

Mr. Andreas Barckow
IASB Chair
IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Mr. Wolf Klinz
EFRAG FRB Chair
EFRAG
Square de Meeûs 35
B-1000 Brussels
Belgium

Submitted via website

Brussels, 20 February 2025

Subject: Exposure Draft: Provisions -Targeted Improvements - Proposed amendments to IAS 37

Dear Mr. Barckow, Mr. Klinz,

We are pleased to respond to the International Accounting Standards Board (IASB or the Board) Exposure Draft (ED) *Provisions -Targeted Improvements - Proposed amendments to IAS 37* and EFRAG's Draft Comment Letter (DCL) thereon.

Accountancy Europe welcomes the incorporation of IFRIC 6 and the accounting for levies (previously addressed in IFRIC 21) into the core text of IAS 37. Additionally, notwithstanding our reservations below, we welcome the IASB's efforts to align IAS 37 with the conceptual framework and to better structure the provisions recognition criteria, which ought to support the consistent application of IAS 37.

RECOGNITION

We have the following reservations with regards to the proposed recognition amendments:

- As a general remark, we note that the proposed amendments will result in a more complex standard. At times, the navigation and the understanding of the various IAS 37 recognition criteria were confusing.
- We note that the ED represents a significant change to the current requirements, and so it is essential that the amendments are thoroughly tested before being finalised.

OBLIGATION CONDITION

The boundaries of the new notion of "*a mechanism is in place that imposes a responsibility on the entity if it obtains specific economic benefits or takes a specific action*" in 14B(a) were, in our view, not clearly defined and require an increased judgement level compared to the current IAS 37 requirements.

PAST EVENT CONDITION

We have reservations regarding the new paragraphs 14O, 14P and 14Q (respectively the accumulation of the present obligation over time, threshold-based amounts, and taking two or more actions). These paragraphs taken individually, and also in combination, raise several practical questions. In certain circumstances, different accounting outcomes can be reached depending on which paragraph takes precedence or whichever paragraph is met first. We suggest the IASB clarify whether fulfilling either one of these paragraphs (14O, 14P and 14Q) would establish the existence of an obligation.

“NO PRACTICAL ABILITY TO AVOID”

We believe more guidance is needed on how to judge whether an entity has no practical ability to avoid an action, in particular, how to assess the “economic consequences” of not discharging a responsibility, which seems to be a broader consideration than merely the direct and allocable costs.

OUR RECOMMENDATIONS REGARDING THE NEW RECOGNITION REQUIREMENTS

We therefore invite the Board to:

- Thoroughly evaluate the feedback received from this consultation.
- Improve the structure and the overall clarity of the new recognition requirements.
- Ensure that sufficient guidance exists in relation to these new requirements.
- Field-test the new recognition criteria to ensure they can be operationalised.

MEASUREMENT

Whilst we understand the rationale behind the costs that are considered to assess and measure onerous contracts provisions, we wonder whether the same costs should, by extension, be used to measure other substantially different provisions. We therefore recommend the IASB to explain how the inclusion of these costs would not be considered as providing for future operating costs.

We welcome the proposed clarification of the discount rates to be used.

IAS 37 IMPLEMENTATION GUIDANCE.

We generally welcome the illustrative examples. We recommend expanding on certain aspects to facilitate the understanding and the application of the new concepts.

* * *

We kindly refer to the annexes to this letter (i.e. Annex 1 and Annex 2) for our detailed responses.

Please do not hesitate to contact Nael Braham (nael@accountancyeurope.eu) in case of any questions or remarks.

Sincerely,



Eelco van der Enden

Chief Executive Officer

ABOUT ACCOUNTANCY EUROPE

Accountancy Europe unites 49 professional organisations from 35 countries that represent close to 1 million professional accountants, auditors and advisors. Accountancy Europe translates their daily experience to inform the public policy debate in Europe and beyond.

Accountancy Europe is in the EU Transparency Register (No 4713568401-18).

ANNEX 1: IASB ED – QUESTIONS FOR RESPONDENTS

We are pleased to provide below our detailed responses to the questions.

