



# London Borough of Richmond Upon Thames

Annual Audit Letter for the year  
ended 31 March 2019

November 2019



**EY**

Building a better  
working world

# Contents

01

Executive  
Summary



03

Financial Statement  
Audit



05

Other Reporting  
Issues



02

Purpose and  
Responsibilities



04

Value for  
Money



06

Focused on  
your future



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk)).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA set out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities and Terms of Appointment. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



# 01 Executive Summary

## Executive Summary

We are required to issue an annual audit letter to the London Borough of Richmond Upon Thames (the Council) following completion of our audit procedures for the year ended 31 March 2019.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
<b>Opinion on the Council's:</b>	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended. We issued our audit opinion on 15 November 2019.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the annual accounts.
<b>Concluding on the Council's arrangements for securing economy, efficiency and effectiveness</b>	We concluded that you have put in place proper arrangements to secure value for money in your use of resources. We issued our conclusion on 15 November 2019.

Area of Work	Conclusion
<b>Reports by exception:</b>	
▶ Consistency of annual governance statement	The annual governance statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
<b>Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).</b>	Our audit of the Whole of Government Accounts return is currently in progress as work could not be completed until the audit of the financial statements was complete. We expect to report our findings to the NAO in December 2019.



## Executive Summary (cont'd)

---

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our audit results reports for the Council was issued on 16 October 2019, and presented to the Audit, Standards and Statutory Accounts Committee on 24 October 2019.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	We have not, as yet, issued our audit completion certificate. We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion. Until we have completed these procedures we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Helen Thompson

Associate Partner

For and on behalf of Ernst & Young LLP



## 02 Purpose and Responsibilities

# Purpose and Responsibilities

---

## The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2018/19 audit results reports to the Audit, Standards and Statutory Accounts Committee on 24 October 2019, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

## Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the audit plan that we discussed with the Audit Committee in April 2019 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2018/19 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review and the nature of our report are specified by the NAO.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



03

## Financial Statement Audit



# Financial Statement Audit

## Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 15 November 2019.

Our detailed findings were reported to the Audit, Standards and Statutory Accounts Committee on 24 October 2019, and our audit opinion was issued on 15 November 2019.

The key issues identified as part of our audit of the Council's accounts were as follows:

Significant Risk	Conclusion
<p><b>Misstatements due to fraud or error</b></p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We identify and respond to this fraud risk on every audit engagement.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> <li>▶ Made inquiries of management about risks of fraud and the controls put in place to address those risks.</li> <li>▶ Obtained an understanding the oversight given by those charged with governance of management's processes over fraud.</li> <li>▶ Considered the effectiveness of management's controls designed to address the risk of fraud.</li> <li>▶ Performed mandatory procedures regardless of specifically identified fraud risks, including; <ul style="list-style-type: none"> <li>• Testing of journal entries and other adjustments in the preparation of the financial statements.</li> <li>• Reviewing accounting estimates for evidence of management bias.</li> <li>• Evaluating the business rationale for significant unusual transactions.</li> </ul> </li> </ul> <p>Our audit work did not identify any material issues, inappropriate judgements or unusual transactions which indicated that there had been any misreporting of the Council's financial position, or that management had overridden control.</p> <p>We were satisfied that accounting estimates were fairly stated, journal entries had been posted properly and for genuine business reasons and that any unusual transactions were supported by appropriate audit evidence.</p>



## Financial Statement Audit (cont'd)

The key issues identified as part of our audit of the Council's accounts were as follows: (cont'd)

