net Book Value				
As at March 31 2025	<u>25,359</u>	<u>2,320</u>	<u>27,291</u>	<u>54,970</u>
As at March 31 2024	<u>37,317</u>	<u>10,606</u>	<u>35,553</u>	<u>83,476</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

9. Right-of-use assets

	Land and Buildings	Total
As at April 1 2025	51,939	51,939
Depreciation	(25,969)	(25,969)
As at March 31 2026	<u>25,970</u>	<u>25,970</u>
As at April 1 2024	93,259	93,259
Depreciation	(41,320)	(41,320)
As at March 31 2025	<u>51,939</u>	<u>51,939</u>

The Company leases land at Market Square, Ely under an agreement for a term of 10 years. On renewal, the terms of the leases are renegotiated.

Details of leasing liabilities are included within note 15 and lease expense disclosed in note 3.

10. Inventories

	2026 £	2025 £
Completed properties held for resale	-	2,222,565
Work in progress	2,572,177	1,190,362
	<u>2,572,177</u>	<u>3,412,927</u>

The total amount of work in progress recognised as an expense during the year was £4,253,744 (2025: £2,084,363).

11. Trade and other receivables

	2026 £	2025 £
Current:		
Trade receivables	40,656	49,204
Other receivables	1,460,199	-
Amounts owed by group entities	355,846	310,070
Other taxation	16,048	5,352
Prepayments and accrued income	122,888	610,628
	<u>1,995,637</u>	<u>975,254</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

12. Cash and cash equivalents

	2026 £	2025 £
Cash at bank and in hand	524,693	759,830

13. Trade and other payables

	2026 £	2025 £
Current		
Trade payables	564,192	158,789
Amounts owed to group entities	349,881	299,118
Other taxation and social security	31,488	27,544
Other payables	197,047	187,838
Accruals and deferred income	86,267	78,850
	<u>1,228,875</u>	<u>752,139</u>

14. Borrowings

	2026 £	2025 £
Current:		
Loans due within one year	-	-
	<u>-</u>	<u>-</u>
Non-current		
Due 1 – 2 years:		
Amounts owed to parent undertakings	-	-
Loans due after one year	-	-
Due 2 – 5 years:		
Amounts owed to parent undertakings	5,850,000	5,825,000
	<u>5,850,000</u>	<u>5,825,000</u>
Total non-current	<u>5,850,000</u>	<u>5,825,000</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

14. Borrowings (continued)

East Cambridgeshire District Council has a fixed and floating charge on all property, or undertakings of the Company not already charged.

15. Lease Liabilities

	2026	2025
	£	£
Current:		
Lease liability	40,406	34,023
Non-current:		
Lease liability	-	40,406
	<u>40,406</u>	<u>74,429</u>

Refer to note 16 for further information on financial instruments. Details of finance costs are included within note 6. Details of the right of use assets are included within note 9.

In the event of default by the Company on the lease liabilities, the lease assets in note 9 would be returned to the lessor.

During the year Licence fees relating to a Licence to Occupy, which is not disclosed under IFRS 16, totalled £40,935 (2025: £34,065). Within non-current liabilities are lease liabilities falling due after more than 5 years totalling £Nil (2025 - £Nil).

16. Financial Instruments

Financial assets and liabilities

The carrying value of the company's financial assets and liabilities as recognised at the year end of the years under review may also be categorised as follows:

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
As 31 March 2026	£	£	£
Cash and cash equivalents	524,693	-	524,693
Trade receivables	40,656	-	40,656
Other receivables – current	1,460,199	-	1,460,199
Amounts owed by group entities	355,846	-	355,846
Borrowings	-	(5,850,000)	(5,850,000)
Trade payables	-	(564,192)	(564,192)
Amounts owed to group entities	-	(349,881)	(349,881)
Other payables - current	-	(197,047)	(197,047)
Accruals and deferred income	-	(86,267)	(86,267)
Total	<u>2,381,394</u>	<u>(7,047,387)</u>	<u>(4,665,993)</u>

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

16. Financial Instruments (continued)

	Financial assets at amortised cost	Financial liabilities at amortised cost	Restated Total carrying amount
As 31 March 2025	£	£	£
Cash and cash equivalents	759,830	-	759,830
Trade receivables	49,204	-	49,204
Amounts owed by group entities	289,627	-	289,627
Borrowings	-	(5,825,000)	(5,825,000)
Trade payables	-	(158,788)	(158,788)
Amounts owed to group entities	-	(299,118)	(299,118)
Other payables - current	-	(187,838)	(187,838)
Accruals and deferred income	-	(78,850)	(78,850)
Total	1,098,661	(6,549,594)	(5,450,933)

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and balances at financial institutions.

