

Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of my audit and the financial statements have been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 4

Adjusted misstatements	Nature of Adjustment	Income and Expenditure Account		Balance Sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
Changes to V1 to V3					
Fixed assets	Duplicate asset disposal		900	900	
Explanatory Foreword Housing Revenue Account (HRA) impairment	Consistency with figures in the statements	12,000			
Explanatory foreword General Fund impairment	Consistency with figures in the statements	4,000			
Income and expenditure, Housing HRA expenditure	Additional revaluation/impairment written off		147	147	
Collection Fund comparative figures	Amended to match closing 07/08 figures				
Statement of the Movement on the General Fund Balance (SMGFB)	Results from adjustment to I&E above, additional revaluation/impairment written off.				
Note 5.3 Reconciling items for SMGFB, depreciation and impairment of fixed assets	Depreciation/impairment figure has changed		147	147	
Note 5.3 Reconciling items for SMGFB, comparative figures for net changes made for retirement benefits in accordance with FRS17	Restated comparators not updated				
	Nature of Adjustment	Dr £000s	Cr	Dr	Cr

Appendix 2 – Adjusted amendments to the accounts

Adjusted misstatements		Income and Expenditure Account		Balance Sheet	
			£000s	£000s	£000s
5.4 Statement of Total Recognised Gains and Losses (STRGL), deficit on Income and Expenditure (I&E) Account	Surplus/deficit on I&E has changed in line with the changes to I&E note therefore change is £147K				
5.4 STRGL, gain on valuation of fixed assets	Gain/loss on valuation of Fixed Assets (FA) - this has changed by £3,146K and the other gains and losses has changed by (£96k). This is a total change on the bottom line of the STRGL to be £3,198, which is the total movement in FA made.				
5.5 Balance sheet Council dwelling - £2,965k Land and buildings - £104k Community assets - £44k Investment properties - £85k	FA has increased due to Albert House not being included as an addition and Abbey Place wasn't impaired. Some capital expenditure was double counted			3,198	3,198
6.15 Movement in tangible assets (relates to 5.5), revaluation	Revaluation changes: Council Dwelling Other land and buildings Community assets Investment properties				
	Total			2090	
				10	
				45	
				85	
				2230	
6.15 Movement in tangible assets (relates to 5.5), impairment	Impairment changes Council Dwellings Other land and buildings			875	
	Total			93	
				968	
6.20 Valuation of FA carried at current value	Total amended to reflect changes to FA				
6.23 Analysis of net assets employed 07/08 comparative figures	07/08 figures have been amended to agree to last years accounts				
6.23 Analysis of net assets employed	08/09 figures have been amended to reflect changes to FA of £3,198k.				

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		Dr £000s	Cr £000s	Dr £000s	Cr £000s
6.39 Movement on reserves Capital Adjustment Account (CAA) (relates to 5.5)	CAA Revaluation				36 3161
	Total				3198
6.40 Capital adjustment accounts	Reflects the changes made to the CAA account, and the totals within match back to note 6.15.				
6.41 Revaluation reserve	Reflects the changes made to the Revaluation reserve Account (RAA)				
6.51 Reconciliation of income and expenditure to movement in cash flow	I&E deficit/surplus has been amended to reflect correct figures from updated I&E. Non cash items from SMGFB has also changed, this now picks up the amended figure of £77,646 for impairments taken from the SMGFB.				
7.1 HRA I&E	Impairment figure amended		147	147	
7.2 Statement of Movement on HRA	As above		147	147	
7.3 Stock analysis	Amendments have been made to the 07/08 figures for garages				
7.4 Stock valuation	The figure has changed and now correctly reflects the figure in note 6.15.		2965	2965	
8.0 Collection fund	Changes from the 07/08 figures have been made to ensure these are now the figures that are in the 07/08 accounts.				
9.8 Actuarial Gains and losses	04/05 comparative figures have now been included				
Changes V3 - V4					
5.1 income and expenditure	HRA expenditure figure amended. See 5.3 below		7566		
5.2 SMGFB	The totals being brought across from note 5.1 and 5.3 have changed, but by corresponding amounts, therefore the total remains the same.				

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		Dr £000s	Cr £000s	Dr £000s	Cr £000s
5.3 Reconciling items for SMGFB	Depreciation/impairment figure has changed. See 5.1 above	7566			
5.4 STRGL	Surplus/deficit on I&E has changed in line with the changes to I&E note		166		
5.5 Balance sheet	FA council dwellings have changed from £573,199 to £573,364. Correspondingly the CAA and RAA have changed by the same totals.				166
6.15 movements in tangible FA	Amended figures: Revaluations Impairments			8640	8475
6.20 Valuation of Fixed assets carried at current value	Table amended to reflect changes to council dwelling values.				
6.23 Analysis of net assets employed	This has been changed to reflect the overall change in Council dwelling valuations.				
6.26	The figure for council dwelling impairments has been amended to reflect revised figure.				
6.39 Movement on reserves	Amended figures: Capital adjustment account Revaluation Reserve Account			7567	7401
6.40 Capital adjustment account	The impairment figure has been amended to reflect the changes made to the CAA.				
6.41 Revaluation reserve	Reflects the changes made to the RRA following change to Council Dwelling valuations				
6.51 Reconciliation of I&E to movement in cash flow	The I&E deficit/surplus has been amended to reflect the correct figures in the I&E. Non cash items from SMGFB has also changed, this now picks up the amended impairment figure.				
7.1 HRA I&E	Amended impairment figure		10749		
7.2 SMHRA	As above		10749		
7.4 Stock valuation	The council dwellings figure has been amended to reflect the revised figure.				

