

ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	24 MARCH 2025
SUBJECT	CHANGE TO LEASE ACCOUNTING POLICY
LEAD OFFICER	CONOR BYRNE – HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	N/A
EXEMPT INFORMATION	N/A
ACTION	FOR AGREEMENT

1. EXECUTIVE SUMMARY

1.1 The purpose of the report is to outline the changes required by the accounting standard IFRS16.

2. RECOMMENDATIONS

The Audit and Governance Committee is requested to:

2.1 **AGREE** the new accounting policy for leases outlined in **Appendix A**.

3. REPORT

3.1 International Financial Reporting Standard (IFRS) 16 became effective from 1 April 2024 for local authorities and will determine how leases are accounted for in the Authority’s 2024/25 Statement of Accounts.

3.2 IFRS 16 replaces International Accounting Standard (IAS) 17 and removes the distinction between operating and finance leases for lessees.

3.3 All leases, from a lessee perspective, will need to be accounted for on the balance sheet unless they meet certain exemptions, i.e. they have a lease term of less than 12 months or they are of low value. IFRS 16 does not set a threshold for low value so the Authority’s policy will adopt the same threshold as for the capitalisation of assets which is £7,000.

3.4 The new lease policy is set out in **Appendix A**.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Sustainability: We are committed to ensuring that we provide a financially sustainable Service and take meaningful action to help address the climate emergency.

5. FINANCIAL IMPLICATIONS

- 5.1 There will be no effect on the General Fund from this change in policy as any effects are neutralised through statutory reversals.

6. LEGAL IMPLICATIONS

- 6.1 This policy change will ensure that the Authority's Statement of Accounts are prepared in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

7. EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 There are no equality or diversity implications from this change in lease accounting.

8. RISK IMPLICATIONS

- 8.1 Adherence to this policy will ensure the correct presentation of lease transactions in the 2024/25 Statement of Accounts.

9. SUSTAINABILITY IMPLICATIONS

- 9.1 There are no sustainability implications.

10. CONSISTENCY WITH DUTY TO COLLABORATE

- 10.1 This change in policy has no impact on the Authority's duty to collaborate.

11. PRINCIPAL CONSULTATION

- 11.1 The Chief Fire Officer has been consulted.

12. BACKGROUND PAPERS

- 12.1 Lease policy as shown in 2023/24 Statement of Accounts

13. APPENDICES

- 13.1 Appendix A – New Lease Accounting Policy

14. CONTACT DETAILS

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