

Appendix 2 - Analysis of adjustments made to the 2012/13 Core Statements

| No. | Adjustment Debit £'000 | Adjustment Credit £'000 | Accounting entries | Explanation of adjustment | Type of adjustment |
|-----|------------------------|-------------------------|--|--|---|
| 1 | 11,742 | 11,742 | <p><u>CIES & MRS</u></p> <p>DR CIES</p> <p>CR MRS</p> <p><u>Balance Sheet</u></p> <p>CR Property, Plant, & Equipment (Long Term Assets)</p> <p>DR Unusable Reserves</p> | <p>Long Term Assets on the Balance Sheet originally included the £11.742m net book value of Bishopsford School, which had become an Academy on 01/03/2013. The Council has leased the former Bishopsford land and buildings to the new Academy for a 125 year period at peppercorn rent. As such, it was subsequently agreed with the external auditors that the long term asset for Bishopsford should be written out of the Council's Balance Sheet.</p> | <p>£11.742m charge to the Surplus or Deficit on the Provision of Services.</p> <p>Unusable reserves decrease by £11.742m.</p> |
| 2 | 941 880 | 941 880 | <p><u>CIES & MRS</u></p> <p>CR CIES</p> <p>DR MRS</p> <p><u>Balance Sheet</u></p> <p>DR Short Term Debtors (942k)</p> <p>DR Short Term Creditors (880k)</p> <p>CR Unusable Reserves (1,821k)</p> | <p>The GLA precept for 2012/13 was overstated by £1.089m. Correcting for this error had the effect of increasing the surplus on the Collection Fund for 2012/13 by £1.089m, Merton's share was re-calculated as £0.880m. It was agreed with the external auditors that the bad debt provision for Council Tax for 2012/13 should be re-calculated as the current methodology made provision for debts which were known to be recoverable. This resulted in a £0.941m decrease in the bad debt provision.</p> | <p>£1.821m increase to the Surplus or Deficit on the Provision of Services</p> <p>Unusable reserves increase by £1.821m.</p> |
| 3 | 661 | 661 | | <p>£0.661m of revenue expenditure</p> | <p>Nil net effect on</p> |

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|-----|------------------------|-------------------------|---|---|--|
| | | | | funded by Transport for London grants had been treated as REFCUS (Revenue Expenditure Funded from Capital Under Statute) funded by capital grant, rather than as revenue expenditure funded by a revenue grant. The correction is two equal and opposite movements between the Movement in Reserves Statement and Capital Adjustment Account, with nil effect on balances. | balances. Net nil adjustments to Notes 7 and 41. |
| 4 | 377 | 377 | Dr ST Debtors (£377k) Cr ST Creditors (£377k) | A net overdraft by the Pension Fund on the General Fund of £0.377m was included within short term creditors, thus causing both creditors and debtors to be understated. | Debtors increase by £0.377m Creditors increase by £0.377m. |
| 5 | 2,465 | 2,465 | Balance Sheet Dr Usable Reserves (2,465k) Cr Unusable Reserves (2,465k) | Prior to the financial year 2012/13, the Council had not included the PFI partial termination liability in its Capital Financing Requirement. This liability should have been included under the Prudential Code. The liability was restored in 2012/13. The effect of this is that in the period 2007/08 to 2011/12 the Council had underprovided its Minimum Revenue Provision (MRP) by £1.980m. For 2012/13, the underprovision was £0.485m. | Usable Reserves decrease by £2.465m. Unusable Reserves increase by £2.465m. |