Proposed amendments to IAS 37

Question 1 - Present obligation recognition criterion

The IASB proposes:

- *to update the definition of a liability in IAS 37 Provisions, Contingent Liabilities and Contingent Assets to align it with the definition in the Conceptual Framework for Financial Reporting (paragraph 10);*
- *to align the wording of the recognition criterion that applies that definition (the present obligation recognition criterion) with the updated definition of a liability (paragraph 14(a));*
- *to amend the requirements for applying that criterion (paragraphs 14A–16 and 72–81); and*
- *to make minor amendments to other paragraphs in IAS 37 that include words or phrases from the updated definition of a liability (Appendix A).*

The proposals include withdrawing IFRIC 6 Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment and IFRIC 21 Levies (paragraph 108).

Paragraphs BC3–BC54 and BC86 of the Basis for Conclusions and Appendix A to the Basis for Conclusions explain the IASB’s reasoning for these proposals.

Do you agree with these proposals? Why or why not? If you disagree, which aspects do you disagree with and what would you suggest instead?

GENERAL REMARKS

- (1) Accountancy Europe welcomes the incorporation of IFRIC 6 and the accounting for levies (previously addressed in IFRIC 21) into the core text of IAS 37. Additionally, notwithstanding our reservations below, we welcome the IASB’s efforts to align IAS 37 with the conceptual framework and to better structure the provisions recognition criteria, which ought to support the consistent application of IAS 37. However, we are concerned that the proposed amendments will result in a more complex standard and might therefore not achieve the goal of more consistent application. At times, the navigation and the understanding of the various new concepts were confusing. We provide hereafter some examples of this complexity.
- (2) Additionally, we note that the outcome of the accounting for many levies under the proposals will be the opposite of what was required by IFRIC 21, and in many cases will revert to how some entities accounted for those levies before IFRIC 21 was issued. Whilst the amendments are built on the revised Conceptual Framework issued in 2018, they rely on interpretations that the Board is making of those requirements (for example paragraph 14P as explained in BC 40). Whilst many people were dissatisfied with the accounting required by IFRIC 21 when it was introduced, there was general acceptance that it was a valid interpretation of IAS 37 at the time (May 2013). Furthermore, preparers and users have since largely grown accustomed to its requirements. We therefore invite the Board to carefully assess whether the upheaval and associated cost that will be required to change the accounting for levies as a result of these proposed amendments will be outweighed by the benefits that some might gain from the changed accounting.

REMARKS REGARDING THE “OBLIGATION CONDITION”

- (3) The boundaries of “*a mechanism is in place that imposes a responsibility on the entity if it obtains specific economic benefits or takes a specific action*” in 14B(a) are not clearly defined and are too broad in our view. We note that paragraph 14C describes two sources of a mechanism, but we think that clearer specification or

adding application guidance to explain how to identify the entirety of a mechanism would aid greater rigour and consistency in the Standard's application.

- (4) We note that the ED represents a significant change to the current requirements. The new present obligation condition (paragraphs 14B-14H of the ED) will result, in our view, in increased judgement and estimation uncertainty. In contrast, the current obligating event condition is a more objective criterion, which is easier to apply, enforce and audit.
- (5) Additionally, we are troubled by the references in paragraphs 14B, and 14D to "*obtaining specific economic benefits*". Whilst these paragraphs also reference "taking a specific action" we think that there is insufficient clarity that levies arise in relation to actions and not in relation to obtaining specific economic benefits, since in our view a levy is a tax and not an exchange transaction.
- (6) Building further on our view that a levy is not an exchange transaction, we question the accounting treatment for a levy that involves more than one action but that is paid in advance of all actions being taken – In our view, there would be no justification for recognising an asset on the balance sheet given that there are no expected economic benefits resulting from its payment..

REMARKS REGARDING THE "PAST EVENT CONDITION"

