



IASB confirms further changes to IFRS 17 but decides not to change annual cohort requirement for mutualised contracts

What you need to know

The IASB continued its re-deliberations on the Exposure Draft *Amendments to IFRS 17* (the ED) issued in June 2019. At its meeting on 25 February 2020, the IASB tentatively decided to:

- ▶ Retain unchanged the annual cohort requirement in IFRS 17 for all types of contracts, including contracts with intergenerational sharing of risks between policyholders (mutualised contracts)
- ▶ For insurance contracts without direct participation features, confirm the revised investment-return service proposals included in the ED and require that an entity should include costs related to investment activities as cash flows within the contract boundary if it performs investment activities to enhance benefits from insurance coverage for the policyholder (even if the contract does not provide an investment return service)
- ▶ Extend the risk mitigation option under the Variable Fee Approach (VFA) to permit an entity to apply the option when it mitigates the effects of financial risk using non-derivative financial instruments carried at fair value through profit or loss (FVPL)
- ▶ Amend Paragraph B66(f) to clarify that applying Paragraph B65(m) an entity should include in fulfilment cash flows income tax amounts that are specifically chargeable to the policyholder
- ▶ Add three further specific transition modifications and reliefs
- ▶ In addition, the Board confirmed several minor amendments and decided not to make changes for a number of new topics raised by respondents to the ED

The Board will decide on the effective date of IFRS 17, and any extension of the temporary exemption from IFRS 9 for qualifying insurers, at its March 2020 meeting. At the same meeting, the Board will be asked to give permission to start the balloting process for finalising the amendments to IFRS 17.

Overview

At its February 2020 Board meeting, the International Accounting Standards Board (IASB or the Board) continued its re-deliberations on the proposed amendments in the Exposure Draft *Amendments to IFRS 17 Insurance Contracts* (the ED), in line with the plan outlined in its November 2019 meeting.

The story so far

The IASB issued IFRS 17 in May 2017. Our publication, *Applying IFRS 17: A closer look at the new insurance contracts standard*, provides further details on the requirements: [http://ey.com/Publication/vwLUAssets/ey-Applying-IFRS-17-Insurance-May-18/\\$FILE/ey-Applying-IFRS-17-Insurance-May-18.pdf](http://ey.com/Publication/vwLUAssets/ey-Applying-IFRS-17-Insurance-May-18/$FILE/ey-Applying-IFRS-17-Insurance-May-18.pdf)

Having considered 25 concerns and implementation challenges arising since IFRS 17 *Insurance Contracts* (IFRS 17 or 'the standard') was issued, the IASB issued an ED in June 2019 proposing targeted amendments to the standard to respond to some, but not all, of those concerns and challenges: <https://www.ifrs.org/projects/work-plan/amendments-to-ifrs-17/#published-documents>

For further details of the IASB's exposure draft, and its subsequent discussions refer to our recent Insurance Accounting Alerts: <https://ey.com/gl/en/issues/ifrs>

1) Contractual service margin attributable to investment services

The IASB agreed with the staff recommendations to:

- ▶ Require an entity to identify coverage units for insurance contracts without direct participation features considering the quantity of benefits and expected period of investment-return service, if any, in addition to insurance coverage
- ▶ Confirm the criteria for when those contracts may provide an investment-return service (in paragraph B119B of the ED), replacing references to 'positive investment return' with 'investment return'
- ▶ Require an entity to include costs related to investment activities as cash flows within the boundary of an insurance contract, to the extent the entity performs such activities to enhance benefits from insurance coverage for the policyholder, even if the entity has concluded the contract does not provide an investment return service
- ▶ Require quantitative disclosure, in appropriate time bands, of the expected recognition in profit or loss of the contractual service margin (CSM) remaining at the end of the reporting period and the approach taken to assess the relative weighting of the benefits provided by insurance coverage and investment-related services or investment-return services

All 12 Board members present agreed with the staff recommendations, two Board members were absent.

Observations from the Board meeting

The Board confirmed that it will add the definition of insurance contract services to the standard as proposed in the ED, but will not replace the word 'coverage' with the term 'services' in other defined terms such as liability for remaining coverage and coverage units. One Board member felt that replacing 'coverage' with 'services' would make the standard more readable in the long term, but agreed it could disrupt implementations already under way and people could read too much into the changes.

