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CIPFA Bulletin 19 – Closure of the 2024/25 financial statements

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CIPFA issues bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), the Service Reporting Code of Practice (SeRCOP) and the Prudential Code, and to provide advice on emerging or urgent accounting issues. Bulletins provide influential guidance that is intended to be best practice, but they are not prescriptive and do not have the formal status of the Code, SeRCOP or the Prudential Code.

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Table of contents

Current issues 3
IFRS 16 *Leases* mandatory implementation as of 1 April 2024 3
Service concession arrangements liability remeasurement under IFRS 16 4
New pension fund annual report guidance 5
Exceptional funding support 6
Accounts production 6
Statutory dates for the 2024/25 accounts production 6
Accounting standards that have been issued but not yet adopted 7
Future issues 8
Updated annual governance statement guidance 8
Pooled investments override 9
Infrastructure assets override 9
Changes in the 2025/26 Code 9
Publications 10
Update to 2024/25 Guidance Notes – Module 4, Section G 10
Correction to 2024/25 Code 10
Useful publications 111
Appendix A: Lifecycle costs under PFI liability remeasurement 12

Current issues

IFRS 16 *Leases* mandatory implementation as of 1 April 2024

1. The Code permitted local authorities to adopt IFRS 16 *Leases* on a voluntary basis in 2022/23 or 2023/24. From 2024/25, the implementation of IFRS 16 is mandatory. The 2024/25 Code was updated to embed the previous guidance issued as part of Appendix F to earlier Codes.

2. CIPFA previously issued its 'Early guide for local authority practitioners' in December 2019. This was updated as part of the 2023 publication IFRS 16 *Leases*: A Guide for Local Authority Practitioners and issued alongside the Code Guidance Notes for the 2023/24 accounts. This previous guidance has now been incorporated into the 2024/25 Code Guidance Notes (see Module 4, Section F 'Leases and lease-type arrangements' and section G 'Accounting for service concession arrangements: local authority as grantor').

3. For background context, IFRS 16 was issued by the IASB in January 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for under IAS 17 as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired). In contrast, operating leases were treated under IAS 17 as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

4. The changes introduced by IFRS 16 are broader than an accounting technicality. They have the potential to impact procurement processes as more information becomes available on the real cost of leases. However, some work may be necessary to secure this added information, especially for leases not previously reflected on the balance sheet. Completeness of information is anticipated to be one of the biggest challenges for IFRS 16 implementation.

5. One of the key areas for assurance relates to the public sector adaptation for the definition of a lease, which modifies the definition to include leases with nil consideration. This will require careful application when identifying a lease and particularly in considering when a contract includes or is a lease. An example of this for local authorities is provided in CIPFA Bulletin 11 Accounting for assets owned by religious bodies and used by schools, though the final accounting treatment will require individual decisions on each asset by the authority to allow for local circumstances.

6. Although lessor accounting remains largely unchanged, IFRS 16 does have implications where authorities sublease an asset (as lessor) that they hold under a lease (as lessee). For subleases, an assessment of whether the lease is a finance lease or operating lease now needs to be made against the right-of-use asset held by the authority rather than the underlying asset in the agreement. This creates the potential for subleases that were operating leases to become finance leases under IFRS 16.

7. Preparations for first time adoption in 2024/25 will generally involve three main accounting stages:

1) The recognition at transition of existing arrangements covered by the 'grandfathering' provisions in the Code (which is based on the previous treatment under IAS 17 *Leases*).

2) The transition of arrangements not previously part of the lease definition (mainly limited to use of assets for nil consideration).

3) The accounting for any new or amended leases within 2024/25, including any remeasurement of leases brought forward on transition. While the grandfathering provisions are mandated, authorities will need to obtain sufficient assurance that they can rely on their previous accounting treatment for existing service contracts containing the use of assets as part of their overall preparations.

8. The accounting requirements for leases are set out in Section 4.2 of the Code. The arrangements for transition are covered by Code paragraphs 4.2.2.93–4.2.2.112 (and transitional guidance is contained in the Code Guidance Notes, Module 4 paragraphs F208–F235).

9. Examples of the disclosure requirements can be found within the 2024/25 Code Guidance Notes (see Module 4, Section F 'Leases and lease-type arrangements' and Module 3, Appendix 'Example financial statements and notes to the accounts for local authorities').