The company's exposure to credit risk in the property development division is limited as title to any property sold does not pass until funds are received.

For the grounds maintenance division, the major customer is a local authority and the sole shareholder of the company so the risk is perceived to be low. The remaining customers are predominantly also local authorities.

For the markets division, the customers are individual market stall vendors and each debt is relatively small. Most vendors have been trading with the company, and its local authority predecessor for a number of years.

The company held cash and cash equivalents of £524,693 at 31 March 2026 (2025: £759,830). The cash and cash equivalents are held at NatWest Bank which is rated A- to A at leading credit rating agencies and so the company considers these to have a low credit risk.

The carrying amount of the financial assets best represents the maximum exposure to credit risk at the end of the reporting period.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

Market Risk

Market risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency or interest rates. The company's cash flows are largely independent of any interest rates or currency fluctuations. The borrowing is at a fixed rate of interest.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026

16. Financial Instruments (continued)

	Less than one year	More than one year less than five years	Total
	£	£	£
2026			
Trade and other payables	1,228,875	-	1,228,875
Borrowings	-	5,850,000	5,850,000
	<u>1,228,875</u>	<u>5,850,000</u>	<u>7,078,875</u>
	Less than one year	More than one year	Restated Total
	£	£	£
2025			
Trade and other payables	752,139	-	752,139
Borrowings	-	5,825,000	5,825,000
	<u>752,139</u>	<u>5,825,000</u>	<u>6,577,139</u>

Fair values

The carrying amounts of all financial assets and liabilities of the company as disclosed in the notes to the financial information are approximately their fair values.

Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital with an appropriate level of leverage for the size of the business so as to maintain investor, creditor and market confidence and to sustain future development of the business. In order to maintain or adjust the capital structure, the company may return capital to shareholders, issue new shares or sell assets to reduce debt.

17. Share capital

	2026 £	2025 £
Share classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £67,482 (2025 - £66,751).

Contributions totalling £16,826 (2025 - £10,502) were payable to the fund at the year end and are included in creditors.

EAST CAMBS TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2026

19. Related Party Transactions

In line with paragraph 25 of IAS24, the company has taken advantage of the exemption from the requirement to disclose transactions with East Cambridgeshire District Council (ECDC) and connected companies due to the control exercised by ECDC by virtue of it being the only shareholder.

The company has loans of £5,850,000 (2024: £5,825,000) due to ECDC on March 31 2029 lent at an interest rate of 4.50% increasing to 4.75% in 2026.

20. Details of Parent Undertaking

The ultimate parent undertaking is East Cambridgeshire District Council, registered address The Grange, Nutholt Lane, Ely, Cambridgeshire, CB7 4EE

21. Net cash inflow from operating activities

	2026	2025
	£	£
Loss before income tax	(535,466)	(758,060)
Depreciation	56,890	79,102
Loss on disposal of asset	523	-
Interest received	-	(12,105)
Interest expense (including capitalised interest)	255,658	264,405
Net fair value gains on financial assets / liabilities at fair value through profit or loss	-	5,197
Taxation	-	(10,118)
	<u>(222,395)</u>	<u>(431,579)</u>
Decrease/(Increase) in inventories	840,750	(17,876)
(Increase)/Decrease in trade and other receivables	(1,020,383)	634,104
Increase)/(Decrease) in trade and other payables	476,736	(272,781)
Net cash outflow from operating activities	<u><u>74,708</u></u>	<u><u>(88,132)</u></u>

22. Reserves

The following is a description of each of the reserve accounts that comprise equity shareholders' funds:

Share capital	The share capital comprises the issued ordinary shares of the company at par.
Retained earnings	Retained earnings comprise the Company's cumulative accounting profits and losses since inception.

EAST CAMBS TRADING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2026****23. Changes in liabilities arising from financing activities**

	Lease liability £	Bank loans £	Total £
Balance at 1 April 2024	117,328	5,149,040	5,266,368
Net cash used in financing activities	(47,594)	(1,263,947)	(1,311,541)
Loans advanced	-	1,675,000	1,675,000
Interest expense (including capitalised interest)	4,695	264,907	269,602
Balance at 1 April 2025	74,429	5,825,000	5,899,429
Net cash used in financing activities	(36,941)	(3,102,740)	(3,139,681)
Loans advanced		2,875,000	2,875,000
Interest expense (including capitalised interest)	2,918	252,740	255,658
Balance at 31 March 2026	<u>40,406</u>	<u>5,850,000</u>	<u>5,890,406</u>

Annual Governance Statement 2025/26

Introduction

East Cambs Trading Company Ltd (ECTC) is a private company limited by shares wholly owned by East Cambridgeshire District Council (ECDC). The Company operates at arm's length from the Council with an independent board for operational decision making. Whilst remaining accountable to its shareholder through the Articles of Association and Shareholder Agreement.

