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# 2018-19 Draft Financial Statements - Summary Report

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**Committee considering report:** Governance and Ethics Committee

**Date of Committee:** 29 July 2019

**Portfolio Member:** Councillor Jeff Cant

**Date Portfolio Member agreed report:** 01 July 2019

**Report Author:** Shannon Coleman-Slaughter

**Forward Plan Ref:** GE3624

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## 1. Purpose of the Report

- 1.1 The purpose of this report is provide Members with a draft copy of the Council's Financial Statements for financial year 2018/19.
- 1.2 The financial statements are due to be audited by the Council's External Auditors Grant Thornton in July 2019. Post the external audit, finalised financial statements will be made available alongside the ISA260 report from Grant Thornton detailing their opinion on the Financial Statements, Value for Money and any recommendations they propose.

## 2. Recommendation

- 2.1 Not applicable

## 3. Implications

- 3.1 **Financial:** N/a
- 3.2 **Policy:** N/a
- 3.3 **Personnel:** N/a
- 3.4 **Legal:** N/a
- 3.5 **Risk Management:** N/a
- 3.6 **Property:** N/a
- 3.7 **Other:** N/a

## 4. Other options considered

- 4.1 None

## Executive Summary

### 5. Introduction / Background

- 5.1 The draft financial statements for 2018/19 have been produced and are accessible to the public for review in accordance with Local Audit and Accountability Act 2014 on the Council's webpage.
- 5.2 For financial year 2018-19 the Council is required to comply with two new accounting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts when producing the Financial Statements.
- 5.3 IFRS 9 Financial Instruments which is effective for annual reporting periods beginning on or after 1 January 2018 with early application permitted. IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items.
- 5.4 IFRS 15 Revenue from Contracts which is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer

### 6. Proposal

- 6.1 To note the report

### 7. Conclusions

- 7.1 In accordance with the Council's Investment and Borrowing Strategy, all the financial assets currently held by the Council are in the form of cash invested with banks, building societies and money market funds. At end of March 2019, these consisted of £8.3 million held in instant access accounts which pay variable rates of interest and £26 million in fixed term deposits with building societies at fixed rates of interest.
- 7.2 IFRS 9 states that type (i) financial assets should be shown in the Council's accounts at their "Amortised Cost". This means the original sum invested less any depreciation in the value of the investment. As all the Council's investments are either in instant access accounts or for fixed periods of less than 12 months, it is not necessary to depreciate the value of any of our investments. All the Council's investments can therefore be shown in the 2018/19 statement of accounts 2018/19 at the value of the sum invested i.e. £34.3million. Under the requirements of IFRS 9 a transition note has been included in the financial statements.
- 7.3 From a review of the implications of IFRS 15 for the Council it has been determined and agreed with the External Auditors that any impact would not be material, therefore no adjustments have been made within the financial statements.

### 8. Appendices

- 8.1 Appendix A – Data Protection Impact Assessment
- 8.2 Appendix B – Equalities Impact Assessment

- 8.3 Appendix C – Impact of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts on the financial statements
- 8.4 Appendix D – Draft Financial Statements 2018-19 (*To Follow*)

## Appendix A

### Data Protection Impact Assessment – Stage One

The General Data Protection Regulations require a Data Protection Impact Assessment (DPIA) for certain projects that have a significant impact on the rights of data subjects.

Should you require additional guidance in completing this assessment, please refer to the Information Management Officer via [dp@westberks.gov.uk](mailto:dp@westberks.gov.uk)

Directorate:	Resources
Service:	Finance & Property
Team:	Accountancy
Lead Officer:	Andy Walker
Title of Project/System:	Financial Statements
Date of Assessment:	12.6.19

**Do you need to do a Data Protection Impact Assessment (DPIA)?**

	Yes	No
<b>Will you be processing SENSITIVE or “special category” personal data?</b>  Note – sensitive personal data is described as “data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person’s sex life or sexual orientation”	<input type="checkbox"/>	<b>X</b>
<b>Will you be processing data on a large scale?</b>  Note – Large scale might apply to the number of individuals affected OR the volume of data you are processing OR both	<input type="checkbox"/>	<b>X</b>
<b>Will your project or system have a “social media” dimension?</b>  Note – will it have an interactive element which allows users to communicate directly with one another?	<input type="checkbox"/>	<b>X</b>
<b>Will any decisions be automated?</b>  Note – does your system or process involve circumstances where an individual’s input is “scored” or assessed without intervention/review/checking by a human being? Will there be any “profiling” of data subjects?	<input type="checkbox"/>	<b>X</b>
<b>Will your project/system involve CCTV or monitoring of an area accessible to the public?</b>	<input type="checkbox"/>	<b>X</b>
<b>Will you be using the data you collect to match or cross-reference against another existing set of data?</b>	<input type="checkbox"/>	<b>X</b>
<b>Will you be using any novel, or technologically advanced systems or processes?</b>  Note – this could include biometrics, “internet of things” connectivity or anything that is currently not widely utilised	<input type="checkbox"/>	<b>X</b>