- (7) As an overarching remark, we have reservations regarding the new paragraphs 14O, 14P and 14Q (respectively the accumulation of the present obligation over time, threshold-based amounts, and taking two or more actions). These paragraphs taken individually, and also in combination, raise several practical questions. In certain circumstances, different accounting outcomes can be reached depending on which paragraph takes precedence or whichever paragraph is met first. We suggest the IASB clarify whether fulfilling either one of these paragraphs (14O, 14P and 14Q) would establish the existence of an obligation. The following paragraphs provide further details about our concerns.
- (8) We have particular concerns about the approach used in paragraph 14P in relation to threshold-based amounts. We believe that the interpretation of 14P that the Board seems to be reaching for is simply that the past event has occurred once the entity has started the action that makes progress towards the threshold. However, the proposed wording suggests that the past event occurs over time as the progress is made towards the threshold. From a conceptual point of view, we see this as meeting a series of past events occurred at points in time, not over time. In the case of progress towards a threshold, this point in time could be when progress starts to be made. Inevitably, the current wording gives the appearance that the Board is proposing a matching of expense over time with activity over time, which we understand is not the Board's intention.
- (9) A circumstance in which the question of precedence of 14P and 14Q arises is in the case of levies that have a point in time action followed by a "being in business" type action over time. An example is the French Cotisation Foncière des Entreprises (known as CFE) levy. In summary the CFE levy is triggered by two actions: (1) using buildings in the entity's economic activity on 31 December 20X0, and (2) having economic activity in the year 20X2 (i.e. 2 years later). The amount of the CFE payable is calculated by reference to the rental value of the buildings used on 31 December 20X0 – so the amount of the levy that may be payable is known at that date. The only remaining variable is (a) whether the entity will have economic activity in 20X2, and if so (b) for how long – if the entity operates for only 3 months in 20X2, only 25% of the levy will be payable. The question thus arises whether:
 - a. Paragraph 14O deems the past event to be met over time during 20X2. This would seem to result in a progressive accumulation of the provision over 20X2 if paragraph 14O takes precedence; or

- b. Paragraph 14Q requires an assessment on 31 December 20X0 of whether the entity has no practical ability to avoid operating in 20X2?
 - i. We note that avoiding operating in 20X2 would require ceasing to trade before 20X2. Paragraph 14R states that preparing the entity's [20X0] financial statements on a going concern basis implies that the entity has no practical ability to avoid operating [in 20X2].
 - ii. Consequently, preparing financial statements as at 31 December 20X0 on the going concern basis would seem to lead to the conclusion that the past event for Action 2 has been met at that date. This would seem to result in the levy being recognised in full on 31 December 20X0 under the Board's proposals if paragraph 14Q takes precedence.

- (10) This example leads us to question whether a levy whose measurement is based on an asset value rather than an activity value (e.g., revenue) must always be recognised at a point in time rather than accrued over time, despite the entity having the benefit of using that asset over time?

REMARKS ON ASSESSING "NO PRACTICAL ABILITY TO AVOID"

- (11) Paragraph 14F gives guidance on how to judge whether an entity has "no practical ability to avoid". Specifically, paragraph 14F(a)(ii) requires the entity to assess whether "[...] *the economic consequences for the entity of not discharging the responsibility are expected to be significantly worse than the costs of discharging it*". We expect that this will require significant judgement to apply, and without strong, clear application guidance may lead to diversity in practice. A key question raised, is what should be considered in assessing the "economic consequences of not discharging the responsibility"? The use of these words makes clear to us that it is broader than the direct and indirect costs of not discharging, and so should an entity be weighing up factors like reputational damage caused by not discharging, and if so, how should an entity perform that assessment to ensure consistent application of this requirement? In our view, additional application guidance is needed as part of these amendments, as the Board committed to provide in paragraph BC5.54 of the Conceptual Framework.

GENERAL REMARKS ABOUT THE PRESENT OBLIGATION RECOGNITION CRITERION

- (12) Notwithstanding our comments above, we found the illustrative examples helpful in demystifying the mechanics of the new recognition concepts and illustrating the benefits of the structured approach to assessing recognition of a provision. However, we regret that they don't go further and illustrate the calculation of the amounts of the provisions, especially in the context of levies. It would also be useful to illustrate the progressive recognition of levies, where appropriate, in interim financial statements.
- (13) Finally, in our view, the new proposals will result in recognising at earlier stages provisions related to Emission Trading Schemes. Practical questions arise as to when to start recognising the provision and at what price. It would be useful if the ED proposals help companies align their accounting and reduce the diversity in practice. The IASB could further analyse the impact of the proposals and consider adding practical examples in this key area which attracts growing attention from regulators.

OUR RECOMMENDATIONS REGARDING THE NEW RECOGNITION REQUIREMENTS

- (14) Given the above remarks, Accountancy Europe suggests the following:
- a. Thoroughly evaluate the feedback received from this consultation.
 - b. Improve the structure and the overall clarity of the new recognition requirements.