Mission Statement

We believe that by continuing to develop the services that we offer we will be able to deliver services that are profitable, sustainable and flexible and focused on meeting the needs of local people and businesses in East Cambridgeshire.

We believe in improving the quality of life of the taxpayer of East Cambridgeshire and we believe in the Council's objectives that are set out in the Corporate Plan 2023-27. ECTC will continue to support the Council in achieving these objectives.

ECTC Commitments

- Deliver quality homes for the people of East Cambridgeshire.
- Trade in a manner that, wherever possible, acts in the best interest of the Council.
- Maximise on every commercial opportunity.

Company Purpose and Strategic Objectives

ECTC exists to deliver commercial and community benefits for East Cambridgeshire through:

- Property development and housing delivery.
- Grounds maintenance and tree services.
- Management and delivery of Ely Markets.
- Supporting the wider objectives of the Council.

The Company remains committed to delivering quality homes, maximising commercial opportunities in a manner that is in the best interest of its shareholder and the communities of East Cambridgeshire.

Governance Framework

ECTC is governed through:

- Articles of Association.
- Shareholder Agreements.
- Annual Business Plan.
- Financial Regulations and Internal Controls.
- Risk Management Framework.

- Operations Management Contracts.

These arrangements provide the framework through which the Company directs and controls its activities and manages risk.

Review of Performance During 2025/26

Property Development

The Company continued delivery of its housing programme throughout 2025/26.

Key achievements included:

- Completion and sale of the remaining homes at Eden Square.
- Progression of construction works at Arbour Square Phase 2.
- Signing of a contract with the Havebury Housing Partnership for the sale of all 27 houses at Arbour Square Phase 2 as affordable housing with a social rent tenure.
- Achieved planning permission, subject to completion of a Section 106 Agreement, for 13 dwellings at Arbour Square Phase 3.
- Working with Haddenham CLT to develop proposals for an extension to Ovins Rise.
- Continued support to Kennett CLT.

As at 31 March 2026, since its formation, the Company has delivered 186 homes, including 55 through Community Land Trusts, Registered Providers and £100k Homes initiative.

Commercial Services

The Company continued to deliver Grounds Maintenance and Ely Market Services.

Grounds Maintenance maintained high service standards whilst continuing to secure commercial income with approximately one-third of service income generated from organisations other than ECDC.

Ely Markets continue to provide a vibrant and successful market offer, supporting local businesses, footfall in Ely city centre and community needs. The service remains financially sustainable and continues to outperform national market sector trends.

Social Value of Property Development

An initial assessment of Social Value has been undertaken and is focused on the value of the affordable housing.

Site	Market Housing	Affordable Housing	Total	Difference between AH & OM Value
The Shade, Soham	5	8	13	£43,830

Barton Road, Ely	9	2	11	£257,133
Phase 1 Arbour Square, Ely	77	15	92	£934,066
Ovins Rise, Haddenham	35	19	54	£2,514,991
Eden Square, Ely	9	4	13	£600,000
Phase 2, Arbour Square	0	27	27	£163,960
	135	75	210	£4,513,979

The typical discount to registered providers is 20% on open market value, however, this can vary depending on the offers made and their access to Homes England grant.

The Shade, Soham- £520,000 of grants were received to assist with funding the affordable housing and this has been deducted from the difference. The properties were sold to the CLT with a 47% discount on open market value.

Barton Road, Ely- The third dwelling was delivered as a S106 contribution of £72,143 which reduced the profitability of the scheme. This has been added to the revenue of Phase 2 Arbour Square as it was provided as a grant to increase the affordable provision of that scheme. The properties were sold to the CLT at a 46% discount on open market value.

Phase 1 Arbour Square, Ely- ECTC did not need to make any affordable housing provision on this site as it was a refurbishment, so all 15 units are counted as additional. The properties were sold to the CLT with a 27% discount on open market value.

Ovins Rise, Haddenham- The properties were sold to the CLT at a 59% discount on open market value.