Significant Risk	Conclusion
<p><b>Risk of incorrect capitalisation of revenue expenditure</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We believed the risk of manipulation was most likely to manifest in the incorrect capitalisation of revenue expenditure, as there could be an incentive to reduce expenditure in the general fund which is funded from council tax.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"><li>▶ Tested PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.</li><li>▶ Tested a sample of Revenue Expenditure Funded from Capital Under Statue (REFCUS) to ensure it was appropriate for the expenditure to be financed from ring fenced capital resources.</li><li>▶ Identified and obtained an understanding of the basis for significant journals transferring expenditure from revenue to capital codes within the general ledger.</li></ul> <p>The results of our testing identified one error totalling £513k, where PPE additions had been incorrectly recorded as REFCUS. There was no sign of manipulation, and testing showed that capital expenditure recorded in the financial statements was appropriately recorded, and was genuinely capital in nature. We were also satisfied that REFCUS appropriately met the requirements to be financed from capital resources. Finally, we were satisfied that there were no issues arising from journals posted within the general ledger.</p> <p>We therefore concluded that there is no evidence the Council had incorrectly capitalised revenue expenditure.</p>
<p><b>Accounting for Public Finance Initiative (PFI)</b></p> <p>There was a risk the Council fails to account properly for the PFI contracts. As this was our first year auditing the two PFI schemes, and due to the size and complexity of the PFI and associated transactions, we believed there was potential for any error to have a pervasive impact on the financial statements. We therefore treated the accounting for PFI as a significant risk.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"><li>▶ Reviewed predecessor auditor files to understand their work completed in relation to PFI schemes and to obtain assurance over the opening position in the 2018/19 financial statements.</li><li>▶ Obtained, and our PFI specialist reviewed, the PFI contracts and PFI accounting models, to ensure the models correctly reflect the terms of the contracts. We also considered those judgements and assumptions within the model and contract for reasonableness.</li><li>▶ Ensured that the accounting models are appropriately disclosed and accounted for within the financial statements.</li></ul> <p>The results of our testing confirmed that the Council had properly accounted for the PFI contracts and there was no evidence of material misstatement. However we noted a small number of items which be followed up in 2019/20.</p>





## Financial Statement Audit (cont'd)

The key issues identified as part of our audit of the Council's accounts were as follows: (cont'd)

Significant Risk	Conclusion
<p><b>Valuation of Land and Buildings/Investment Properties</b></p> <p>In our Audit Planning Report, we identified the valuation of land, buildings and investment properties as an area that was not a significant risk, but was an area of audit focus due to its complexity and size within the financial statements.</p> <p>We reconsidered this assessment and concluded that the nature and complexity of the Council's asset base, together with the fact that 2018/19 is a first year audit, means the valuation of land, buildings and investment property represents a significant risk.</p> <p>The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.</p>	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> <li>▶ Considered the work performed by the Council's valuer (Wilks, Head &amp; Eve), and confirmed that the scope of the work performed was adequate, they had the appropriate professional capabilities to complete the work and the results of their work was in line with our expectations.</li> <li>▶ Challenged the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists. This included considering significant or unusual movements in valuation and investments in areas of the economy under stress such as retail. We were satisfied that the assumptions used were in line with our expectations.</li> <li>▶ Sample tested key asset information used by the valuer in performing their valuation (e.g. building areas to support valuations based on price per square metre). We found no evidence that the key information used was incorrect.</li> <li>▶ Confirmed that valuation was undertaken to ensure all assets required to be valued in line with the Council's 5 year rolling programme had been completed, and that all investment property had been revalued in year as required by the Code. We confirmed the valuation was completed on up-to-date information regarding each asset such that any specific changes to assets that have occurred in year had been communicated to the valuer.</li> <li>▶ Assessed those assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated.</li> <li>▶ Reviewed and challenged where necessary any changes to useful economic lives as a result of the most recent valuation.</li> <li>▶ Tested the accounting entries posted via journal to ensure they have been correctly processed in the financial statements.</li> </ul> <p>We found numerous errors including errors exceeding materiality, relating to the valuation of land and buildings. We spent significant additional time working with officers and the Authority's expert valuer, Wilks Head &amp; Eve to ensure the valuation disclosed in the financial statements is accurately reported.</p> <p>Errors arose in both the work of the valuer and the Authority's officers. We have therefore raised recommendations which aim to ensure these avoidable errors are not repeated.</p>



## Financial Statement Audit (cont'd)

We also identified a number of areas of audit focus related to the Council's accounts:

