

**International Financial Reporting Standards (IFRS)**

- Implemented from 1<sup>st</sup> April 2010
- Accounts for 2009/2010 have been restated so comparable with 2010/2011 accounts

**Presentational Changes**

<b><u>2009/10 Accounts format</u></b>	<b><u>2010/11 IFRS Format</u></b>	<b><u>Page</u></b>
Income & Expenditure Account (I&E)	Now both included in the Comprehensive Income and Expenditure Statement	<b>30</b>
Statement of Recognised Gains and Losses (STRGL)		
Statement of Movement in General Fund Balance (SMiGFB)	Movement in Reserves Statement (MiRS) - (General Fund movement and all other reserves)	<b>29</b>
Balance Sheet (detailed)	Balance Sheet (simplified)	<b>31</b>
Cash Flow Statement (detailed) and notes	Cash Flow Statement (simplified) and notes	<b>32</b>
Notes to the Accounts (not prescribed and in any order)	Notes to the Accounts prescribed order and now includes the main Accounting Policies	<b>33 - 86</b>
Pension Fund Account and notes	Pension Fund Account and notes	<b>87 - 88</b>

**Summary of the main changes (quite technical)**

1. Accrual for Employee Benefits
2. Property Leases – Land / Buildings now separately valued in the accounts
3. Definition of leases has changed – more operating leases becoming finance leases (on Balance Sheet when previously treated as revenue 'rental hire' expenditure).
4. Government grants recognised as income when they become receivable. The Government Grants Deferred A/c on the Balance Sheet is not now required and accounting treatment has changed.
5. Investment property more stringent criteria applied – must be solely held for capital appreciation / rental income purposes
6. Assets held for sale - must be being actively marketed or sale is imminent – Fire Authority does not have any of these.
7. Componentisation – covered in more detail below
8. Segmental reporting – new requirement, accounts more aligned to the structure of the Authority

9. Major changes already made in previous years accounts (e.g. Financial Instruments and PFI) helped phase in the more complex IFRS requirements

### **Pensions Accounting**

FRS17 now IAS19 – minor changes e.g. Fire-fighters pension now includes a valuation of expected injury awards for active members

- major change is the change in valuing benefits using CPI rather than RPI – (a lower cost option) which has had a significant impact on the accounts for 2001/2011

### **Component Accounting**

Analysis and accounting for assets into their component parts e.g. infrastructure heating system, roof etc. but only where material – but which recognises that different elements of an asset will be used within varying time periods.

Also prospective in nature - applies only to new assets acquired from 1.4.11 and those re-valued each year - but reflects a more accurate use of assets in the accounts as different components are depreciated having different asset lives – so helpful to management in the use of assets and in making investment decisions.

### **Finance Officer Foreword**

Still a very important summary of the Statement of Accounts, (see Pages 5 to 15), which covers all main issues for the accounting year.

### **Handout**

The handout along with the draft accounts – sets out more details of the changes brought about by IFRS and the Fire Authority's figures are used so that it helps with understanding the new format of the accounts and the key messages they provide.

This also includes a Question and Answer sheet on IFRS.