10. CIPFA Bulletin 14 and CIPFA Bulletin 17 (closure of the 2022/23 and 2023/24 accounts respectively) included an indicative project plan for implementation as an appendix, which may still be of value as a useful checklist, to make sure all the key considerations in relation to IFRS 16 have been covered.

11. Authorities that subscribe to the Finance Advisory Network (FAN) can use the Ask an Advisor service to assist with leasing queries.

Service concession arrangements liability remeasurement under IFRS 16

12. It is worth highlighting that the mandated implementation of IFRS 16 also impacts on the measurement of the liability for PFI/PPP arrangements. Please see paragraphs G79–G86 of Module 4 of the Code Guidance Notes for guidance on the transition from IAS 17 to IFRS 16 for service concession arrangements.

13. For 2024/25, paragraph 4.3.2.23 of the Code requires service concession arrangement liabilities to be measured using the measurement requirements for a lease liability under Section 4.2 of the Code and IFRS 16. This means that service concession arrangement liabilities will need to be remeasured when indexation increases are applied.

14. Previously, increases in unitary payments resulting from indexation that applied to the construction element were treated as contingent rent and were an expense in the Comprehensive Income and Expenditure Statement. From 2024/25, contingent rent will not be recognised for service concession arrangements under IFRS 16 and instead the liability is recalculated.

15. The Code Guidance Notes (Module 4, paragraphs G73–G77) provide guidance and examples of how to remeasure liabilities. Separate early guidance on the application of

IFRS 16 requirements to PFI/PPP arrangements provided in July 2023 is now incorporated into the Code Guidance Notes.

16. Remeasurement of liabilities under IFRS 16 should not impact how indexation is allocated to service costs, lifecycle costs and the lease element. The remeasured liability is calculated as the net present value of future payments that comprise the liability based on the revised level of payments and using the existing internal rate of return (IRR) used to calculate interest. It should be noted that the remeasurement reflects only indexation or rate changes that have already occurred and result in a change to the payment amount. It does not encompass anticipated movements in the index/rate that have not happened yet nor other undetermined changes in future years.

17. It is worth highlighting that for PFI/PPP assets subject to indexation, remeasurement of the liability is required by the Code on transition to IFRS 16. The Code (paragraph 4.3.2.44) notes that where a service concession contract provides for variable payments that depend on an index or a rate, the balance at transition should be adjusted to reflect the carrying amount of the liability, which would have been calculated as the closing balance in the previous reporting year based on the index or rate applied to variable payments in that previous reporting year. This contrasts with the requirements for previous finance leases that are taken forward at the IAS 17 carrying amounts without modification on transition.

18. To assist with local authority preparations to implement remeasurement of service concession arrangement liabilities, a further example is provided in Appendix A.

New pension fund annual report guidance

19. Revised statutory annual reporting guidance for LGPS funds has been approved and is available free of charge on the LGPS Scheme Advisory Board website. Here is a brief summary of the changes from the 2019 version:

- Report progress in pooling assets via an asset table and a supplementary table – linked to the then DLUHC consultation response released in November 2023.
- Revised admin KPIs – 2019 guidance list expanded and tightened definitions added.
- Further information required on pension committee and board training.
- Fund policies can be referred to rather than included in the main body of report.
- A paragraph clarifying the arrangements on publishing when the audit opinion on the fund accounts is delayed.

20. Full implementation is expected from 2024/25 onwards.

Exceptional funding support

21. If your authority has received exceptional funding support, then you will need to consider what disclosures should be included within the statement of accounts. Appropriate areas of the accounts might include:

- narrative report
- significant judgements and estimates
- material items.

22. However, the nature and extent of the disclosures will depend upon the individual circumstances at the authority.

Accounts production

Statutory dates for the 2024/25 accounts production

23. The following table sets out the current regulatory position in respect of the publication of financial statements for 2024/25.

24. The audited accounts deadlines for England are subject to backstop dates brought in to deal with the backlog of local audits. CIPFA Bulletin 18 Local audit backlog in England provides guidance on what the backstop dates will mean for local authority audits, in particular the types of modified opinions authorities may see and how auditors will rebuild assurance.

25. For Wales, CIPFA understands that Welsh Government are considering a change to the audited accounts date to 31 October for 2024/25 and to 30 September for 2025/26; however, the regulations remain unaltered at the date of issuing this bulletin. Any changes to expectations are usually communicated directly to CFOs.

26. For Scotland, the regulations require the audited accounts to be approved for signature no later than 30 September as per the table; however, the regulatory date for publication of the audited accounts is 31 October (Regulation 11(3)).

