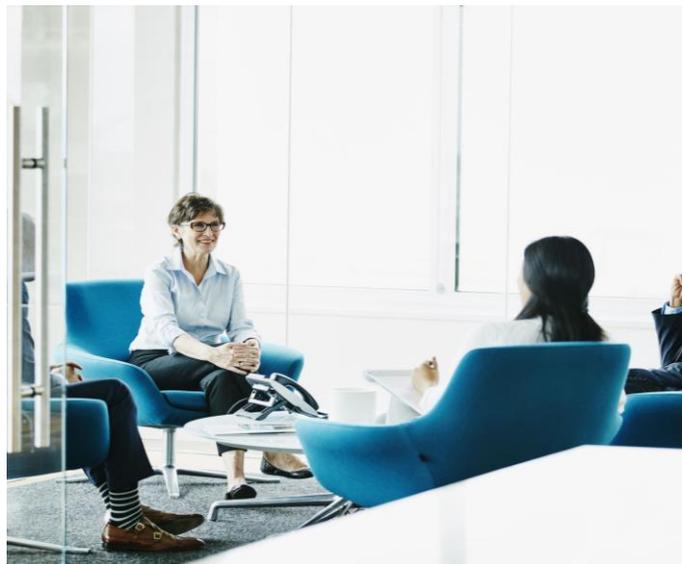


The Audit Findings Report Addendum for the Royal Borough of Kensington and Chelsea

Year ended 31 March 2023

March 2024



Progress

The 2022-23 Audit Findings Report was presented to the Audit and Transparency Committee on 30 October 2023. At that time there were a few outstanding items that we were still working on. We have now completed our work on all outstanding areas.

The financial statements remained open as the settlement of compensation claims relating to the Grenfell Fire tragedy has enabled the Council to estimate a provision in line with the financial reporting standard requirements. The Council had also made an application of up to £75m to the Department of Levelling Up, Housing and Communities for a capitalisation direction towards the settlement of the compensation claims and we were awaiting on this approval.

The Council has now made the relevant adjustments to the 2022-23 financial statements. We have now completed our work and are in a position to give an unqualified opinion on the Council's financial statements.

Audit Adjustments

Since the Audit and Transparency Committee, the following adjustments to the Council's financial statements have been made which we are required to report to you.

Detail	CIES £'000	Balance Sheet £' 000
The following adjustments to the Council's Balance Sheet Statement resulting from the accounting for the provision relating to the Grenfell fire tragedy.		
<ul style="list-style-type: none"> Transfer the long term debt of £31,478k from the insurer in 2021-22 to short term debtors Capitalisation of prior year revenue costs utilising the approved capitalisation direction for £23,228k Replenish reserves to the value of the capitalisation direction 		Cr Long Term Debtors 31,478 Dr Current Assets Payment In Advance 31,478 Dr Capital Adjustment 23,228 Cr Movement In Reserves Statement 23,228 Dr Movement in Reserves 23,228 Cr Budget Stabilisation Reserve £14,511 Cr Special Projects Reserve £8,717
The adjustments show the replenishment of £23,228k of reserves following the utilisation of the capitalisation direction. The Council has updated the relevant disclosure notes.		



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