

Report

To: CIPFA LASAAC

From: Sarah Sheen, CIPFA Secretariat Advisor

Date: 15 June 2022

Subject: CIPFA LASAAC's Assets Owned by Religious Bodies and Used by Schools

Purpose

This report is to update CIPFA LASAAC on the developments relating to guidance on assets owned by religious bodies and used by schools, note that the treatment for these assets needed to be subject to review following implementation of IFRS 16 Leases.

Report

1. Introduction and Background

- 1.1 This update follows on from that provided to CIPFA LASAAC at its March 2022 meeting.
- 1.2 Attached at Annex 1 to this report is a Bulletin which has been reviewed twice by the CIPFA's Accounting and Financial Reporting Forum (AFRF) and although this hasn't been formally approved by the Forum, the Forum had no further comments on the Bulletin. The Bulletin would also need to be subject to review by CIPFA's Public Financial Management Board for full due process to be completed prior to publication.
- 1.3 The reason the AFRF did not complete its approval process was because it was made aware that very similar transactions exist for academy schools and therefore it would seem inappropriate for there to be any differences in accounting approach. The Secretariat is of the view that the proposed approach to accounting for the Academies Sector Annual Report and Accounts is very similar to that in the attached draft Bulletin.
- 1.4 Following the decision to allow local authorities to voluntarily adopt IFRS 16 Leases this Bulletin will need to be issued relatively urgently.
- 1.5 This has been considered by the NAO and although of course the NAO cannot endorse a particular approach, the NAO have commented '*The position CIPFA set out in the bulletin, for instance in relation to control, is consistent with the historic judgements made, which we have accepted and is consistent with our updated assessment of the treatment proposed under IFRS 16.*' The NAO may wish to provide other comments at the meeting.

1.6 Note the Bulletin may need an additional comment in the introduction that this only applies to local authorities that have voluntarily adopted IFRS 16 (prior to the mandatory implementation date).

2. Recommendations

CIPFA LASAAC is invited to note the Bulletin and this report.