Appendix 2 – Adjusted amendments to the accounts

		Income and Expenditure Account		Balance Sheet	
Adjusted misstatements	Nature of Adjustment	Dr £000s	Cr £000s	Dr £000s	Cr £000s
7.9 impairment	Amended impairment figure The impairment figure in the HRA statement differs to that in table 6.16 for council dwellings, as HRA have other assets that have also been impaired The wording has also been amended on the paragraph to reflect that the impairment figure does not include the capital expenditure that does not enhance the asset.			7566	
Changes to cashflow	Changes have been made following those made to reserves that affected I&E, These changes are: £52k added to interest received not included previously £22k added to interest paid not included previously. The balancing figure of £158k has been amended to 679k.				
Changes V4 to V7					
Journal entries for £666k adjustment:	CR - RRA - z700201 M1 DR - HRA I&E - B1955MF82 CR - SMGFB - K9957HF01 DR - CAA - Z710501M1	666 666	666 666		
Adjustment for duplicated properties on RTM scheme	DR Deferred capital receipts CR RTM LT debtor			507	507
5.2 SMGFB	Figures change but overall balance stays the same				
5.4 STRGL	I&E deficit increase Gain/loss on valuation of FA Gain/loss on valuation of FA (incorrectly adjusted for in previous version)	666 368	666		
The adjustment also affects the STRGL, leaving a balancing item of £140k The net of £507k and £368k.					
5.5 balance sheet	CAA and RRA will both change by £666k			£666	£666

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		Dr £000s	Cr £000s	Dr £000s	Cr £000s
5.5 balance sheet	Following the change to def CR and LT debtors this affects these two balances on the balance sheet				
6.9 related parties	Included a paragraph about the two disclosures not received from councillors				
6.18 Capital commitments	Amended to reflect actual commitments as opposed to planned expenditure.				
6.32 long term assets	Removal of double counted properties within the rent to mortgage figure on note 6.32, these were removed and the corresponding entry put through Deferred Capital Receipts.				
6.39 Movement on reserves	CAA changes to £680,085k RRA changes to £65,676k Def CR changes to £4,685k				
6.43 other reserves	Balance of deferred capital receipts changes to £4,685k following £507k change				
6.51 Reconciliation to I&E to movement in cashflow	The I&E for the year has changed to reflect the new revised position, this transfers back out of the note via non cash items for SMGFB				
7.1 HRA I&E	Impairment figure changes by £666k to £37,224				
7.2 SMHRAB	Impairment figure changes by £666k to £37,224				

Appendix 3 – Unadjusted misstatements in the accounts

The following misstatements were identified during the course of my audit and the financial statements have not been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities. If you decide not to do so, please tell us why in the representation letter. If you believe the effect of the uncorrected errors, individually and collectively, is immaterial, please reflect this in the representation letter. Please attach a schedule of the uncorrected errors to the representation letter.

Table 1

Description of error	Accounts affected	Value of error £
<i>I&E Impact</i>		
The Council House impairment disclosed in Note 7.9 does not reconcile to the impairment disclosed in Note 6.15.	Note 7.9, Note 6.15 and Note 6.41	£611,000
Cut off testing, if errors from our sample were representative of the population then the errors could be Income £377,000 Expenditure £122,000	Income Expenditure	£3,037 £927
<i>Disclosure</i>		
There is a balancing figure on the STRGL	STRGL	£140,000
The Cashflow contains a balancing figure.	Cashflow	£78,000
Accumulated depreciation in relation to finance leases has not been disclosed.	Note 6.12	Not known
Capital expenditure charged in year to the General Fund balance £1,220k does not agree to the figure in the capital adjustment account due to the adjustment to earmarked reserves.	Note 6.40	£150,000

Description of error	Accounts affected	Value of error £
<p>Various disclosures missing such as:</p> <ul style="list-style-type: none"> - failure to disclose vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to government of providing council housing as less than open market rents. - fair value disclosures how they are determined is not shown - market risk, no sensitivity analysis prepared for market risk - no basis of accounting note 		
<p>Compensatory adjustments from the Revaluation Reserve to convert current value depreciation/ impairment loss debits to historical cost in the capital adjustment account has not been done.</p>	Note 6.40	Not known
<i>2007/08 restated pensions figures</i>		
<p>Note 5.3 Net changes made for retirement benefits figure has not been restated.</p>	Note 5.3	(£380,000)
<p>Note 5.3 Employers contributions payable to the Pension Fund has not been restated.</p>	Note 5.3	£450,000
<p>Pensions reserve opening balance has not been restated.</p>	Note 6.39	£304,000