2) Level of aggregation – annual cohorts for insurance contracts with intergenerational sharing of risk (mutualised contracts)

The Board decided to retain, unchanged, the annual cohort requirement in IFRS 17.

The IASB staff carried out further analysis after considering feedback from respondents, primarily in Europe, that the annual cohort requirement is costly to apply and does not provide useful information for certain contracts. The IASB staff analysis for the meeting included an extended example of how to apply the annual cohort requirement to insurance contracts with intergenerational sharing of risk, considering additional features not addressed in the examples prepared for previous meetings.

The staff observed that for insurance contracts with intergenerational sharing of risks between policyholders, the costs of applying the annual cohort requirement are relatively high. However, the staff also believes that, even in some cases of intergenerational sharing of risks, there will be significant benefits in the information provided by annual cohorts, although the usefulness of this information would be reduced in some circumstances.

The IASB staff therefore considered potential criteria to apply to an exemption from the annual cohort requirement but concluded that too many questions arise in trying to define the exact scope. The Board agreed with the staff conclusion that it would not be possible to develop a precise scope for such contracts without drawing arbitrary “bright lines” that could have unintended consequences. The change would also add complexity that could disrupt ongoing implementation.

All 12 Board members present agreed with the staff recommendations.

Observations from the Board meeting

Two Board members said they had received considerable correspondence on this topic since the papers for the February Board meeting were issued. These Board members mentioned that several stakeholders expressed their disappointment about the decision, asking for a principles-based exemption from the annual cohort requirement to be included in the standard.

One Board member noted that the paper outlined particular circumstances where an exemption may make sense, for example where costs of applying annual

cohorts are relatively high and/or benefits low. However, this Board member also believed that if the IASB could not clearly scope the exemption in a manner that would not affect other contracts, the cost of the exemption would be too high and could undermine user-confidence.

Another Board member said it would be difficult to have a principle for when an exemption to a principle would apply. That Board member thinks it would not be possible to have a principle for balancing between costs and benefits.

The IASB Chairman said he had encouraged the staff to try to find a solution, but the staff could not find a convincing exemption that would hold up under all circumstances.

3) Applicability of the risk mitigation option – non-derivative financial instruments

The Board agreed to extend the risk mitigation option to apply to all financial instruments an entity holds and uses to mitigate financial risks arising from contracts it issues with direct participation features i.e., ‘VFA contracts’ provided that the financial instruments are measured at FVPL. Previously, the risk mitigation option was only available in respect of derivatives and reinsurance contracts an entity holds and uses to mitigate financial risks from VFA contracts.

The risk mitigation option allows an entity to recognise in profit or loss (rather than adjusting the CSM) the effect of changes in fulfilment cash flows on VFA contracts arising from the time value of money and financial risks (other than those arising from underlying items).

The risk mitigation option can only be applied if the risk management approach has been previously documented, and an economic offset exists that is not dominated by credit risk.

All 12 Board members present agreed with the staff recommendations.

Observations from the Board meeting

The staff emphasised that the extension of the risk mitigation option for non-derivative financial instruments only applied in respect of cash flows not varying with the return on underlying items that would otherwise adjust the CSM in accordance with paragraph B113(b). The extension to the risk mitigation option would not apply to

the changes in the effect of financial risk on the amount of the entity's share of the underlying items.

There was a discussion about applying risk mitigation within the context of financial assets measured at FVOCI, in addition to financial assets measured at FVPL.

The staff noted that the insurance finance income or expenses recognised in the income statement as a result of applying the risk mitigation option for VFA contracts would be eligible for recognition in other comprehensive income (OCI) rather than profit or loss ('the OCI option'). In reply to a query from a Board member, the staff observed that extending the risk mitigation option to financial instruments measured at FVOCI is unlikely to achieve matching in profit or loss with corresponding amounts arising from financial assets held, that some preparers are seeking, unless such assets had the same start and end dates as the fixed cash flows in the insurance liabilities. Another Board member added that by restricting the extension to the risk mitigation option to financial instruments measured at FVPL, any ineffectiveness in matching the effects of financial risk of assets and liabilities would be recognised in profit or loss. If the Board were now to extend the risk mitigation option to FVOCI instruments, ineffectiveness would be recognised in OCI unless it were to develop a further solution for recognising ineffectiveness in profit or loss.

