

No.	KPMG Comments						NBC Comments				
	Entries		Balance sheet		I&E		Description of adjustment	Management Response	Management Action	Statement Areas Affected	
	Dr	Cr	Account	Dr /£000	Cr /£000	Dr /£000					Cr /£000
1	Dr		CF Bad debt expense			34		Collection Fund bad debt provision for NNDR arrears is understated by £34k. Provision for 2007/08 arrears not included in client calculations.	This arose from a simple formula error. Any transaction relating to NNDR must be reflected in the NNDR3 return. The full transactions are: DR Collection Fund CR Bad debt Provision DR Government Debtors CR Collection Fund This has no impact on the Council or the Collection Fund balance	NBC to seek an audit amendment to the NNDR3 return; Amendments made to the Statement of Accounts to reflect all transactions	Collection Fund Balance Sheet (Debtors and bad debt provision - nil net affect) Note 27: Current Assets - Debtors (Government Departments and Provisions for Bad Debts - Local taxpayers)
		Cr	NNDR bad debt provision			34					
2	Dr		Creditors (K161 93192)	81				These Accounts have been incorrectly left on the balance sheet at year end.	Agreed. There is no net effect on the balance sheet, however both debtors and creditors need to be reduced.	Amendments made to the Statement of Accounts to reflect all transactions	Balance Sheet (Debtors and Creditors - nil net affect) Note 27: Current Assets - Debtors (Government Departments) Note 30: Current Liabilities - Creditors (Government Departments)
		Cr	Debtors (K162 93192)			81					
3	Dr		HRA I & E	65				Rent rebate subsidy limitation calculated incorrectly on old percentages	The necessity for this change was identified by NBC to the auditor. The full transactions required are: DR HRA I&E CR GF I&E DR GF I&E CR Government Creditors Any change to the RRSL percentage must be reflected in the Housing Benefit claim	Pending NBC to seek an audit amendment to the Housing Benefit return; Amendments to be made in 2008/09 when changes to reflect all audit changes to the Housing Benefit claim are made	None - when the adjustment is made there will be an additional cost to the HRA
		Cr	Govt Creditors			65					
4	Dr		Accumulated Depreciation			30		Depn. has been charged against non-operational investment assets. This goes against NBC's accounting policies.	Additional changes to depreciation and impairment are anticipated; all depreciation changes will be made together	To be updated later	
		Cr	Depreciation Expense			30					

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	Dr	Cr	Account	Dr /£000	Cr /£000	Dr /£000				
5	Dr		Creditors (H102 91919)	196						
							Citygrove Deposit of £196 dating back to 1982. Confirmed by legal services as no longer expected to be paid, remove from Creditors balanc.	The Council is currently considering its approach to this matter. In any case, the amount is a contribution and is not a capital receipt and so it is not appropriate to transfer this into the Capital Receipts Reserve.	Amount to be left as a creditor while the Council decides whether it has repay this to anyone other than Citygrove; transactions to reflect this decision will be enacted in 2008/09.	None
		Cr	Usable Capital Receipts		196					
6	Dr		Insurance Provision	60						
							To decrease the provision according to developments after the Y/E	This adjustment is related to changes in the status of claims following the year end. This change is not considered material and it is not proposed to implement it.	None	N/a
		Cr	Insurance Reserve		60					
7	Dr		Insurance Provision	330						
							Shift of the excess in the insurance provision to the insurance reserve	This adjustment relates to the representation of the potential insurance liability as a provision or reserve; the difference between the two hinges around the adjudged probability of the transfer of economic benefit occurring. The full transactions required are: DR Insurance Provision CR GF I&E DR GF SoM CR Insurance Reserve	Amendments made to the Statement of Accounts to reflect all transactions	I&E Account Statement of Movements Note 33a: Insurance Provision Note 33b: Provisions Note 35a: Overall Summary Note 35e: Earmarked Reserves Balance Sheet STRGL
		Cr	I & E		330					
8	Dr		I&E: interest payable	181						
							To accrue foir interest on loans	Disagree. The Financial Instruments requirements expect amortised costs to be held on the balance sheet. The accounting arrangements for Financial Instruments do not include any requirement to accrue.	None	N/a
		Cr	Creditors		181					

KPMG Comments				NBC Comments		
No.	Statement/section	Caption/para	Description of issue	Management Response	Management Action	Statement Areas Affected
1	HRA		5760 per HRA should be 5761	This is a trifling amendment. If a change in the rounding is made here, an opposite entry would need to be made elsewhere for the HRA to result in the correct level of balances.	None	None
2	E.Note 10	Call Care	329,000 per accounts should be 315,000	Agreed - a late change should have been reflected in the note; there is no change necessary to the core statements	Note to be changed	Note 10: Local Authorities (Goods and Services) Act 1970
3	Note 7 - publicity expenditure	Publicity unit expenditure	Expenditure of £236000 should be £426000	Agreed - a late change should have been reflected in the note; there is no change necessary to the core statements	Note to be changed	Note 7: Publicity Expenditure
4	Accounting for Pensions	12 Accounting for Pensions	Narrative states that last actuarial valuation was 31 March 2004. This is incorrect. Per the Actuarial reports the last actuarial valuation was on 31 March 2007.	Agreed - the narrative had not been updated	Narrative to be updated	Note 12: Accounting for Pensions
5	Accounting for Pensions	12a) Cost of pensions	2006/07 comparative for Adjusting item for Pension Contributions should be "0" not "-" so that the figures in the note are consistent (e.g. Past service cost).	There was no need for an adjustment relating to 2006/07; the entry should be null not nil	None	None
6	Accounting for Pensions	12c) Fund Assets and Expected Rate of Return	Narrative below table relates to note 12a. Paragraph to be moved to note 12a.	Agreed - the narrative should be moved for clarity	Narrative to be updated	Note 12: Accounting for Pensions
7	Accounting for Pensions	12f) History of Experienced Gains and Losses	Consistent approach required for presentation of numbers in the table, e.g. 1,234 not 1234.	Agreed - formatting should be changed to include commas	Note to be changed	Note 12: Accounting for Pensions

No.	Statement/section	Caption/para	Description of issue	Management Response	Management Action	Statement Areas Affected
8	Accounting for Pensions	12e) Components of Defined Benefit Cost	"Contribution to CRA" to be amended to "Contribution to I&E".	Partially Disagree - CRA was retained because the line in question is the net effect	To be changed to "Revenue Account"	Note 12: Accounting for Pensions
9	Collection Fund	Note 3	"The in-year end contributions...". Wording does not make sense.	Agreed - wording to be amended	The word "end" is to be removed	Collection Fund Note 3
10	Contingent assets	Note 37	Please remove these as we do not believe there is sufficient likelihood of these arising to warrant disclosure as contingent asset	Partly agree; the likelihood of income relating to VAT is too low for inclusion, however NBC believe that the Grosvenor Greyfriars fees should remain, having only been downgraded from a debtor in the 2007/08 financial year	Note to be changed for the VAT income	Note 37: Contingent Assets and Liabilities