APPENDIX C

North Tyneside Council
Report to Audit Committee
Date: 22 March 2023

ITEM

2021/22 Annual Financial Report

Report from:	**Finance**	
Responsible Officer:	**Jon Ritchie, Director of Resources**	**Tel: 643 5701**
Wards affected:	**All**	

Adjustments arising from the external audit of the 2021/22 accounts

1. Short Term Investments/ Cash Equivalents

Two investments totalling £7.500m were included in Cash and Cash Equivalents. Both investments have a duration of over 3 months and have been reclassified as Short Term Investments in the revised accounts. There is no impact on balances or reserves as a result of this change and the following statements have been updated:

- Balance Sheet
- Cash Flow Statement
- Cash and Cash Equivalents Note 25
- Financial Instruments Note 38
- Cash Flow Investing Activities Note 40

2. Rent Allowance/ Rent Rebates Debtor and Creditor

The debtor and creditor for Rent Allowances/ Rent Rebates in the balance sheet was (under)/ overstated by £3.994m. Management have reviewed this and the debtors and creditors values in the balance sheet have been amended. There is no impact on balances or reserves as a result of this change and the following statements have been updated:

- Balance Sheet
- Short-term Debtors Note 24
- Short-term Creditors Note 27
- Financial Instruments Note 38
- Cash Flow Operating Activities Note 39

3. Overstated COVID-19 Grant Income

COVID-19 Schools Catch Up Premium and COVID-19 Recovery Premium Schools were overstated in the notes to the accounts by £0.880m and £0.530m respectively. There is no impact on balances or reserves as a result of this change and the following statement has been updated:

- Grants and Contributions Income Note 13

Other Adjustments – Revised Airport Valuation

4. Airport Valuation

A revised Airport valuation was received after the draft 2021/22 accounts were published. In common with the other local authority shareholders the accounts have been updated to reflect the change in the Authority's valuation of (£1.031m). There is no impact on balances or reserves as a result of this change and the following statements have been updated:

- Comprehensive Income & Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Long Term Investments Note 23
- Financial Instruments Revaluation Reserve Note 33(h)
- Financial Instruments Note 38

5. Infrastructure Assets

The Authority, in common with the majority of local authorities, has chosen not to report gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the accounts. Central government has put in place a statutory accounting override to allow local authorities to treat the value of any replaced component of infrastructure assets as nil, without the need to further evidence that this is the case. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 – new regulation 30M (3) provides that where a local authority replaces a component of an infrastructure asset, the authority has a choice of how to identify the carrying amount to be derecognised in respect of that component (i.e. either a nil amount or to follow the Code). The override also removes the requirement for authorities to make prior period adjustments to infrastructure asset balances.

The Accounting Policies for PPE (Property, Plant and Equipment) have been updated accordingly and Note 19 PPE has been updated to reflect this change.

There is no impact on balances or reserves as a result of this change.