Jurisdiction	Legislation	Unaudited accounts deadline	Audited accounts deadline
England	The Accounts and Audit Regulations 2015 as amended by The Accounts and Audit (Amendment) Regulations 2024	30 June 2025	27 February 2026
Wales	The Accounts and Audit (Wales) Regulations 2014 as amended by The Accounts and Audit (Wales) (Amendment) Regulations 2018	31 May 2025	31 July 2025
Scotland	The Local Authority Accounts (Scotland) Regulations 2014	30 June 2025	30 September 2025
Northern Ireland	The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015	30 June 2025	30 September 2025

Accounting standards that have been issued but not yet adopted

27. Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

28. Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2025/26 Code). This means that only the standards listed in paragraph 29 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

29. The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

    a) **IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)*** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

    b) **IFRS 17 *Insurance Contracts*** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

30. It is likely there will be limited application of items a) and b), although authorities will need to consider their individual circumstances in case either of these standards apply.

Future issues

Updated annual governance statement guidance

31. An addendum to Delivering Good Governance in Local Government: Framework (2016) is expected to be published in early May 2025. This will change the content of the annual governance statement to include a new section looking forward at governance arrangements.

32. From 2025/26, the annual governance statement should include the following elements:

a) An executive summary, including an overall opinion on whether governance arrangements were fit for purpose.

b) An assessment of effectiveness, setting out how the overall opinion was arrived at.

c) Where governance needs to improve, including an action plan.

d) How governance has been improved over the current financial year.

e) A forward look on governance.

33. CIPFA will let practitioners know via the usual methods once the addendum has been published.

Pooled investments override

34. In its provisional local government finance settlement 2025 to 2026 consultation, the government proposed to not extend the IFRS 9 statutory override beyond its current end date of 31 March 2025. The government confirmed its view that the override should not be extended beyond 1 April 2025 in its summary of response to the consultation and that any new investments from 1 April 2025 must comply fully with the requirements as set out in the Code. However, it is acknowledged that there may be a case for additional transitional support for historical investments.

35. The government has now decided that the override will be extended in England until 31 March 2029 for investments already in place at 1 April 2024. Any new investments taken out after 1 April 2024 will be subject to IFRS 9 compliance and will require fair value movements to be accounted for.

36. After consulting with chief accountants, the Welsh Government have decided to extend the override in line with England.

Infrastructure assets override

37. The statutory overrides in England and Wales came into force in December 2022 and allowed local authorities to determine the carrying amount to be derecognised either as nil or calculated in accordance with the Code. The current overrides are due to end on 31 March 2025.

38. The Code was also amended to include a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets.

39. Similar overrides were introduced in Scotland, with authorities able to choose which of the two statutory overrides to apply. The overrides were extended until 31 March 2025.

40. MHCLG have decided the override will be extended in England until 31 March 2029 and the Welsh Government will also extend to align with England. Scottish Government will extend the current arrangements in Scotland until 31 March 2027.

Changes in the 2025/26 Code

41. At its meeting on 5 March 2025, CIPFA LASAAC agreed to implement changes proposed in the consultation on the 2025/26 Code of Practice on Local Authority Financial Reporting in the UK having regard to HM Treasury's Thematic Review of Non-investment Asset Valuation. The main changes included in the 2025/26 Code will be the following:

    - A revaluation expedient for operational property, plant and equipment, requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. Alternatively, a desktop valuation in year three in rare cases where no index is available.
    - Intangible assets to be held at historical cost only.

- Transitional arrangements when applying these changes so they will be applied prospectively, with no restatement of prior year figures.
- To assist authorities, an existing adaptation has been removed to allow both options permitted by IAS 16 for the treatment of accumulated depreciation when assets are revalued. This aligns with existing arrangements in the FReM.
- A clarification to ensure that undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and to comply with IAS 36.

42. The 2025/26 Code is expected to be published in June 2025 and will contain further details of all the changes. CIPFA is working with the Better Reporting Group to produce application guidance.

Publications

Update to 2024/25 Guidance Notes – Module 4, Section G

43. Paragraph G48 contains a graph that shows contingent rent as part of the unitary charge for a service concession arrangement. Following adoption of IFRS 16, this graph should not include contingent rent. This would be replaced with increased finance costs and increased lease principal.

44. Paragraph G113 refers to contingent rents being a debit to the Comprehensive Income and Expenditure Statement. Paragraph G143 contains a table with reference to contingent rents in relation to risks relating to future cash flow. Following adoption of IFRS 16, this is incorrect – there should be no reference to contingent rent in these paragraphs.