Areas of Audit Focus	Conclusion
<p><b>Pension Liability Valuation:</b></p> <p>In our audit planning report, we identified the valuation of the Council's pension liability as an area of audit focus. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>In response, we completed the following procedures:</p> <ul style="list-style-type: none"> <li>▶ obtained assurances over the information supplied to the actuary in relation to the Council.</li> <li>▶ assessed the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team.</li> <li>▶ reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.</li> <li>▶ undertook sufficient procedures to make an assessment of the accuracy of estimated information included in the financial statements and whether adjustments are required.</li> </ul> <p>As a result of these procedures, and subsequent to adjustments arising due to the McCloud ruling, we were satisfied the Council had properly accounted for the Pension Liability Valuation and that the estimate was based upon reasonable assumptions and accurate information.</p>
<p><b>IFRS 9 - Financial Instruments:</b></p> <p>In our audit planning report, we outlined the new requirements relating to financial instruments. The new requirements change:</p> <ul style="list-style-type: none"> <li>▶ How financial assets are classified and measured;</li> <li>▶ How the impairment of financial assets are calculated; and</li> <li>▶ The disclosure requirements for financial assets.</li> </ul>	<p>In response, we completed the following procedures:</p> <ul style="list-style-type: none"> <li>▶ we assessed the Council's implementation arrangements, which included its assessment of the impact of the new standard. Based upon our procedures we identified no evidence that this standard would have a significant impact on the Council's accounts beyond new disclosure requirements.</li> <li>▶ we confirmed the Council's accounting policies had been correctly updated for the new standard, and that this new policy had been appropriately applied.</li> <li>▶ we confirmed the additional disclosure requirements had been included within the draft financial statements.</li> </ul>
<p><b>IFRS 15 - Revenue from Contracts with Customers</b></p> <p>IFRS 15 is another new accounting standard relevant for the 2018/19 financial period. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.</p>	<p>In response to the new standard, we :</p> <ul style="list-style-type: none"> <li>▶ assessed the Council's implementation arrangements for the new standard, confirming there is no material impact of the standard on the Council's accounts.</li> <li>▶ considered the application of the standard to the Council's revenue streams and confirmed that in line with the Council's assessment, we do not believe there to be a material impact.</li> <li>▶ confirmed the Council's accounting policies have been properly updated to reflect the new standard.</li> <li>▶ confirmed that the additional disclosure requirements have been included in the financial statements.</li> </ul>

## Financial Statement Audit (cont'd)

---

### Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality for the Council to be £9.357m, which is 1.8% of Gross Expenditure on the Provision of Services reported in the accounts. We consider Gross Expenditure on the Provision of Services to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	For the Council, we agreed with the Audit, Standards and Statutory Accounts Committee that we would report to the Committee all audit differences in excess of £0.468m.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: we used a materiality of the same level as the disclosure in the accounts - e.g. to the nearest thousand.
- ▶ Related party transactions: we used a materiality of the same level as the disclosure in the accounts - e.g. to the nearest thousand.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations. There were two uncorrected misstatements:

1. Housing benefit overpayments recorded as debtors within the Council's Balance Sheet: our testing identified that the figure used within the financial statements, which is recorded in the General Ledger, was different to that reported by the Northgate Housing Benefit system. The difference was £559,000.
2. Note 37 - Operating Leases, future minimum lease payments: our testing identified one contract where the figures in the financial statements were based on a figure different from that in the contract, and a second where the Council was unable to provide a contract to support the lease. We were therefore unable to confirm the Authority's disclosures were correct and estimated a potential overstatement of £1.187 million.