Accordingly, Board members felt that broadening the risk mitigation to FVOCI assets would introduce too much complexity into the standard at this stage.

4) New topics raised by respondents to the ED:

The IASB considered new concerns raised in comment letters in response to the ED that the Board had not previously considered. The Board agreed to changes in relation to one of these areas, notably the accounting treatment of policyholder taxes applying IFRS 17, but did not agree to changes in other areas.

The Board agreed :

- ▶ To require entities to include in fulfilment cash flows expected income tax payments and receipts that are specifically chargeable to the policyholder
 - ▶ Paragraph B66(f), as currently drafted, prohibits income tax payments and receipts from being included in fulfilment cash flows unless they are made in a fiduciary capacity on behalf

of policyholders. Paragraph B65(m) requires costs specifically chargeable to policyholders to be included in fulfilment cash flows

- ▶ Stakeholders informed the IASB of income tax payments, that are not paid to tax authorities in a fiduciary capacity, but which are specifically charged to policyholders under the terms of insurance contracts
- ▶ The IASB agreed there is a contradiction between paragraphs B65(m) and B66(f), and decided to change paragraph B66(f) to exclude from fulfilment cash flows income tax payments and receipts that are not specifically chargeable to the policyholder under the terms of the contract. After the amendment of B66(f), an entity would apply paragraph B65(m) to include in fulfilment cash flows the income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract
- ▶ Not to change the requirements in paragraph B113(b) requiring an entity applying the VFA to adjust the CSM for changes in the effect of the time value of money and financial risks not arising from underlying items, such as the effect of financial guarantees
- ▶ Not to add any further requirement to IFRS 17, nor to provide educational material relating to contracts that change their nature over time (for example, a VFA contract that becomes a pay-out annuity after exercise of an option)

The Board's decision not to amend IFRS 17 in response to stakeholder concerns in respect of paragraph B113(b) for VFA contracts, and for contracts that change their nature over time, should be considered in the light of its decision to extend the scope of the risk mitigation option for VFA contracts (see above). Several respondents to the ED raised concerns about what they consider to be an accounting mismatch between: (i) the effect of interest accretion and changes in discount rates on fulfilment cash flows that do not vary with returns on underlying items that adjust the CSM of VFA contracts, in accordance with paragraph B113(b); and (ii) corresponding investment returns arising from financial assets an entity holds to match those liabilities, for which income and gains are recognised immediately in profit or loss or OCI.

This accounting mismatch can be significant in some contracts that change their nature over time, for example, in the annuity phase of a pension savings contracts that qualifies for the VFA at inception and which converts to an annuity on retirement of the policyholder. The IASB staff noted that extending the risk mitigation option addresses the concerns raised by stakeholders in respect of paragraph B113(b) to some extent. In applying the risk mitigation option, an entity would not to

adjust the CSM of VFA contracts for some effects of financial risk but would recognise these effects in profit or loss instead.

All 12 Board members present agreed with the staff recommendations.

Observations from the Board meeting

The staff observed that stakeholders had different views on an appropriate solution to the concerns with paragraph B113(b): some wanted to separate components, whilst others wanted to make B113(b) optional. One Board member noted that, in feedback on a previous ED of the standard, stakeholders had commented that it was sometimes very difficult to separate cash flows. Consequently, he felt any solution would require making B113(b) optional, which, in his view, would introduce further inconsistency in how the standard is applied.

5) Additional specific transition modifications and reliefs

The IASB agreed to:

- ▶ Permit an entity, under the Modified Retrospective Approach (MRA) or Fair Value Approach (FVA), to determine whether an investment contract meets the definition of an investment contract with discretionary participation features using information available at the transition date (rather than at inception or initial recognition)
- ▶ Amend the proposed modification in the MRA for reinsurance contracts held when underlying insurance contracts are onerous. An entity should assume the reinsurance contract held was acquired after the underlying insurance contracts were issued, if it does not have reasonable and supportable information to identify whether the reinsurance contract was acquired before or at the same time that the contracts were issued. As a result, the reinsurance contract held would not have a loss-recovery component at transition date
- ▶ Include a modification under the MRA for entities that make an accounting policy choice not to change the treatment of accounting estimates made in previous interim financial statements. This follows the tentative decision made at the January Board meeting regarding paragraph B137. An entity would determine the CSM, loss component and amounts related to insurance finance income or expenses at the transition date as if it had not prepared any interim financial statements before the transition date

All 12 Board members present agreed with the staff recommendations.