45. Future versions of the Code Guidance Notes will be updated to reflect these changes.

Correction to 2024/25 Code

46. Minor corrections were made to the 2024/25 online edition of the Code in September 2024. This was to amend a small number of cross-references in Section 4.2, which needed to be updated due to a new paragraph being added when the 2024/25 Code was published in May 2024. The Code available online is the corrected version.

47. An error has been identified in Section 4.2 of the Code, although CIPFA anticipates that this will not have caused practitioners any issues. All references to the date of initial application should have included 1 April 2024. This error affects paragraphs 4.2.2.93, 4.2.2.94, 4.2.2.96, 4.2.2.98, 4.2.2.100, 4.2.2.104, 4.2.2.105 e), 4.2.2.107 and 4.2.2.110.

48. When reading the transition material in Section 4.2 of the Code, please read as if "date of initial application (except for Transport for London, this will either be 1 April 2022 or 1 April 2023)" was replaced with "date of initial application (except for Transport for London and other early adopters, this will be 1 April 2024)". The Code available online does not contain this correction.

Useful publications

49. Codes of Practice, including:

    - Code of Practice on Local Authority Accounting in the United Kingdom 2024/25
    - Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners – 2024/25 Accounts
    - Code of Practice on Local Authority Accounting in the United Kingdom: Disclosure Checklist for 2024/25 Accounts

50. CIPFA bulletins on accounting and financial reporting and Local authority accounting panel bulletins, including:

    - CIPFA Bulletin 15 Reporting of pensions surpluses and IFRIC 14
    - CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement
    - CIPFA Bulletin 18 Local audit backlog in England

51. Practice Oversight Panel advisory notes, including:

    - Advisory note five: Statement of Responsibilities

Appendix A: Lifecycle costs under PFI liability remeasurement

1. The Code of Practice on Local Authority Accounting for 2024/25 requires liabilities resulting from service concession arrangements (including PFI schemes) to be remeasured in line with IFRS 16 requirements. The remeasurement under IFRS 16 applies only to the lease rental element of PFI calculations resulting from the provision of assets under the contract.

2. When accounting for PFI contracts, costs not relating to the initial provision of assets such as service costs and lifecycle costs are deducted from the unitary charge. The remaining amount is then deemed to be the lease rental for the initial provision of assets. This does not change under IFRS 16 – any costs deducted from the unitary charge to calculate the lease rental element continue to be deducted in the same way under IFRS 16. Indexation of lifecycle replacement costs is not impacted by the implementation of IFRS 16 either – if lifecycle costs have indexation applied to them currently, they continue to do so under IFRS 16 in the same manner.

3. The following example provides an illustration of a liability remeasurement with lifecycle costs.

4. In this example:

   a) the unitary payment is increased by 3% per annum

   b) the fair value of services is increased by 3% per annum

   c) the cost of lifecycle replacement costs is uplifted by 3% per annum (lifecycle costs are charged against the unitary charge as they are incurred rather than using the prepayment method)

   d) IFRS 16 is applied for the first time in year ten of the contract (highlighted pink)

   e) 3% per annum has been used in this simplified example (in reality, you would expect the rate of indexation to vary from year to year).

The table below shows the calculation of the lease liability and IRR prior to any indexation being applied:

Rate	6.8916%

Contract year	Unitary payment	Fair value of services	Lifecycle replacement	Finance lease rentals	Fair value of assets coming into use	Amounts for IRR analysis
	£	£	£	£	£	£
	A	B	C	D (A-B-C)	E	F (D-E)
1	3,000,000	3,000,000	-	-	-	-
2	3,000,000	3,000,000	-	-	15,000,000	- 15,000,000
3	7,000,000	4,000,000	-	3,000,000	-	3,000,000
4	7,000,000	4,000,000	-	3,000,000	-	3,000,000
5	7,000,000	4,000,000	-	3,000,000	12,500,000	- 9,500,000
6	10,000,000	7,500,000	-	2,500,000	-	2,500,000
7	10,000,000	7,500,000	-	2,500,000	-	2,500,000
8	10,000,000	7,500,000	39,331	2,460,669	-	2,460,669
9	10,000,000	7,500,000	23,023	2,476,977	-	2,476,977
10	10,000,000	7,500,000	10,874	2,489,126	-	2,489,126
11	10,000,000	7,500,000	53,594	2,446,406	-	2,446,406
12	10,000,000	7,500,000	83,432	2,416,568	-	2,416,568
13	10,000,000	7,500,000	114,024	2,385,976	-	2,385,976
14	10,000,000	7,500,000	397,059	2,102,941	-	2,102,941
15	10,000,000	7,500,000	101,746	2,398,254	-	2,398,254
16	10,000,000	7,500,000	187,231	2,312,769	-	2,312,769
17	10,000,000	7,500,000	503,901	1,996,099	-	1,996,099
18	10,000,000	7,500,000	1,106,125	1,393,875	-	1,393,875
19	10,000,000	7,500,000	719,431	1,780,569	-	1,780,569
20	10,000,000	7,500,000	526,413	1,973,587	-	1,973,587
TOTAL	**177,000,000**	**130,500,000**	**3,866,184**	**42,633,816**	**27,500,000**	**15,133,816**

