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**From:** Jamie Preston [REDACTED]  
**Sent:** 09 March 2023 16:25  
**To:** ukfrsperiodicreview; [REDACTED]  
**Subject:** FRED 82 comments

[REDACTED]

Specific area: Leases

My thoughts on the proposals in changing the lease recognitions criteria from operating to finance leases are as follows:

I feel that the proposal in question moves away from a principles-based approach, which UK GAAP (and some tax precedents), tends to apply. I'm a firm advocate of the principles-based approach, as opposed to the rules-based approach evident in other jurisdictions.

The underlying principle of ownership which the status quo uses as a basis to recognise either operating or finance leases, is accurately reflected in whether the related costs are recognised on the P&L or Balance Sheet, respectively. The broad-brush approach suggested sweeps all right of use assets on to the balance sheet, whereas considering the elements of a lease agreement, its nature, and intention are an important part of the accounting process.

I can't see the benefit to the change; if the ideals of the principles-based approach are upheld, then I expect the current stance is sufficient for leases to be categorised according to their substance.

I hope the above is somewhat helpful.

Yours faithfully

Jamie Preston