

## Appendix C

### Annual Accounts 2021/22 – Summary of Main Movements

The Unaudited Accounting Statements presented to Scrutiny & Audit Committee on the 23 August 2022 have been amended for a number of audit adjustments that were raised during the course of Audit Scotland's audit. It should be noted that the adjustments have increased the General Fund Reserve by £0.158 million.

The main movements on the accounting statements are as follows:-

#### **Comprehensive Income & Expenditure Statement (CI&ES)**

**Non Current Assets – Property Plant & Equipment (PPE) - Depreciated Replacement Cost (DRC) valuations** – External audit requested that we re-visit the assets valued at DRC due to a statement in the valuer's report that DRC assets valued between 2018 and 2021 would be understated. This is a consequence of construction inflation over the intervening period. This resulted in a further 37 DRC assets being revalued as at 31 March 2022. This resulted in a valuation gain of £38.3 million. As part of the revaluation accounting entries it is a requirement that previous valuation losses charged to the CI&ES are reversed out. This resulted in £2.135 million being credited to the CI&ES, Education & Lifelong Learning (£2.125m) and Children, Families & Justice (£0.010m). This adjustment is notional and does not impact the General Fund Reserve position and the £2.135 million has been adjusted for in the Movement in Reserves Statement. (MIRS).

**Non Current Assets (PPE) – Fixed Asset Register** - During the audit it was discovered that a flag on the Fixed Asset Register for some assets was incorrectly set to no depreciation charge. This has been adjusted for and has resulted in an additional charge of depreciation to the CI&ES of £0.483 million. This adjustment is notional and does not impact the General Fund Reserve position and the £0.483 million has been adjusted for in the Movement in Reserves Statement. (MIRS).

**Non Current Assets (PPE)- Gain/Loss Disposal** – During the audit it was discovered that 2 assets valued at £0.507 million that had previously been sold were still held on the Fixed Asset Register. This has been adjusted for as part of the capital accounting entries and has resulted in a reduction of £0.507 million to the Gain/Loss Disposal of Non Current Assets reported in the CI&ES. This adjustment is notional and does not impact the General Fund Reserve position and the £0.507 million has been adjusted for in the Movement in Reserves Statement. (MIRS).

**Trial Balance - Expenditure Transactions** – During the audit it was discovered that a number of transactions totalling £0.206 million were incorrectly consolidated into the Balance sheet from the trial balance. This has been amended and the adjustment reduces the General Fund Reserve position by £0.206 million.

**Expenditure – IT Contract Prepayments** – During the audit it was discovered that 2 IT contracts valued at a total of £0.282 million had been accounted for incorrectly in 2021/22. The contracts have now been treated as a prepayment and will be accounted for in 2022/23. This has been amended and the adjustment increases the General Fund Reserve position by £0.282 million.

**Grant Income - NDRI – BRIS income** - During the audit it was discovered that the BRIS income due to be retained by the council had been included in the year end NDRI debtor calculation instead of the Taxation and Non-Specific Grant Income Line in the CI&ES. This has been amended and the adjustment increases the General Fund Reserve position by £0.014 million.

**Grant Income – Low Income pandemic payments – Administration Grant** – During the audit it was discovered that the Administration Grant for this area had been included in the year end creditor calculation instead of the Taxation and Non-Specific Grant Income Line in the CI&ES. This has been amended and the adjustment increases the General Fund Reserve position by £0.068 million.

## **Balance Sheet**

**Non Current Assets (PPE) - Depreciated Replacement Cost (DRC) valuations** – As per above section the PPE value has been increased by £38.3 million and a corresponding entry has been made in the Unusable Reserves.

**Non Current Assets (PPE) – Fixed Asset Register** – As per above section the PPE value has decreased by £0.483 million and a corresponding entry has been made in the Unusable Reserves.

**Non Current Assets (PPE) - Gain/Loss Disposal** – As per above section the PPE value has decreased by £0.507 million and a corresponding entry has been made in the Unusable Reserves.

**Expenditure – IT Contract Prepayments** – As per above the Short Debtors have been increased by £0.282 million and a corresponding entry has been made in the Usable Reserves.

**Non Current Assets (PPE) – Error in the calculation of the revaluation movement** - During the audit it was discovered that the calculation of the revaluation of one of the PPE assets was incorrect. This has been amended and has resulted in a reduction of £1.210 million in the value of the PPE assets with a corresponding entry in the Unusable Reserves.

**Non Current Assets (PPE)** – Assets Held for Sale of £0.175 million were included incorrectly as operational PPE assets in the unaudited Balance Sheet. The £0.175 million value has been transferred to Assets Held for Sale.

**Cash and Cash Equivalents - Bank Reconciliation** – As part of the year end reconciliation of the bank officers discovered that a number of transactions had been posted twice in the financial system and hence double counted. This has been amended and has increased the Cash and Cash Equivalents by £2.300 million with corresponding entries in the short term debtors and short term creditors

The adjusting entries from all of the above have resulted in the **Balance Sheet Net Assets/Total Reserves** increasing from £727.118 million to £763.371 million.

## **Uncommitted General Fund**

The uncommitted General Fund Balance of £6.486 million at 31 March 2022 reported in the Unaudited Accounts has been impacted by the following:

**Table 1 - General Fund Reserve Adjustments**

<b>Description</b>	<b>£m</b>
Trial Balance - Expenditure Transactions	(0.206)
Expenditure – IT Contract Prepayments	0.282
Grant Income - NDRI – BRIS income	0.014
Grant Income – Low Income pandemic payments – Administration Grant	0.068
<b>TOTAL</b>	<b>0.158</b>

This has increased the uncommitted General Fund Reserve by £0.158 million to £6.644 million.

## **Uncommitted Housing Revenue Account**

The uncommitted Housing Revenue Account of £4.370 million at 31 March 2022 per the Unaudited Accounts has not changed.