



Sent via email

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Dear John,

IFRS16 Leases

Policing has been working with SG colleagues on the introduction of the new accounting standard IFRS16 – Leases, which will result in most lease arrangements (currently treated as revenue) to be brought onto the balance sheet and capitalised from 1 April 2022. The implications for us and many other bodies are significant, both in terms of accounting and (importantly) in terms of budgeting.

We are now at the stage where we must seek clarification on the practical application of IFRS16. I have set out below, a number of points, on which we request your advice, in order that we can appropriately plan and budget for 2022/23.

1. Budgeting treatment for current, continuing leases

[Redacted content]

It would be helpful if you could also confirm SG proposed reporting requirements / timescales for our continuing leases.

2. Budgeting for new leases

[Redacted content]

3. Capital funding

[Redacted]

[Redacted]

4. Revenue impact

[Redacted]

5. Cash management

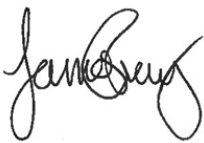
[Redacted]

Conclusion

[Redacted]

The above points represent the main issues, as we currently see them, but it is likely that we will need to explore some of the issues further when we have received your responses. If it would be helpful to progress this by way of a meeting, we would be very happy to engage with you or your colleagues.

Yours sincerely,



James Gray
Chief Financial Officer