- c. Ensure that sufficient guidance exists in relation to these new requirements.
- d. Field-test the new recognition criteria to ensure they can be operationalised.

Question 2 - Measurement - Expenditure required to settle an obligation

The IASB proposes to specify the costs an entity includes in estimating the future expenditure required to settle an obligation (paragraph 40A).

Paragraphs BC63–BC66 of the Basis for Conclusions explain the IASB’s reasoning for this proposal.

Do you agree with this proposal? Why or why not? If you disagree, what would you suggest instead?

- (15) We support the IASB’s intention to foster consistency in practice.
- (16) Generally, we believe that the principles around the costs to be included in provisions are too open ended and need better articulation so that the boundaries of these costs can be easily ascertained. Whilst for onerous contracts, we understand the rationale behind which costs are considered to assess and measure provisions, we wonder whether the same costs could, by extension, be used to measure other substantially different obligations (e.g., is it appropriate to include legal costs in a legal claim provision). It seems to us that onerous contracts are an exception and have a different context, therefore we’re not convinced that the costs of paragraph 40A should be expanded to other provisions. We therefore recommend the IASB to explain how the inclusion of these costs would not be considered as providing for future operating costs.
- (17) Additionally, we observe that paragraph 18 of the current standard has been deleted. Many of our members have commented on how useful this paragraph has been in practice in enforcing the principle that future operating expenses should not be provided for. We do not see where this paragraph has been reproduced in the revised standard, nor have we noted any explanation about its deletion in the Basis for Conclusions. We therefore request that the IASB ensure that the principles of paragraph 18 are carried forward and are sufficiently visible within the amended standard.
- (18) We finally draw attention to the following practical question which we believe needs to be addressed in these amendments. Suppose an entity enters into an onerous contract containing a cancellation fee that is lower than the cost of fulfilling the contract. The entity might conclude, after considering the economic consequences of not fulfilling the contract, that it has no practical ability to avoid fulfilling the contract, thus will incur higher expenses than the cancellation fee. In the context of this ED, it remains unclear at what amount the provision should be measured. Applying paragraph 68 of IAS 37 would lead to measuring it at the cancellation fee (“lower of”). However, doing so seems to create tensions with the “probable” criterion of paragraph 14 of IAS 37 and, potentially, the entity’s conclusion that it has no practical ability to avoid fulfilling the contract.

Question 3 - Discount rates

The IASB proposes to specify that an entity discounts the future expenditure required to settle an obligation at a rate (or rates) that reflect(s) the time value of money - represented by a risk-free rate—with no adjustment for non-performance risk (paragraphs 47–47A).

The IASB also proposes to require an entity to disclose the discount rate (or rates) it has used and the approach it has used to determine that rate (or those rates) (paragraph 85(d)).

Paragraphs BC67–BC85 of the Basis for Conclusions and Appendix B to the Basis for Conclusions explain the IASB’s reasoning for these proposals.

Do you agree with:

- (a) the proposed discount rate requirements; and*

(b) the proposed disclosure requirements?

Why or why not? If you disagree, what would you suggest instead?

- (19) We support the proposed amendments.
- (20) We observe that in practice, non-performance risks are generally excluded from both expected cash flow and the discount rates. However, we note that the ED proposes that non-performance risk is excluded only from the discount rate – we think that the Standard should also specify that non-performance risk is also excluded from the expected cash flows.
- (21) If the entity has included the risks of the timing and the amount of the cash flows in the discount rate rather than in the cash flows (in accordance with paragraph 47(b)), we think the entity should be required to disclose the risk-free discount rate it has used, rather than the risk-adjusted rate. This will aid comparability with other entities.
- (22) We also observe that a further difference between the risk-free rates that different entities disclose could be whether an entity has used a real or a nominal discount rate – the IASB may wish to consider how to address this difference.
- (23) We finally recommend the IASB to better explain the meaning and nature of “*liquidity adjustments*” referred to in BC82. Due to its importance, it would be more useful to bring this point forward into the core text of the standard.

Question 4 - Transition requirements and effective date

4(a) Transition requirements

The IASB proposes transition requirements for the proposed amendments (paragraphs 94B–94E).

Paragraphs BC87–BC100 of the Basis for Conclusions explain the IASB’s reasoning for these proposals.