**If you answer “Yes” to any of the above, you will probably need to complete [Data Protection Impact Assessment - Stage Two](#). If you are unsure, please consult with the Information Management Officer before proceeding.**

## Appendix B

### Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity as set out in the Public Sector Equality Duty (Section 149 of the Equality Act), which states:

- “(1) A public authority must, in the exercise of its functions, have due regard to the need to:**
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;**
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; This includes the need to:**
    - (i) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;**
    - (ii) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;**
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, with due regard, in particular, to the need to be aware that compliance with the duties in this section may involve treating some persons more favourably than others.**
- (2) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.**
- (3) Compliance with the duties in this section may involve treating some persons more favourably than others.”**

The following list of questions may help to establish whether the decision is relevant to equality:

- Does the decision affect service users, employees or the wider community?
- (The relevance of a decision to equality depends not just on the number of those affected but on the significance of the impact on them)
- Is it likely to affect people with particular protected characteristics differently?
- Is it a major policy, or a major change to an existing policy, significantly affecting how functions are delivered?
- Will the decision have a significant impact on how other organisations operate in terms of equality?
- Does the decision relate to functions that engagement has identified as being important to people with particular protected characteristics?
- Does the decision relate to an area with known inequalities?
- Does the decision relate to any equality objectives that have been set by the council?

Please complete the following questions to determine whether a full Stage Two, Equality Impact Assessment is required.

<b>What is the proposed decision that you are asking the Executive to make:</b>	To note the report
<b>Summary of relevant legislation:</b>	Audit legislation
<b>Does the proposed decision conflict with any of the Council's key strategy priorities?</b>	No
<b>Name of assessor:</b>	Andy Walker
<b>Date of assessment:</b>	12.6.19

<b>Is this a:</b>		<b>Is this:</b>	
<b>Policy</b>	<b>No</b>	<b>New or proposed</b>	<b>No</b>
<b>Strategy</b>	<b>No</b>	<b>Already exists and is being reviewed</b>	<b>No</b>
<b>Function</b>	<b>No</b>	<b>Is changing</b>	<b>No</b>
<b>Service</b>	<b>No</b>		

<b>1 What are the main aims, objectives and intended outcomes of the proposed decision and who is likely to benefit from it?</b>	
<b>Aims:</b>	To note the draft financial statements and changes to relevant IFRS
<b>Objectives:</b>	As above
<b>Outcomes:</b>	As above
<b>Benefits:</b>	As above

<b>2 Note which groups may be affected by the proposed decision. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.</b> (Please demonstrate consideration of all strands – Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion or Belief, Sex and Sexual Orientation.)		
<b>Group Affected</b>	<b>What might be the effect?</b>	<b>Information to support this</b>
Age	Not applicable	Not applicable
Disability	Not applicable	Not applicable
Gender Reassignment	Not applicable	Not applicable

Marriage and Civil Partnership	Not applicable	Not applicable
Pregnancy and Maternity	Not applicable	Not applicable
Race	Not applicable	Not applicable
Religion or Belief	Not applicable	Not applicable
Sex	Not applicable	Not applicable
Sexual Orientation	Not applicable	Not applicable
<b>Further Comments relating to the item:</b>		
No		

<b>3 Result</b>	
<b>Are there any aspects of the proposed decision, including how it is delivered or accessed, that could contribute to inequality?</b>	<b>No</b>
<b>Please provide an explanation for your answer:</b>	
<b>Will the proposed decision have an adverse impact upon the lives of people, including employees and service users?</b>	<b>No</b>
<b>Please provide an explanation for your answer:</b>	

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the [Equality Impact Assessment guidance and Stage Two template](#).

<b>4 Identify next steps as appropriate:</b>	
<b>Stage Two required</b>	
<b>Owner of Stage Two assessment:</b>	
<b>Timescale for Stage Two assessment:</b>	

Name: Andy Walker

Date: 12.6.19

Please now forward this completed form to Rachel Craggs, Principal Policy Officer (Equality and Diversity) ([rachel.craggs@westberks.gov.uk](mailto:rachel.craggs@westberks.gov.uk)), for publication on the WBC website.