

PARADISE CIRCUS LIMITED PARTNERSHIP	
Question	Response
<b>Company Environment</b>	
What approach does the company have for ensuring that Directors and Senior Management have the necessary skills to enable them to fulfil their responsibilities appropriately	The Limited Partners each appoint 2 directors to the Board of Paradise Circus General Partner Limited, based on their experience and are continually reviewed by their respective companies.
How does the company ensure that Directors engage fully with the company and what is the record of attendance	Attendance to quarterly Board meetings and steering group meetings, plus updates received from the SPM.
Please explain the system of governance and the financial control environment within the company	Governance: all decisions require of at least 1 director from each Limited Partner. Financial control: Segregation of duties are in place for the finances, including all bank payments requiring 2 levels of approval + a different person to set-up the payment.
Please explain how management gains assurance on its control environment, its process for reviewing the effectiveness of the system of internal controls and the results of any reviews that have been undertaken.	Paradise Circus Limited Partnership ("PCLP"), acting by Paradise Circus General Partner Limited (the Board) considers the internal control environment to be strong and the overall inherent risk to be low. PCLP is a joint venture between Birmingham City Council ("BCC") and Britel Fund Trustees Limited ("BFUT"). The Board is responsible for the governance of the joint venture and any financial risks would be communicated to the Board. In addition, PCLP is subject to an annual external audit, performed by HW Fisher. No issues have been reported in relation to the overall control environment or systems of internal controls.

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What are the company's arrangements for the development of its Business Plan, including details of cashflow management, determination of going concern and how are plans developed for taking remedial action to any adverse changes within the company	External provider for financial business plan and budgeted cash flow, which is reviewed in the quarterly board/steering group meetings.
What is the company's approach to the development of business continuity plans.	At the quarterly board/steering group meetings, all risks are monitored and mitigated against.
What is the company's approach to ensuring compliance with the General Data Protection Regulation (GDPR) requirements	Third party provider is used to deal with all marketing and publicity, where all the personal data is retained and held in accordance with the GDPR requirements.
<b>The Identification, Mitigation and Reporting of Risk</b>	
Please set out your management's views on your risk assessment process as it related to financial reporting.	The risk assessment process relating to financial reporting is considered to be strong, with appropriate levels of internal controls implemented across the business.
Please set out your management's processes for identifying and responding to risks of fraud.	There are processes in place across the business to identify and reduce the risks of fraud. This includes the segregation of duties, approval levels and structure of financial reporting. No instances of fraud have been identified to date.
How do those charged with governance monitor management's processes for identifying and responding to risks of fraud.	The Board receives and comments on various reports on commercial business risks, and considers the entity's governance structure and processes at each meeting as appropriate.
Please set out the areas that face fraud risks, including specific accounts or	Fraud risks are reviewed and considered annually, in particular in relation

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classes of transactions where fraud risks have been identified.	to business propositions or significant changes within the business. There were no significant audit or fraud risks noted in the paper presented to the Board on 11 December 2018 by the External Auditor. The Board also signed the audit representation letter which contained several representations on the identification and prevention of fraud. The risk of material misstatement of the financial statements due to undetected fraud is low.
How does the company's management communicate to those charged with governance with respect to business risks (including fraud).	The Board receives and comments on various reports on commercial business risks, and considers the entity's governance structure and processes at each meeting as appropriate.
What has been your Management's awareness or allegations of fraud, errors, or other irregularities during the period.	None identified to date.
How your organisation would raise the Council's Audit Committee's awareness of fraud or suspected fraud.	Any instances of fraud or suspected fraud would be flagged at the regular Board meetings, which includes two representatives from BCC.
How your organisation would communicate financial risks to the Council, for example, where there is an expected downturn in trading performance that would impact on the financial status of the company	PCLP is a joint venture between BCC and BFUT. The Board is responsible for the governance of the joint venture and any financial risks would be communicated to the Board. Joint venture reporting is completed on a quarterly basis and presented to the Board where the financial performance of the joint venture is discussed including any key financial/operational issues, risks or losses.
How would the company communicate any breach of GDPR requirements to the Council.	Any instances of breach of GDPR requirements would be flagged at the regular Board meetings, which includes two representatives from BCC.

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What mitigating actions are in place to minimise financial losses from risk events or fraud, for example, what insurance cover does the company have in place.	The bank accounts for the company are operated on its behalf by Argent (Property Development) Services LLP (ASLLP) as the Accounting Officer. The company itself does not have cover for this risk but ASLLP holds professional indemnity insurance which protects it and the company from all risks associated with the misconduct of any ASLLP employee in the course of their duties.
<b>Financial Statements</b>	
How does the company determine that its accounting policies are appropriate and what process is in place for ensuring they are kept under review.	The accounting policies as set out in the 2017/18 financial statements were considered to be relevant and appropriate as at 11 December 2018 when the financial statements were presented to the Board. The accounting policies are reviewed ahead of each annual audit and discussed with the external auditors as appropriate. There are no changes in the joint venture's activities which would require the accounting policies to be updated.
What matters or events occurred during the year that could influence your audit approach or may have an impact on the Council's consolidated financial statements.	A full review of the WIP balance was undertaken during the year, which resulted in a prior year restatement. Phase 1 costs, which are not claimed back from BCC or the developer, have be re-classed as investment properties, as future rental income is receivable, therefore, it falls within the definition of an investment property per FRS102. (1CW costs were re-

# Birmingham City Council 2018-19 Informing the Audit Risk Assessment

## Group Accounts Preparation

## Appendix 1

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	<p>classed YE 30 June 2017, with 2CS costs being re-classed YE 30 June 2018)</p> <p>Other costs, which were considered not capital in nature, were expensed to the P&amp;L, this impacted the b/f reserves and the P&amp;L for both the 2017 and 2018 year ends.</p> <p>Overall, there has been a significant reduction in the WIP balance.</p> <p>No other matters/events to note.</p>
Please set out details of any events or changes in circumstances that may cause an impairment of current or non-current assets.	None identified to date.
Please set out details of any indemnities or guarantees that the company has given.	None identified to date.
Please set out details of any transactions, events or conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement.	<p>Investment Properties held at fair value and the classification of the head lease as a finance lease can both considered as significant judgements.</p> <p>None others to note.</p>
Please set out any issues identified by your external auditor and how the company is implementing any actions to mitigate those issues.	None identified to date.
Please set out any material change of circumstances that have occurred, or may occur, that could impact on the company's performance.	None identified to date.