6) Minor amendments

The IASB agreed to finalise the minor amendments, as proposed in the ED, with the following changes:

- ▶ Amend paragraph B128 to specify that changes in the measurement of a group of insurance contracts caused by changes in the value of underlying items (excluding additions and withdrawals) are changes arising from the effect of the time value of money and financial risk and changes therein (rather than changes in the fair value of underlying items as referred to in the ED). The last sentence of paragraph B134 should clarify that applying it, the amount included for insurance contracts is determined by considering all income or expenses included in profit or loss for the underlying items, where ever in profit or loss the income or expenses are presented.
- ▶ Amend paragraph B96(c) to also apply to loans to policyholders, i.e., the CSM is not adjusted for changes in fulfilment cash flows arising from differences that relate to time value of money and assumptions that relate to financial risk between any loan to a policyholder expected to become payable in the period and the actual loan to the policyholder that becomes payable in the period.
- ▶ Add a further amendment to paragraph 106(a) and B124 to specify that an entity should present experience adjustments for premium receipts that relate to current or past service as insurance revenue.
- ▶ Amend paragraph 2.1 of IFRS 9 to clarify that insurance contracts held are not in the scope of IFRS 9. The paragraph should refer to financial guarantee contracts issued (rather than all financial guarantee contracts issued or held) as being in the scope of IFRS 9
- ▶ Amend Paragraph B107 to specify that, when assessing whether a contract meets the criteria for the scope of the VFA, an entity should assess the variability of the amounts to be paid to the policyholder over the duration of the contract rather than the duration of the group of contracts as originally written in the standard.

Observations from the Board meeting

The Board consider the amendment to paragraph B107 to be an editorial correction, making the wording consistent with paragraphs B101 and B102. However, the staff noted that some stakeholders consider this to be a major change to the standard. Board members agreed that the standard needs to be clarified to avoid such an important misunderstanding. One Board member believed that clarifying paragraph B107 could cause significant disruption to implementation efforts already underway, and would be a relevant input when considering the effective date of IFRS 17.

Next steps

The Board will review the whole package of amendments and consider the effective date of IFRS 17, and the extension of the IFRS 9 temporary exemption in IFRS 4, during the March meeting.

The staff plans to request permission to start the balloting process for finalising amendments to IFRS 17 at that meeting. It expects the timetable will allow sufficient time for the Board to conclude its re-deliberations and finalise any resulting amendments in mid-2020.

How we see it

- ▶ The Standard now requires entities to include, in the measurement of insurance contracts, costs related to investment activities to the extent the entity performs such activities to enhance benefits from insurance coverage for the policyholder. Determining whether, and to what extent, an activity enhances policyholder benefits adds further judgement to IFRS 17. This could impact the comparability of information between insurers.
- ▶ Some stakeholders will be very disappointed by the fact that the IASB decided to maintain the annual cohort requirement for mutualised contracts.
- ▶ The decision to extend the risk mitigation option for VFA contracts to instances where an entity holds non-derivative financial instruments measured at FVPL to mitigate financial risks will be welcomed by preparers. This decision addresses, to some extent, the concerns raised about the way changes in the measurement of cash flows that do not vary based on returns from underlying items adjust the CSM of VFA contracts (whereas corresponding changes in assets are recognised immediately in the statement of comprehensive income).

Appendix:

