

Appendix C

Annual Accounts 2020/21 – Summary of Main Movements

The Unaudited Accounting Statements presented to Scrutiny & Audit Committee on the 24 August 2021 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 reduced the General Fund Reserve by £0.038 million.

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

Comprehensive Income & Expenditure Statement (CI&ES)

- **Non Current Assets, Property, Plant & Equipment (PPE)** – the revaluation gain/loss calculation did not include the correct capital expenditure figure for 2020/21 and the correction of this has resulted in a revaluation loss of £1.322 million being charged to the CI&ES, Education & Lifelong Learning (£0.489m) and Facilities Management (£0.833m).
- **Traill Pavilion Montrose** – this was sold in 2018/19 for £0.038 million and the sale was missed from the Common Good Accounts with the sale income being incorrectly coded to legal fee income in the Council's 2018/19 Annual Accounts. This has resulted in the assets of the Common Good being overstated and the income understated. This has now been corrected in the Common Good Balance Sheet and a transfer has been made from the Council to the Common Good to compensate for the £0.038 million sale income.

Balance Sheet

- **Non Current Assets, Property, Plant & Equipment (PPE)** – as stated above, the revaluation gain/loss calculation was incorrect. The correction of this has resulted in a reduction in the value of PPE assets of £3.977 million.
- **Non Current Assets, Property, Plant & Equipment (PPE)** – it was confirmed that a Cemetery lodge held on the asset register had in fact been disposed of during 2020/21. Correcting this has resulted in a reduction in the value of PPE assets of £0.145 million and a corresponding decrease in Unusable Reserves.
- **Non Current Assets, Property, Plant & Equipment (PPE)** – assets held for sale of £0.111m were included incorrectly as operational PPE assets in the unaudited Balance Sheet. The £0.111m value has been transferred to Assets Held for Sale.
- **Non Current Assets, Property, Plant & Equipment (PPE)** – £1.435 million of General Fund PPE assets were appropriated to the Housing Revenue Account during 2020/21. However, the actual net book value in the Asset Register was £2.074 million. This required a reduction of £0.639 million to remove this value from the PPE assets and a corresponding decrease was made to Unusable Reserves. In addition, the value appropriated to HRA had to be adjusted by £0.617 million for the Social Housing Discount factor as they are now accounted for as Council Dwellings.
- **Non Current Assets, Property, Plant & Equipment (PPE)** – an asset was incorrectly capitalised as an addition to PPE assets, the correct classification should have been Assets Under Construction (AUC). Depreciation of £0.034 million had been charged incorrectly as AUC are not depreciated, and depreciation had been charged incorrectly. The depreciation charge of £0.034 million had to be written back to PPE Assets and a corresponding adjustment has been made to increase Unusable Reserves.
- **Short Term Borrowing** – an adjustment of £0.038 million was required to take account of the income for the correction of the disposal of the Traill Pavilion Montrose with a corresponding entry to reduce the Usable Reserves line.
- **Debtors and Creditors** – an adjustment of £0.906 million was made due to 2 ledger codes being reported in the incorrect category, meaning that both debtors and creditors were overstated by £0.906 million.

The adjusting entries have resulted in the **Balance Sheet Net Assets/Total Reserves** reducing from £615.933 million to £610.551 million.

Uncommitted General Fund

The uncommitted General Fund Balance of £6.091 million at 31 March 2021 reported in the Unaudited Accounts has been impacted by the Traill Pavilion Montrose disposal adjustment and has reduced this by £0.038 million to £6.053 million.

Uncommitted Housing Revenue Account

The uncommitted Housing Revenue Account of £5.374 million at 31 March 2021 per the Unaudited Accounts has not changed.