

NOTE TO AUDIT COMMITTEE 29TH SEPTEMBER 2010

AUDIT ADJUSTMENTS TO ACCOUNTS

There are no financial adjustments to the 2009/10 Statement of Accounts arising as a result of the independent audit by KPMG LLP.

There was one unadjusted audit difference, in respect of HRA fixed assets; the calculation of the impairment cost of council dwellings demolished during the year. This was considered to be immaterial to the accounts.

There are two additional notes included in the Statements, as a result of changes in legislation since the approval of the Accounts by Council on 29th June 2010. These are non-adjusting items, with no effect on the financial statements reported.

Note 35, page 67: Post Balance Sheet Events

There were previously no post balance sheet events reported. This note has been revised to reflect the following:-

The Chancellor of the Exchequer announced in his emergency budget on 22nd June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of the employer's FRS17 liabilities by around 5.7% and the FRS17 balance sheet deficit by around 12.2%. In monetary terms the liabilities and deficit have fallen by around £8.4m.

Note 32, page 67: Contingent Liabilities – Land Charges

This additional paragraph has been added to note 32, to reflect the following:-

On 17 August 2010 statutory instrument 2010 No.1812 came into force, amending the existing local land charges rules by removing the ability for authorities to charge for personal searches in respect of one or more parcels of land. As such a fee was incompatible with the Environmental Information Regulations 2004(a), which came into force in January 2005, potentially this might result in back claims for overpaid amounts in previous years.

**Mark Sheldon, Chief Financial Officer
29th September 2010**