## 04 Value for Money

# £ Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

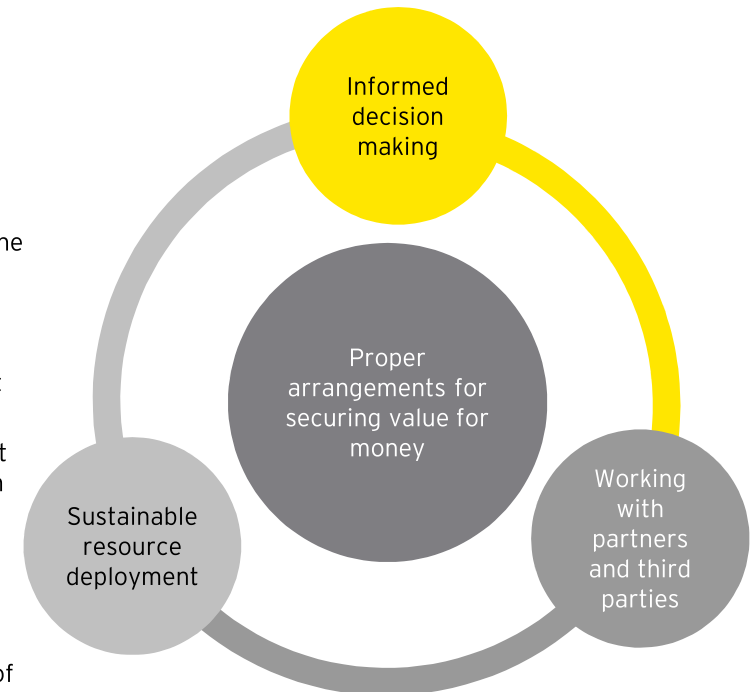
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

We identified one significant risk around these criteria in our initial planning which related to the Council's ability to deploy resources in a sustainable manner. In response to the risk, we completed the following procedures:

- ▶ We reviewed and assessed the updated assumptions within the Council's 2019/20 budget and Medium Term Financial Strategy, including the savings aimed at reducing future funding gaps. We were satisfied that the assumptions included within each document were not unreasonable;
- ▶ We reviewed the outturn position against budget for 2018/19 and the Council's financial position at 31 March 2019. We noted the Council achieved an underspend of £2.4m for 2018/19, before a £4m one-off receipt of income from the London Business Rates Pool Pilot was taken into account. We are aware that schools' budgets are typically being exceeded and that the Authority is holding the negative DSG reserve as a result. ; and,
- ▶ Obtained an understanding the nature, impact and any possible developments regarding the Dedicated Schools Grant shortfall and the negative reserve. We are satisfied that the Authority is taking action to recover the DSG deficit and not holding a negative reserve with no intended course of action. The impact of having to support this reserve has been considered as part of the updated MTFS and, while altering the revised base budgets and creating a further increase to be funded, does not suggest the Authority is failing to plan appropriately to deliver sustainable resources.

These procedures provided sufficient assurance to support the Council's ability to deploy resources in a sustainable manner.

We concluded we had no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.







## 05 Other Reporting Issues





## Other Reporting Issues

---

### Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

The Council has not yet prepared its Whole of Government Accounts reporting pack, or supporting working paper documentation. We are therefore not yet in a position to complete our audit procedures in relation to the Whole of Government Accounts.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.



## Other Reporting Issues (cont'd)

---

### Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

### Independence

We communicated our assessment of independence in our audit results reports to the Audit, Standards and Statutory Accounts Committee on 24 October 2019. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

### Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We adopted a fully substantive audit approach and did not test the operation of controls.



# 07 Focused on your future



## Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
<b>IFRS 16 Leases</b>	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2020/21 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, it is clear that the Council will need to undertake a detailed exercise to identify all its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p> <p>Our testing of leases in 2018/19 identified a number of issues, and resulted in a recommendation being raised. A review in this area should therefore be a priority for the Council.</p>
<b>IASB Conceptual Framework</b>	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none"> <li>- new definitions of assets, liabilities, income and expenses;</li> <li>- updates for the inclusion of the recognition process and criteria and new provisions on derecognition;</li> <li>- enhanced guidance on accounting measurement bases;</li> <li>- enhanced objectives for financial reporting and the qualitative aspects of financial information.</li> </ul> <p>The conceptual frameworks is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards.</p> <p>However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements.</p> <p>However, authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>

EY | Assurance | Tax | Transactions | Advisory

**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. For more information about our organization, please visit [ey.com](http://ey.com).

© 2018 EYGM Limited.  
All Rights Reserved.

ED None

EY-000070901-01 (UK) 07/18. CSG London.



In line with EY's commitment to minimise 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.

[ey.com](http://ey.com)