Do you agree with these proposals? Why or why not? If you disagree, which aspects do you disagree with and what would you suggest instead?

4(b) Effective date

If the IASB decides to amend IAS 37, it will decide on an effective date for the amendments that gives those applying IAS 37 sufficient time to prepare for the new requirements.

Do you wish to highlight any factors the IASB should consider in assessing the time needed to prepare for the amendments proposed in this exposure draft?

- (24) We are concerned that the transition requirements may result in the use of hindsight because some of the ED requirements will result in earlier recognition of some provisions. Consequently, we recommend allowing sufficient lead time before the effective date to allow companies to gather current information to use when applying the new requirements to comparatives.

Question 5 - Disclosure requirements for subsidiaries without public accountability

The IASB proposes to add to IFRS 19 Subsidiaries without Public Accountability: Disclosures a requirement to disclose the discount rate (or rates) used in measuring a provision, but not to add a requirement to disclose the approach used to determine that rate (or those rates) (Appendix B).

Paragraphs BC101–BC105 of the Basis for Conclusions explain the IASB’s reasoning for this proposal.

Do you agree with this proposal? Why or why not? If you disagree, which proposal do you disagree with and what would you suggest instead?

- (25) We agree with not requiring disclosure of the approach used to determine the discount rate.
- (26) If the entity has included the risks of the timing and the amount of the cash flows in the discount rate rather than in the cash flows (in accordance with paragraph 47(b)), we think the entity should be required to disclose the risk-free discount rate it has used, rather than the risk-adjusted rate. This will aid comparability with other entities.

Question 6 - Guidance on implementing IAS 37

The IASB proposes amendments to the Guidance on implementing IAS 37 Provisions, Contingent Liabilities and Contingent Assets. It proposes:

(a) to expand the decision tree in Section B;

(b) to update the analysis in the illustrative examples in Section C; and

(c) to add illustrative examples to Section C.

Paragraphs BC55–BC62 of the Basis for Conclusions explain the IASB’s reasoning for these proposals.

Do you think the proposed decision tree and examples are helpful in illustrating the application of the requirements? If not, why not?

Do you have any other comments on the proposed decision tree or illustrative examples?

- (27) As stated in paragraph [12], we found the illustrative examples helpful in demystifying the mechanics of the new recognition concepts. We regret that they don’t go further and illustrate the calculation of the provisions, especially in the context of levies. We also recommend extending the examples to address interim reporting.
- (28) We consider particularly helpful the structured approach of the tables explaining how to apply the new concepts in each situation.
- (29) In contract-based obligations (such as example 1) we believe there should be a presumption that the entity will comply with its obligations. We do not understand the rationale behind the examples focusing on assessing the “no practical ability to avoid” for a contract that was signed by all parties. The introduction of any possibility of not honouring an agreed upon contract might, in our view, open the door to inappropriate practices and difficult discussions in practice.
- (30) We do not see a benefit from using the wording “*which acts on behalf of society at large*” in multiple examples. This is a too generic a notion that might be used and interpreted differently. We recommend removing this phrase from the examples.
- (31) In the case of example 12, when assessing the “no practical ability to avoid” it was unclear to us how far in the future this assessment should go. The example seems to suggest that it could extend beyond 12 months, which might be difficult to implement. Similarly, we believe that example 13B could provide an indication as to whether the assessment to operate as a bank should go beyond the last day of the current reporting period. One example we considered was that of banks in a specific jurisdiction that are required to contribute to a national compensation fund when that fund is in deficit. The question arises of when such a bank should recognise a provision to contribute?
- (32) Finally, we recommend adding an example that relates to onerous contracts, including one that illustrates the interaction between IAS 37 and IFRS 15 for an onerous sales contract.

Question 7 – Other comments

Do you have comments on any other aspects of the proposals in the Exposure Draft?

- (33) For business combinations, we note that a divergence exists between provisions measured at fair value under IFRS 3 (which include non-performance risks) and IAS 37 provisions (which exclude non-performance risks). This would result in a day 2 effect which we do not think the Board intends. The consistency could be achieved by introducing an exception within IFRS 3, allowing to measure provisions in accordance with IAS 37.
- (34) There seems to be an overlap between the new paragraph 80A of IAS 37 (Restructuring provision) and IAS 19 Employee Benefits (Recognition of termination benefits, paragraphs 165-168). We recommend clarifying the interaction between the two standards in this area and avoid duplication.
- (35) Finally, for lease contracts, we have heard some confusion about the appropriate accounting treatment of penalties associated with early cancellation of the contract. It is unclear whether the associated provision should be accounted for in accordance with IAS 37 or not.

