

INFORMATION FOR AUDIT COMMITTEE ON 22 MARCH 2021

Financial Accounts 2019/20 - Adjustments from Draft Accounts

The following pages summarise the financial adjustments identified since the draft accounts were produced at the end of August 2020.

For the purposes of updating the Committee of the changes, these have been summarised and shown across the four main financial statements.

- COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
- MOVEMENT IN RESERVES STATEMENT
- BALANCE SHEET
- CASH FLOW STATEMENT

The associated notes have not been updated and will be once all adjustments have been agreed with the auditors.

There are currently two areas of adjustments which remain outstanding and are in final discussions with our auditors, these include;

- 1) Asset Valuations - there are currently a number of revaluation differences identified between the Council and the auditors. These include updated valuation of depreciated replacement cost (DRC) assets, valuation of shared equity and leasehold council dwellings, revaluation of assets that have recently become operational assets after moving from assets under construction, updated revaluation of economic and regeneration assets with a 31st March 20 valuation rather than the Council's valuation policy of 1st April 19 for property, plant & equipment. The Council estimate these adjustments will result in a downward revaluation in the region of 4% to 5% (£45m - £50m).
- 2) Asset Valuations on Group Consolidation - under the CIPFA code, upon group consolidation, the accounting policies of the subsidiary companies must be aligned to the Council's accounting policies. The main area this affects is the asset valuation method used by the subsidiary companies compared to the valuation methods used by the Council. The Council estimate this adjustment to be approx. £15m reduction in the asset values upon consolidation.

Once these adjustments have been agreed with the auditors, the four main financial statements will be updated, the group balances will also be updated and finally all the supporting notes to the accounts will be updated to include the changes.

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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		Adj. 1	Adj. 2	Adj. 3	Adj. 4	Adj. 5	Adj. 6	Final	
	Draft Accounts	Miscode of Pension Interest	Impact from revised Pension report	Flexible Use Policy - Treat spend as REFCUS rather than AUC	Recognise funding of a grant to Subsidiary as direct revenue funding rather than REFCUS funding	Clear off miscodes / unreconciled items on debtors balances	Clear off miscodes / unreconciled items on creditors balances	Accounts	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	
	Cost of Services								
	Gross Expenditure	313,577	370	0	1,333	0	572	20	315,872
	Gross Income	(190,925)	0	0	0	6,700	0	(403)	(184,628)
	Net Expenditure	122,652	370	0	1,333	6,700	572	(382)	131,244
	Other Operating Expenditure (Note 8)	20,385	0	0	0	0	0	0	20,385
74	Financing and Investment Income and Expenditure (Note 9)	12,675	(370)	0	0	0	0	0	12,305
	Taxation and Non-specific Grant Income (Note 10)	(193,088)	0	0	0	(6,700)	0	0	(199,788)
	(Surplus) or Deficit on Provision of Services	(37,376)	0	0	1,333	0	572	(382)	(35,854)
	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets charged to the revaluation reserve	(63,791)	0	0	0	0	0	0	(63,791)
	Actuarial (Gains) / Losses on Pension Assets / Liabilities	(54,360)	0	7,775	0	0	0	0	(46,585)
	Other Comprehensive Income and Expenditure	(118,151)	0	7,775	0	0	0	0	(110,376)
	Total Comprehensive Income and Expenditure	(155,527)	0	7,775	1,333	0	572	(382)	(146,230)

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MOVEMENT IN RESERVES STATEMENT

	General Fund (GF) Balance	Earmarked GF Reserves	Housing Revenue Account (HRA)	Schools & Dedicated Schools Grant Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total WBC Usable Reserves	WBC Unusable Reserves	Total WBC Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Draft Accounts - Balance at 31st March 2020 carried forward	(£12,430)	(£91,523)	(£2,091)	(£381)	(£2,386)	(£1,558)	(£22,254)	(£132,623)	(£422,767)	(£555,390)
(Surplus) or Deficit on the Provision of Services										
- Adj. 3 - Flexible Use Policy - Treat spend as REFCUS rather than AUC	£1,333	£0	£0	£0	£0	£0	£0	£1,333	£0	£1,333
- Adj. 5 - Clear off miscodes / unreconciled items on debtors balances	£572	£0	£0	£0	£0	£0	£0	£572	£0	£572
- Adj. 6 - Clear off miscodes / unreconciled items on creditors balances	(£382)	£0	£0	£0	£0	£0	£0	(£382)	£0	(£382)
Other Comprehensive Income and Expenditure										
- Adj. 2 - Impact from revised Pension report	£0	£0	£0	£0	£0	£0	£0	£0	£7,775	£7,775
								£0		£0
Adjustments between Accounting Basis & Funding Basis under Regulations (note 5)								£0		£0
- Adj. 3 - Flexible Use Policy - Treat spend as REFCUS rather than AUC	(£1,333)	£0	£0	£0	£0	£0	£0	(£1,333)	£1,333	£0
Transfers to/from Earmarked Reserves (Note 6)										
Final Accounts - Balance at 31st March 2020 carried forward	(£12,241)	(£91,523)	(£2,091)	(£381)	(£2,386)	(£1,558)	(£22,254)	(£132,434)	(£413,659)	(£546,093)

