

## Agenda Item No. 4 - Appendix 1: Adjustments

Type	Item	Impact	Identified by	Notes
Non-adjusting	This Land - amortised cost	£5.3m	CCC	The Code requires an amortised cost basis to be used for the value of the loans on the balance sheet, whereas historic cost has been used since the loans were first given a number of years ago. For reasons set out in the main report, we do not propose to adjust.
Non-adjusting	This Land - refinancing	£59m between CIES lines	KPMG	There is a difference of opinion with KPMG over the Council's accounting treatment of the change in financing from loans to capital grants, which the Council has presented as REFCUS within the cost of services section of the CIES (a subtotal feeding into the Deficit on Provision of Services). KPMG consider that the charge should instead be recorded within 'financing and investment income and expenditure', which feeds directly into the Deficit on Provision of Services. As set out in the main report, and given that both treatments ultimately impact the CIES, officers do not propose to adjust.
Non-adjusting	Investment Property Valuations	£3.75m	KPMG	Differences between valuations by the council's valuer and KPMG assessment. Not proposed to adjust as not material and subject to annual valuation.
Non-adjusting	Cash and cash equivalents	£3.597m	KPMG	A difference arising due to transactions with maintained schools that were advanced capital funding for renewable energy equipment prior to expenditure taking place. This is a complex area of accounting and the issue is not fully resolved, and it is not proposed to adjust until the exact entries can be confirmed.
Non-adjusting	Valuations	£0.5m	CCC	Some asset valuations were indexed in error post-valuation. The impact is immaterial and it is complex to make so many minor adjustments, and so it is not proposed to adjust for this.  Disclosure only: some incorrect valuation year references corrected. Sensitivity analysis added.
Adjusting	De-componentisation impact	£35m	CCC	In line with updated accounting policies, certain assets were 'de-componentised', meaning they were treated as single assets for valuation and depreciation purposes rather than as separate components with differing valuation and depreciation bases. In applying this change, some of the resulting adjustments were incorrectly recorded as revaluation gains and losses. Although the

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				overall impact is net nil, the correction affects the classification of amounts within the CIES and results in corresponding adjustments to the Capital Adjustment Account and Revaluation Reserve balances.
Adjusting	Leases / PPE	£1.4m	CCC and KPMG	Implementation of IFRS 16 leases had led to some duplication of assets on lease Fixed Asset Register (FAR) & non-lease FAR. These have been adjusted out for the final accounts, resulting in a reduction in PPE and unusable reserves of £1.4m.
Adjusting	Leases	£1.675m	CCC and KPMG	<p>Various adjustments made to the council's implementation and accounting treatment of IFRS 16 based on work carried out by both CCC &amp; KPMG. This has resulted in an increase in Right of Use assets of £3.157m, an increase in total lease Liabilities of £1.482m between the draft and final accounts, and a corresponding increase in total unusable reserves of £1.675m.</p> <p>Additional resulting changes from this are:</p> <ul style="list-style-type: none"> <li>• The core statements and various disclosure notes have been updated to reflect these leases changes.</li> <li>• The Cashflow statement has been reworked to fully incorporate changes resulting from the implementation of IFRS 16 leases</li> <li>• Adjustments Between Accounting Basis and Funding Basis note updated to clarify that IFRS16 implementation has had a presentational impact on the MRP line due to this line historically having included the principal repayment element of PFI leases.</li> </ul>
Adjusting	Leases - Lessor	Disclosure only	KPMG	<p>~£14m income relating to Investment Property leases where the council is the lessor had been omitted from the Lessor disclosure note.</p> <p>~£2.5m income included in the Lessor disclosure note is based on incorrect data and so has been removed accordingly.</p>
Adjusting	Adjustments Between Accounting Basis and Funding Basis	£0	CCC	£3k movement in the Deferred Capital Receipts reserve was missed out from this note in the draft accounts