Contract year	01-Apr finance lease liability	Finance cost for year	Total finance lease rental	Finance lease liability redemption	Fair value of assets coming into use	31-Mar finance lease liability
	£	£	£	£	£	£
	G	H (G x 6.89%)	I (D above)	J (I-H)	K	L (G - J + K)
1	-	-	-	-	-	
2	-	-	-	-	15,000,000	15,000,000
3	15,000,000	1,033,733	3,000,000	1,966,267	-	13,033,733
4	13,033,733	898,227	3,000,000	2,101,773	-	10,931,960
5	10,931,960	753,382	3,000,000	2,246,618	12,500,000	21,185,341
6	21,185,341	1,459,999	2,500,000	1,040,001	-	20,145,340
7	20,145,340	1,388,327	2,500,000	1,111,673	-	19,033,667
8	19,033,667	1,311,715	2,460,669	1,148,954	-	17,884,713
9	17,884,713	1,232,534	2,476,977	1,244,443	-	16,640,271
10	16,640,271	1,146,773	2,489,126	1,342,353	-	15,297,918
11	15,297,918	1,054,264	2,446,406	1,392,142	-	13,905,776
12	13,905,776	958,324	2,416,568	1,458,244	-	12,447,532
13	12,447,532	857,828	2,385,976	1,528,148	-	10,919,384
14	10,919,384	752,515	2,102,941	1,350,426	-	9,568,958
15	9,568,958	659,450	2,398,254	1,738,804	-	7,830,154
16	7,830,154	539,619	2,312,769	1,773,150	-	6,057,004
17	6,057,004	417,422	1,996,099	1,578,677	-	4,478,327
18	4,478,327	308,626	1,393,875	1,085,249	-	3,393,078
19	3,393,078	233,836	1,780,569	1,546,733	-	1,846,345
20	1,846,345	127,242	1,973,587	1,846,345	-	0
TOTAL		**15,133,816**	**42,633,816**	**27,500,000**	**27,500,000**	

Prior to IFRS 16, indexation would have been applied as per the table below, with no change to the finance cost or liability redemption, and the indexation that is not applied to service costs or lifecycle replacement costs being charged as contingent rent.

Inflation - current

Contract year	Unitary payment £	Fair value of services £	Lifecycle replacement £	Finance cost for year £	Lease liability redemption £	Contingent rents £
	A	B	C	D	E	F (A - B - C - D - E)
1	3,000,000	3,000,000	-	-	-	-
2	3,090,000	3,090,000	-	-	-	-
3	7,426,300	4,243,600	-	1,033,733	1,966,267	182,700
4	7,649,089	4,370,908	-	898,227	2,101,773	278,181
5	7,878,562	4,502,035	-	753,382	2,246,618	376,526
6	11,592,741	8,694,556	-	1,459,999	1,040,001	398,185
7	11,940,523	8,955,392	-	1,388,327	1,111,673	485,131
8	12,298,739	9,224,054	48,372	1,311,715	1,148,954	565,643
9	12,667,701	9,500,776	29,165	1,232,534	1,244,443	660,783
10	13,047,732	9,785,799	14,188	1,146,773	1,342,353	758,619
11	13,047,732	9,785,799	69,928	1,054,264	1,392,142	745,599
12	13,047,732	9,785,799	108,860	958,324	1,458,244	736,505
13	13,047,732	9,785,799	148,775	857,828	1,528,148	727,182
14	13,047,732	9,785,799	518,072	752,515	1,350,426	640,920
15	13,047,732	9,785,799	132,755	659,450	1,738,804	730,924
16	13,047,732	9,785,799	244,294	539,619	1,773,150	704,870
17	13,047,732	9,785,799	657,477	417,422	1,578,677	608,357
18	13,047,732	9,785,799	1,443,242	308,626	1,085,249	424,816
19	13,047,732	9,785,799	938,694	233,836	1,546,733	542,670
20	13,047,732	9,785,799	686,850	127,242	1,846,345	601,496
TOTAL	**221,068,704**	**163,225,108**	**5,040,672**	**15,133,816**	**27,500,000**	**10,169,107**

