Appendix A - Summary of unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund (usable reserves) £'000	Impact on unusable reserves £'000
Estimated Error – Understatement of Fees and Charges Income Our audit procedures to address the risk of fees and charges being recorded in an incorrect period, identified an invoice raised post year end that related to the 2024-25 year, had not been recorded as accrued income at the year end. This related to an annual payment from one of the Council's main housing maintenance delivery partners, which passed on an annual credit to the Council as shared savings in circumstances where the contractor had met its annual profitability targets and delivered on KPIs. This had not been accrued in 2024-25 since management stated that this could not be reasonably estimated at the time of preparing the draft accounts. We reviewed the three prior year income invoices to assess whether a reasonable accrual could have been accounted for in the year using the average of the three prior year invoices. The average of the last three years totalled £1.3m which we consider may have been reasonable to accrue in the 2024-25 financial year. The misstatement shown to the right represents the invoiced amount for shared savings due to the Council relating to 2024-25.	Credit (increase) gross income on net cost of services - Local Authority Housing (HRA) (1,100)	Debit (increase) short-term debtors accrued income 1,100	Credit (decrease) total net expenditure (1,100)	Credit (increase) unearmarked general fund reserves 1,100	Nil
Accounting for revaluation losses identified on subsequent recognition of IFRS 16 leases accounting standard (new standard implemented in 2023-24) On initial recognition, the Council has uplifted (credited) lease liabilities so as to reflect the impact of indexation within the liability rather than expensing these annually as contingent rents, as per the previous accounting treatment. The other side of this entry was to increase (debit) the carrying values of the right of use assets. On subsequent recognition, the Council has identified that these RoU assets are delivering the same services and have not increased in value under a specialised asset valuation and so determined that they should be revaluation downwards to their specialised asset valuations provided by the valuation experts. In accounting for these revaluation losses, a charge has been made to the CIES as expenditure for the total revaluation losses of £26m and at this time, the available revaluation reserve balances totalling £6m	Credit (decrease) gross expenditure on net cost of services (6,000)	nil	Reverse effect on CIES through the MiRS: Credit gross expenditure on net cost of services - (decrease expenditure) 6,000	nil	Credit (increase) capital adjustment account (6,000) Debit (decrease) revaluation reserve 6,000

were not consumed prior to the revaluation losses being charged to expenditure. The Code prescribes that available revaluation reserve balances should be consumed prior to any charge to the CIES. In preparing financial statements incorporating IFRS 16 transition adjustments, the accounting treatment applied was in advance of clarification guidance issued by CIPFA in June 2025, which specified that downward movements in valuation should first be charged to the revaluation reserve. The impact of this misstatement has been determined to be an overstatement of the revaluation reserve and a corresponding understatement of the capital adjustment account. Management have not adjusted on the grounds of materiality.					

Account balance /disclosure note	**Description and value**	**Adjusted?**
Note 18, Pensions	Our review of the letter from the auditor of South Yorkshire Pension Fund identified unadjusted misstatements from the audit of the pension fund, which also impact on the share of pension fund assets held by Rotherham Metropolitan Borough Council. A misstatement of £1.75m has arisen as a result of stale pricing of level 2 and 3 assets. This is where an early valuation was used to prepare the IAS19 report for the Council rather than the March 2025 valuation, and there has been price movements on the assets between these dates. A further misstatement was identified with a value of £2.5m in respect of cash and debtors held by the level 3 Border To Coast Pensions Partnership funds, which had erroneously been excluded from South Yorkshire Pension Fund's net assets statement at the time of preparing its draft accounts. We have not identified any impact on the Council's balance sheet due to the application of IFRIC 14 which has resulted in the LGPS net pension surplus being capped at £nil and a nil balance position recorded on the balance sheet in respect of the funded LGPS net pension balance. This would therefore only impact on the disclosures at Note 18, and if adjusted this would increase the net pension surplus by £4.25m and also increase the asset ceiling adjustment by the same amount. Management have not adjusted on the grounds of materiality.	**NO**