Eden Square, Ely- The £100k Homes scheme provided an average discount of 60% on open market value.

Phase 2 Arbour Square, Ely- As the site has not completed this is based on the assumptions of the scheme.

From the outset, due to decisions taken on the delivery model, none of the projects were expected to make the 'traditional' 20% profit target. If different decisions were taken from the outset and a profit of 20% was achieved then the Company could have realised more profit if a viability exercise was undertaken in the planning process to reduce the amount of affordable housing to achieve a 20% profit target (note- not relevant to Community-led developments; The Shade, Soham and Ovins Rise, Haddenham).

A social value report which captures other areas in the business will be produced during 2026/27.

Review of Governance Arrangements During 2025/26

During 2025/26 the Board continued to operate within the requirements of the Articles of Association and Shareholder Agreement. Board meetings were held regularly and received reports covering:

- Financial Performance.
- Risk Management
- Project Update.
- Business Planning.
- Governance Matters.

The Board maintained effective oversight of the Company's operations and strategic direction throughout the year.

The retirement of John Hill as Managing Director and Board Member was identified as a governance change requiring succession planning and implementation during 2025/26. Appropriate arrangements, including Council approvals, were put in place to ensure continuity of leadership and governance. Emma Grima succeeds John Hill as Managing Director and Board Manager.

Shareholder Oversight

The Finance & Assets Committee continued to act as shareholder Committee on behalf of the Council and fulfilled its responsibilities through:

- Review and approval of the business plan.
- Monitoring financial performance.
- Receiving statutory accounts and governance reports.

Regular reporting ensured effective shareholder oversight.

Financial Governance

The Company maintained appropriate financial management and control arrangements throughout 2025/26.

Key assurances include:

- Preparation of financial statements in accordance with relevant accounting standards.
- Independent external audit by Price Bailey LLP.
- Regular management accounts presented to Board and Shareholder Committee.
- Cashflow monitoring and financial forecasting.
- Appropriate budget monitoring arrangements.

The Board continued to monitor:

- Project cashflows.

- Loan performance.
- Development expenditure.
- Future borrowing requirements.
- Business plan assumptions.

The Company remained within its approved loan arrangements with ECDC and continued to monitor repayment profiles through its financial forecasts.

Risk Management

The Board maintained a strategic risk register throughout 2025/26, with risk updates considered at each formal Board meeting.

Key risks monitored during the year included:

- Economic uncertainty and housing market volatility.
- Development cost inflation.
- Changes in planning and housing policy.
- Adequacy of governance arrangements.
- Delivery of development projects.
- Local Government Reorganisation and future shareholder arrangements.
- Adequacy of organisational resources.

The Board is satisfied that appropriate mitigation measures remain in place for all strategic risks.

Internal Control and Assurance

The Company maintains a framework of internal control designed to manage risk to a reasonable and proportionate level.

Key assurance mechanism include:

- Independent external audit.
- Board scrutiny and challenge.
- Shareholder oversight.
- Quarterly financial monitoring.
- Health and Safety governance.
- Strategic risk reporting.

Governance Challenges and Future Improvements

The Board has considered whether any significant failures occurred during 2025/26.

No significant governance failures were identified.

The Company continued to operate in accordance with:

- Articles of Association.
- Shareholder Agreement.

- Approved Business Plan.
- Financial Regulations.
- Applicable Company and accounting legislation.

During 2025/26 the Company identified the following areas for continued attention during 2026/27:

- Embedding governance arrangements following leadership of changes.
- Expiration of two contracts with ECDC on 31 March 2027.
- Delivery of Arbour Square Phases 2 and 3.
- Securing a pipeline for future development projects.
- Housing market conditions and construction inflation.
- Maintain sufficient organisational capacity and specialist skills to deliver the Company's business.
- Responding to Local Government Reorganisation change where relevant.

These matters will continue to be monitored through the Board's governance and risk management arrangements.

Annual Governance Opinion

The Board has reviewed the effectiveness of its governance arrangements during 2025/26 and is satisfied that:

- Governance arrangements remain fit for purpose.
- Effective systems of internal control operated throughout the year.
- Appropriate financial management arrangements were in place.
- Risks were actively managed and monitored.
- The Company remained compliant with the requirements of its governing documents.
- No significant governance failures were identified requiring disclosure within this statement.

The Board therefore concludes that East Cambs Trading Company Limited maintained an effective governance framework throughout 2025/26 and that the Company's governance arrangements remain proportionate, robust and appropriate to its scale and activities.