Topic (per Appendix A of January 2020 IASB agenda paper AP2)	Date of re-deliberation
1. Scope exclusion for loans	December 2019
2. Contractual service margin attributable to investment services – coverage units for insurance contracts with direct participation features	December 2019
3. Presentation in the statement of financial position – portfolio instead of group level	December 2019
4. Applicability of the risk mitigation option – reinsurance contracts held	December 2019
5. Transition reliefs for business combinations	December 2019
6. Transition reliefs for the risk mitigation option – application from the transition date and the option to apply the fair value approach	December 2019
7. Scope exclusions for credit cards	January 2020
8. Expected recovery of insurance acquisition cash flows	December 2019
9. CSM attributable to investment services- coverage units for insurance contracts without direct participation features, disclosures and terminology	December 2019
10. Reinsurance contracts held – recovery of losses	December 2019
11. Applicability of the risk mitigation opinion – non-derivative financial instruments at fair value through profit or loss.	February 2020
12. Effective date of IFRS 17	Future meeting Expected March 2020
13. Extension of the IFRS 9 temporary exemption in IFRS 4	Future meeting Expected March 2020
14. Transition – the prohibition from applying the risk mitigation option retrospectively	January 2020
15. Minor amendments	February 2020
16. Level of aggregation – annual cohorts for some specific insurance contracts	February 2020
17. Business combinations- contracts acquired in their settlement period	January 2020
18. Interim financial statements	January 2020
19. Additional specific transition modifications and reliefs (including transition requirements for insurance acquisition cash flows)	January 2020 (insurance acquisition cash flows) February 2020 (other)
Other topics raised by respondents to the ED	
A. Accounting treatment of policyholder taxes applying IFRS 17	February 2020
B. Application of paragraph B113b of IFRS 17 regarding changes in the effect of the time value of money and financial risks not arising from underlying items, such as the effect of financial guarantees, under the variable fee approach (VFA)	February 2020
C. Contracts that change nature over time (for example VFA contracts that become a pay-out annuity after exercise of an option).	February 2020

Refer also to our June 2019 *Insurance Accounting* Alert for further details of the proposed amendments in the ED: June 2019 Insurance Accounting Alert

Area IFRS Contacts

Global			
	Kevin Griffith	+44 20 7951 0905	kgriffith@uk.ey.com
	Martina Neary	+ 44 20 7951 0710	mneary@uk.ey.com
	Martin Bradley	+44 20 7951 8815	mbradley@uk.ey.com
	Conor Geraghty	+44 20 7951 1683	cgeraghty@uk.ey.com
	Hans van der Veen	+31 88 40 70800	hans.van.der.veen@nl.ey.com
Europe, Middle East, India and Africa			
	Philip Vermeulen	+41 58 286 3297	phil.vermeulen@ch.ey.com
	Thomas Kagermeier	+49 89 14331 25162	thomas.kagermeier@de.ey.com
Belgium	Katrien De Cauwer	+32 2 774 91 91	katrien.de.cauwer@be.ey.com
Belgium	Peter Telders	+32 470 45 28 87	peter.telders@be.ey.com
Czech Republic	Karel Svoboda	+420225335648	karel.svoboda@cz.ey.com
France	Frederic Pierchon	+33 1 46 93 42 16	frederic.pierchon@fr.ey.com
France	Patrick Menard	+33 6 62 92 30 99	patrick.menard@fr.ey.com
France	Jean-Michel Pinton	+33 6 84 80 34 79	jean.michel.pinton@fr.ey.com
Germany	Markus Horstkötter	+49 221 2779 25 587	markus.horstkoetter@de.ey.com
Germany	Robert Bahnsen	+49 711 9881 10354	robert.bahnsen@de.ey.com
Greece	Konstantinos Nikolopoulos	+30 2102886065	konstantinos.nikolopoulos@gr.ey.com
India	Rohan Sachdev	+91 226 192 0470	rohan.sachdev@in.ey.com
Ireland	James Maher	+353 1 221 2117	james.maher@ie.ey.com
Ireland	Ciara McKenna	+353 1 221 2683	ciara.mckenna@ie.ey.com
Italy	Matteo Brusatori	+39 02722 12348	matteo.brusatori@it.ey.com
Israel	Emanuel Berzack	+972 3 568 0903	emanuel.berzack@il.ey.com
Luxembourg	Jean-Michel Pacaud	+352 42 124 8570	jeanMichel.pacaud@lu.ey.com
Netherlands	Hildegard Elgersma	+31 88 40 72581	hildegard.elgersma@nl.ey.com
Netherlands	Bouke Evers	+31 88 407 3141	bouke.evers@nl.ey.com
Portugal	Ana Salcedas	+351 21 791 2122	ana.salcedas@pt.ey.com
Poland	Marcin Sadek	+48225578779	marcin.sadek@pl.ey.com
Poland	Radoslaw Bogucki	+48225578780	radoslaw.bogucki@pl.ey.com
South Africa	Jaco Louw	+27 21 443 0659	jaco.louw@za.ey.com
Spain	Ana Belen Hernandez-Martinez	+34 915 727298	anabelen.hernandezmartinez@es.ey.com
Switzerland	Roger Spichiger	+41 58 286 3794	roger.spichiger@ch.ey.com
Switzerland	Philip Vermeulen	+41 58 286 3297	phil.vermeulen@ch.ey.com
Turkey	Damla Harman	+90 212 408 5751	damla.harman@tr.ey.com
Turkey	Seda Akkus	+90 212 408 5252	seda.akkus@tr.ey.com
UAE	Sanjay Jain	+971 4312 9291	sanjay.jain@ae.ey.com
UK	Brian Edey	+44 20 7951 1692	bedey@uk.ey.com
UK	Nick Walker	+44 20 7951 0335	nwalker1@uk.ey.com
UK	Shannon Ramnarine	+44 20 7951 3222	sramnarine@uk.ey.com
UK	Alex Lee	+44 20 7951 1047	alee6@uk.ey.com