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BALANCE SHEET

	Draft Accounts	Adj. 2	Adj. 3	Adj. 5	Adj. 6	Adj. 8	Adj. 9	Adj. 10	Adj. 11	Final Accounts
	£,000	Impact from revised Pension report	Flexible Use Policy - Treat spend as REFUS rather than AUC	Clear off miscodes / unreconciled items on debtors balances	Clear off miscodes / unreconciled items on creditors balances	Reclass-ification of investment from short term to long term	Reclass-ification of investment interest from debtors to investment	Reclass-ification of interest owed from creditors to borrowing	Recognition of 3rd party deposit accounts	£,000
Property, Plant & Equipment	1,039,608		(1,333)							1,038,275
Investment Property	34,201									34,201
Intangible Assets	6,346									6,346
Long Term Investments	30,000					5,000				35,000
Long Term Debtors	20,045									20,045
Long Term Assets	1,130,200	0	(1,333)	0	0	5,000	0	0	0	1,133,867
Short Term Investments	44,991					(5,000)	515			40,506
Assets Held for Sale	0									0
Inventories	0									0
Short Term Debtors	32,857			(572)	(690)		(515)			31,080
Cash and Cash Equivalents	60,319								284	60,603
Current Assets	138,167	0	0	(572)	(690)	(5,000)	0	0	284	132,190
Cash and Cash Equivalents	(1,995)									(1,995)
Short Term Borrowing	(63,482)							(299)		(63,781)
Short Term Creditors	(57,973)				1,072			299	(284)	(56,886)
Provisions	(7,858)									(7,858)
Current Liabilities	(131,308)	0	0	0	1,072	0	0	0	(284)	(130,520)
Long Term Borrowing	(216,030)									(216,030)
Long Term Creditors	(6,101)									(6,101)
PFI and Finance Lease Liabilities	(8,149)									(8,149)
Pensions Liability	(251,826)	(7,775)								(259,601)
Capital Grants and Contributions Receipts in Advance	(99,563)									(99,563)
Long Term Liabilities	(581,669)	(7,775)	0	0	0	0	0	0	0	(589,444)
Net Assets	555,390	(7,775)	(1,333)	(572)	382	0	0	0	0	546,093
Usable Reserves	(132,623)			572	(382)					(132,434)
Unusable Reserves	(422,767)	7,775	1,333							(413,659)
Total Reserves	(555,390)	7,775	1,333	572	(382)	0	0	0	0	(546,093)

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CASH FLOW STATEMENT

		Adj. 3	Adj. 5	Adj. 6	Adj. 8	Adj. 9	Adj. 10	Adj. 11	
	Draft Accounts	Flexible Use Policy - Treat spend as REFCUS rather than AUC	Clear off miscodes / unreconciled items on debtors balances	Clear off miscodes / unreconciled items on creditors balances	Reclass-ification of investment from short term to long term	Reclass-ification of investment interest from debtors to investment	Reclass-ification of interest owed from creditors to borrowing	Recognition of 3rd party deposit accounts	Final Accounts
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Net Surplus or (Deficit) on the Provision of Services	37,376	(1,333)	(572)	382	0	0	0	0	35,854
Adjustments to Net Surplus or Deficit on the Provision of Services for Non-cash Movements	74,263	0	572	(382)	0	515	(299)	284	74,953
Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing or Financing Activities									0
- Proceeds from disposal of property, plant and equipment, investment property and intangible assets and other capital receipts	(1,745)	0	0	0	0	0	0	0	(1,745)
- Capital grants and contributions	(59,279)	0	0	0	0	0	0	0	(59,279)
Net Cash Flows from Operating Activities	50,615	(1,333)	0	0	0	515	(299)	284	49,783
Investing Activities	(100,256)	1,333	0	0	0	(515)	0	0	(99,438)
Financing Activities	58,123	0	0	0	0	0	299	0	58,422
Net Increase or (Decrease) in Cash and Cash Equivalents	8,482	0	0	0	0	0	0	284	8,766
Cash and Cash Equivalents at the Beginning of the Reporting Period	49,842								49,842
Cash and Cash Equivalents at the End of the Reporting Period	58,324	0	0	0	0	0	0	284	58,608

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