On the move to IFRS 16 in year ten, inflation is treated as shown in the table below:

	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ
1	**Inflation - IFRS 16**							Rate	6.8916%			
3–8	**Contract year**	**01-Apr lease liability £**	**01-Apr remeasured lease liability £**	**Unitary payment £**	**Fair value of services £**	**Lifecycle replacement £**	**Total lease rental £**	**Finance cost for year £**	**Lease liability redemption £**	**Contingent rents £**	**Fair value of assets coming into use £**	**31-Mar lease liability £**
9		G	H	I	J	K	L (I - J - K - O)	M (G x 6.89% or H x 6.89% if liability remeasured in-year)	N (=E up to yr 9, From year 10 = L-M)	O (I - J - K - M - N)	P	Q (G - J + K)
10	1	-	-	3,000,000	3,000,000	-	-	-	-	-	-	-
11	2	-	-	3,090,000	3,090,000	-	-	-	-	-	15,000,000	15,000,000
12	3	15,000,000		7,426,300	4,243,600	-	3,000,000	1,033,733	1,966,267	182,700	-	13,033,733
13	4	13,033,733		7,649,089	4,370,908	-	3,000,000	898,227	2,101,773	278,181	-	10,931,960
14	5	10,931,960		7,878,562	4,502,035	-	3,000,000	753,382	2,246,618	376,526	12,500,000	21,185,341
15	6	21,185,341		11,592,741	8,694,556	-	2,500,000	1,459,999	1,040,001	398,185	-	20,145,340
16	7	20,145,340		11,940,523	8,955,392	-	2,500,000	1,388,327	1,111,673	485,131	-	19,033,667
17	8	19,033,667		12,298,739	9,224,054	48,372	2,460,669	1,311,715	1,148,954	565,643	-	17,884,713
18	9	17,884,713		12,667,701	9,500,776	29,165	2,476,977	1,232,534	1,244,443	660,783	-	16,640,271
19	10	16,640,271	21,711,779	13,047,732	9,785,799	14,188	3,247,745	1,496,279	1,751,466	-	-	19,960,313
20	11	19,960,313		13,047,732	9,785,799	69,928	3,192,005	1,375,576	1,816,429	-	-	18,143,884
21	12	18,143,884		13,047,732	9,785,799	108,860	3,153,073	1,250,395	1,902,678	-	-	16,241,206
22	13	16,241,206		13,047,732	9,785,799	148,775	3,113,158	1,119,271	1,993,886	-	-	14,247,320
23	14	14,247,320		13,047,732	9,785,799	518,072	2,743,861	981,862	1,761,999	-	-	12,485,320
24	15	12,485,320		13,047,732	9,785,799	132,755	3,129,178	860,432	2,268,745	-	-	10,216,575
25	16	10,216,575		13,047,732	9,785,799	244,294	3,017,639	704,081	2,313,558	-	-	7,903,017
26	17	7,903,017		13,047,732	9,785,799	657,477	2,604,456	544,641	2,059,816	-	-	5,843,201
27	18	5,843,201		13,047,732	9,785,799	1,443,242	1,818,691	402,687	1,416,003	-	-	4,427,198
28	19	4,427,198		13,047,732	9,785,799	938,694	2,323,239	305,103	2,018,136	-	-	2,409,062
29	20	2,409,062		13,047,732	9,785,799	686,850	2,575,083	166,022	2,409,062	-	- -	0
30	**TOTAL**			**221,068,704**	**163,225,108**	**5,040,672**	**49,855,773**	**17,284,265**	**32,571,508**	**2,947,150**	**27,500,000**	
31												
32							£21,711,779.19 NPV of revised future lease rentals					
33							=NPV(AG1,AE19,AE20,AE21,AE22,AE23,AE24,AE25,AE26,AE27,AE28,AE29)					

There is no change to service costs or lifecycle replacement. There is no more contingent rent charged; instead the liability is remeasured as shown in the orange boxes, and the finance costs and liability redemption change as a result.