Americas			
Argentina	Alejandro de Navarrete	+54 11 4515 2655	alejandro.de-navarrete@ar.ey.com
Brazil	Eduardo Wellichen	+55 11 2573 3293	eduardo.wellichen@br.ey.com
Brazil	Nuno Vieira	+55 11 2573 3098	nuno.vieira@br.ey.com
Canada	Janice Deganis	+1 5195713329	janice.c.deganis@ca.ey.com
Mexico	Tarsicio Guevara Paulin	+52 555 2838687	tarsicio.guevara@mx.ey.com
USA	Evan Bogardus	+1 212 773 1428	evan.bogardus@ey.com
USA	Kay Zhytko	+1 617 375 2432	kay.zhytko@ey.com
USA	Tara Hansen	+1 212 773 2329	tara.hansen@ey.com
USA	Robert Frasca	+1 617 585 0799	rob.frasca@ey.com
USA	Rajni Ramani	+1 201 551 5039	rajni.k.ramani@ey.com
USA	Peter Corbett	+1 404 290 7517	peter.corbett@ey.com
Asia Pacific			
	Jonathan Zhao	+852 6124 8127	jonathan.zhao@hk.ey.com
	Martyn van Wensveen	+852 318 94429	martyn.van.wensveen@hk.ey.com
Australia	Kieren Cummings	+61 2 9248 4215	kieren.cummings@au.ey.com
Australia	Brendan Counsell	+61 2 9276 9040	brendan.counsell@au.ey.com
China (mainland)	Andy Ng	+86 10 5815 2870	andy.ng@cn.ey.com
China (mainland)	Bonny Fu	+86 135 0128 6019	bonny.fu@cn.ey.com
Hong Kong	Doru Pantea	+852 2629 3168	doru.pantea@hk.ey.com
Hong Kong	Tze Ping Chng	+852 2849 9200	tze-ping.chng@hk.ey.com
Hong Kong	Steve Cheung	+852 2846 9049	steve.cheung@hk.ey.com
Hong Kong	Martyn van Wensveen	+852 318 94429	martyn.van.wensveen@hk.ey.com
Taiwan	Angelo Wang	+886 9056 78990	angelo.wang@tw.ey.com
Korea	Keum Cheol Shin	+82 2 3787 6372	keum-cheol.shin@kr.ey.com
Korea	Suk Hun Kang	+82 2 3787 6600	suk-hun.kang@kr.ey.com
Malaysia	Jeremy Lin	+60 3 238 89036	jeremy-j.lim@my.ey.com
Philippines	Charisse Rossielin Y Cruz	+63 2 8910307	charisse.rossielin.y.cruz@ph.ey.com
Singapore	Vanessa Lou	+65 6309 6759	vanessa.lou@sg.ey.com
Japan			
	Hiroshi Yamano	+81 33 503 1100	hirishi.yamano@jp.ey.com
	Norio Hashiba	+81 33 503 1100	norio.hashiba@jp.ey.com
	Toshihiko Kawasaki	+81 80 5984 4399	toshihiko.kawasaki@jp.ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com.

© 2020 EYGM Limited. All Rights Reserved.

EYG No. 001084-20Gb1

EY-000118164.indd (UK) 03/20.

Artwork by Creative Services Group London.

ED None



In line with EY's commitment to minimize its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

This publication contains copyright material of the IFRS® Foundation in respect of which all rights are reserved. Reproduced by EY with the permission of the IFRS Foundation. No permission granted to third parties to reproduce or distribute. For full access to IFRS Standards and the work of the IFRS Foundation please visit <http://eifrs.ifrs.org>

ey.com