ANNEX 2: EFRAG'S DRAFT COMMENT LETTER – QUESTIONS FOR RESPONDENTS

Hereinafter, we are pleased to provide our detailed responses to the questions posed by EFRAG.

EFRAG Questions to Constituents

Paragraphs 7 to 8 list arguments in favour and against the proposals in the ED on when a present obligation exists as a result of a past event.

1.1 *Do you have additional arguments in favour and against the proposals?*

1.2 *Do you support (some of) the proposals, or would you prefer the current requirements as reflected in IFRIC 21? Would your answer depend on the type of provision being considered (e.g. reciprocal versus non-reciprocal transactions)? If so, for which types of provisions would you support/not support the proposals?*

1.3 *The ED proposes to maintain the requirements that a provision should only be recognised if (1) it is probable that an entity will be required to transfer an economic resource to settle the obligation; and (2) a reliable estimate can be made of the amount of the obligation. It will still be specified that it is only in extremely rare cases that an entity will not be able to make a reliable estimate of the amount of the obligation. Do you consider that these requirements should be amended following the proposals of the ED on when an entity has a present obligation?*

1.4 *Would the proposals have any economic impact on some sectors (e.g. sectors in which funds have to be set aside to cover provisions)?*

1.5 *Could you foresee the proposals resulting in any unintended consequences? If so, which?*

1.6 *Do your answers to the question above depend on whether you consider the proposed requirements in relation to the annual financial report or in relation to an interim financial report? If so, please specify how your answers differ for the two types of financial reports.*

- (37) As we mention in paragraphs [1-2] of our letter, we wonder whether the benefits of these significant changes to IAS 37 recognition principles would outweigh the costs and the practical challenges arising from the new requirements. We also refer to paragraphs [3-14] of our letter.
- (38) In paragraph [27] of our letter, we recommend adding to illustrative examples situations showing the impact in interim financial statements.

EFRAG Questions to Constituents

2.1. *Although EFRAG assesses that the proposals related to the expenditure required to settle an obligation will result in useful information, it notes that performing an assessment of the internal cost (e.g., the cost of the internal legal department) related to settling obligation of the given type may be associated with uncertainty and cost.*

Do you foresee any complexity/costly process in determining the costs that relate directly to settling the obligation(s) (which include both incremental costs and other directly attributable costs)? Please explain.

- (39) In our view, a prerequisite of identifying and allocating costs, is determining an allocation basis, which would be an extra step for the purpose of applying the ED requirements.

EFRAG Questions to Constituents

3.1. *In cases when regulation describes the rate(s) to be used or determined to discount certain provisions within the scope of IAS 37, do you agree with the proposal to use a risk-free rate(s) or would you prefer to use the rate prescribed by the applicable regulation? Please explain.*

3.2 *Do you consider that the IASB should specify whether an entity should include or exclude inflation expectations when estimating the future expenditure required to settle its present obligation and then discounting this amount (see paragraph 52)? If so, please explain how the IASB could address the issue.*

3.3 *Would you expect that in practice, differences between how provisions acquired in a business combination would be accounted for at the day of acquisition and subsequently would result in day-2 losses being reporting in profit or loss (see paragraph 49(b) above)? If so, how would you recommend the issue to be solved?*

(40) We refer to paragraphs [19-23] of our letter.

EFRAG Questions to Constituents

4.1. *Have you identified any possible difficulty in applying the proposed transition requirements, in particular related to the simplified retrospective approach for changes in discount rates? Please explain.*

4.2. *Have you identified any factors the IASB should consider in assessing the time needed to prepare for the proposals?*

(41) We refer to paragraphs [24] of our letter.

EFRAG Questions to Constituents

5.1. *Do you think that disclosing the discount rate (or rates) used in measuring a provision, but not the approach used to determine that rate (or those rates) results in useful information for entities applying IFRS 19? Please explain.*

(42) We refer to paragraphs [25-26] of our letter.