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Adjusting	Retirement Benefits	£0	KPMG and CCC	<p>A £13.9m pensions adjustment has arisen due to differing returns on investments between the Pension Fund and CCC actuary reports (due to the actuary report being produced before valuation of all pension fund assets can be completed), and although this increases plan assets, the asset ceiling rises by the same amount, meaning the impact is £0 and confined solely to the pension disclosure notes rather than the primary statements.</p> <p>Further explanation relating to the Asset Ceiling has also been added in response to KPMG's comments.</p>
Adjusting	Vehicles, Plant, Furniture and Equipment	+/-£22.7m [net nil]	KPMG and CCC	<p>Overall a net nil adjustment. Adjustments were made to Vehicles, Plant, Furniture and Equipment (VPFE) assets to correct historic gross book values, depreciation and impairments from 2018–19 to 2021–22, to remove the cost and accumulated depreciation of assets no longer in use, and to update the disclosure note to replace incorrect prior impairments with appropriate depreciation before derecognising these now obsolete assets.</p> <p>An impairment disclosure note has been added due to this VPFE impairment de-recognition.-obsolete assets.</p>
Adjusting	Property, Plant and Equipment	£0.5m	CCC and KPMG	Adjustment needed to account for an asset transfer at gross value rather than net.
Adjusting	Expenditure and Income Analysed by Nature	Disclosure only	KPMG	Explanation added that the material loss on disposal of PPE is primarily due to academy conversions and the requirements to transfer land and buildings. Clarified which line contains the charge relating to This Land financing.
Adjusting	Grant Income	Disclosure only	KPMG	Corrected Public Health Grant amount in - previously £1,618k of the total grant received had been included in the "Other Grants" line.
Adjusting	Fair Value Hierarchy	Disclosure only	KPMG	<p>Sensitivity and rationale detail for changes in the hierarchy have been added.</p> <p>The explanatory text in this note has also been updated for accuracy in response to KPMG's review.</p>
Adjusting	Private Finance Initiatives	Disclosure only	KPMG	Additional table added to summarise the IFRS16 impact on PFIs.

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Adjusting	Long-term liabilities	£0	CCC	A manual adjustment was made in the draft accounts to split Long Term liabilities between PFI & non-PFI lease liabilities. This has now been removed, as it has been investigated and corrected.
Adjusting	Exit packages	Disclosure only	CCC and KPMG	The £100k-£150k band in the Exit Packages disclosure note was mistakenly labelled as the £150k-£200k band in error; the total cost of the two exit packages included in this band was still correct. Some duplication of pay in lieu of notice transactions identified and corrected (~£40k reduction).
Adjusting	Improved clarity	Disclosure only	CCC	An additional column has been added to the PPE note to specify values relating to Right of Use (leased) assets, similar to the presentational approach for PFI assets.
Adjusting	Narrative report and accounting policies - This Land	Disclosure only	KPMG	Updates to narrative sections, especially those relating to This Land, to provide additional clarity to users of the Accounts. This includes describing more clearly the application of Minimum Revenue Provision to This Land costs.
Adjusting	Capital Expenditure & Financing	Presentation	CCC and KPMG	Capital Expenditure & Financing Note has been adjusted to more accurately reflect the removal of the long-term loan to This Land as part of the restructuring.
Adjusting	Narrative report and accounting policies - REFCUS	Disclosure only	KPMG	Wording in the disclosure of CCC's accounting policy on Revenue Expenditure Funded from Capital Under Statute (REFCUS) amended to align more closely to the suggested wording in the Code guidance notes.
Adjusting	Final adjustments omitted	Disclosure only	CCC and KPMG	The Expenditure and Funding Analysis, Movement in Reserves Statement and Capital Expenditure & Financing note were not updated following a late adjustment in relation to lease accounting; as a result, these notes did not tie up to the other core statements in the published Draft accounts. This has been corrected for the Final accounts.
Adjusting	Expenditure & Funding Analysis	Disclosure only	CCC	Adults Health and Commissioning "Net Expenditure in the CIES" 2023-24 comparator was per the 2023-24 accounts rather than being restated to reflect the inclusion of Public Health expenditure & income within this directorate (which was its own separate directorate for 2023-24).
Adjusting	MIRS line title	Disclosure only	CCC	The income and expenditure line in Movement in Reserves Statement (MiRS) was renamed to 'surplus or deficit on provision of services' in error for the Draft accounts (this line includes both the surplus/deficit figure and the total comprehensive income and

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				expenditure figure) – this has been corrected to “Total comprehensive income & expenditure” for the final accounts.
Adjusting	Group Accounts – Financial Instruments	Disclosure only	KMPG	Wording updated to clarify that cash and cash equivalents are not eliminated on consolidation.
Adjusting	Going Concern	Disclosure only	CCC and KPMG	Updated to reflect the latest position at the finalisation of accounts, and updated to reflect ECL considerations of loans to This Land.
Adjusting	Dedicated Schools Grant	Disclosure only	KPMG	References to the national position on DSG deficits updated to reflect latest information from government.
Adjusting	Various disclosure notes	Disclosure only	KPMG	Various minor updates / changes / additions to various notes to the accounts as suggested by KPMG from their reviews.
Adjusting	Accounting Policies	Disclosure only	KPMG	Various minor updates / changes / additions to accounting policies as suggested by KPMG from their reviews.
Adjusting	Various corrections	Disclosure only	KPMG	Various administrative corrections have been made to numbers that were not correct due to, e.g. incomplete transcribing or copying errors.