

Related Party Transactions for the Financial Year 2008/09

Financial Reporting Standard 8 (FRS8) on related parties was introduced in 1995. This standard requires the Council's final accounts to contain sufficient disclosures to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them. Disclosure of related parties and material transactions are required and external auditors check our compliance.

Who does this effect?

The guidance relates to Members of the Council, Chief and Senior Officers and includes;

- Members of their close family, or the same household
- Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

What is a related party transaction?

The transfer of assets and liabilities or the performance of services between a related party and the Council irrespective of whether a charge is made.

Examples of related party transactions include:

- The purchase, sale, lease, rental or hire of assets between related parties;
- The provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- The provision of services to a related party;
- Transactions with individuals who are related parties of an authority.

Relationships giving rise to Related Parties

Transactions do not in themselves create a related party relationship, there has to be some element of control or influence by one party over another or by a third party over the two parties. This occurs when at any time during the financial year:

- 1) one party has direct or indirect control over another party, or
- 2) the parties are subject to common control from the same source, or
- 3) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- 4) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Could I therefore ask that you answer the following questions, which are a combination of the Employee Code of Practice and FRS8:

Have

- You; or
- Any member of your family or household; or
- Any partnership, company, trusts or other entity in which you or a member of your family or household has controlling interests.

Have:

- a) Any relationship of a business or private nature with external contractors or potential contractors; or
- b) Any financial or non- financial interest which could conflict with the Council's interests (including voluntary sector organisations who receive a grant from or have a contract or service level agreement with the Council); or
- c) Any official relationship with contractors (e.g. contract supervision) with which you have had a relationship in a private or domestic capacity :or
- d) Had any involvement in any other transaction that could be classified as a related party transaction:

YES	NO

If the answer is yes to any of the above questions, please give details below.

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Signed :

Date:

Position:

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Could you please return this questionnaire to Verity Pearce in Corporate Services Finance by the 13th April 2009. Please note that to satisfy the external audit process, a written response is required even if only to notify a nil return.