Ernst & Young Services Limited

Annual Reports and Financial Statements

28 June 2024

Registered number 02812206

Registered No. 02812206

Directors

L G Cameron	
L Abel	
G A Jordan	(appointed: 1 July 2023)
L Rattigan	(resigned: 1 July 2023)

Corporate Secretary

C McSwiggan

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Registered Office

1 More London Place
London SE1 2AF

Strategic report

The directors present their strategic report for the period from 1 July 2023 to 28 June 2024 (the comparative period being the period from 2 July 2022 to 30 June 2023).

Principal activity and review of business

The principal activity of the business until 1 February 2024 was the supply of employee services to its ultimate parent entity, Ernst & Young LLP ("EY LLP" or "the firm"). The company charged a margin for providing employee services to EY LLP. The operating profit margin for the period is 6% (2023: 6%). On 1 February 2024 the payroll scheme was closed resulting in the company ceasing to trade. The principal activity after 1 February 2024 is that of a holding company.

The key financial and other performance indicators during the period were as follows:

	2024	*2023*
Revenue	£1,039m	£1,632m
Percentage of female partners *	28%	29%
Percentage of ethnic minority partners *	18%	17%
Mean average employee pay gap by gender **	13.5%	14.6%
Mean average employee pay gap by ethnicity **	14.8%	14.1%
People survey engagement score ***	69%	68%

*The figures are based on EY LLP.

**The figures presented are based on the Pay Gap Report published in 2024.

***The figures presented are based on the March 2024 survey results, the comparative being the March 2023 survey results.

Revenue

Revenue, which is directly related to cost, grew on a pro-rated basis by 9.1%. This represents revenue from 1 July 2023 to 1 February 2024. The employee cost ceased on 1 February 2024 when the payroll scheme was closed, with all employees becoming employed by Ernst & Young LLP.

Diversity, equity and inclusiveness

As all staff members of the firm were employed through Ernst & Young Services Limited, the firm's policies described below also applied to the company.

The firm believes that successful diversity, equity and inclusiveness means success for everyone. Diverse perspectives, combined with an inclusive culture and equitable outcomes drive better decision making, stimulate innovation, increase organisational agility and strengthen resilience to disruption.

The firm's robust UK-wide DE&I strategy is centred around three pillars of: creating a culture of equity and belonging, accelerating diversity in our business, and using our external voice to publicly demonstrate the value of social equity, diversity and inclusion. The firm's focus on promoting diversity includes race and ethnicity, ability and neurodiversity, faith and belief, gender, LGBT+, parenting and caring, and social economic diversity. The strategy guides our activities and plans, and the firm regularly reviews its progress to ensure that activities and initiatives are having a positive impact. The firm has been externally recognised in several benchmarks including The Times Top 50 Employers for Women, Stonewall Workplace Equality Index, and the Social Mobility Employer Index.

Addressing racial inequality is an important part of creating a culture of belonging at EY and the firm continues to make progress on its anti-racism commitments. Progress is made through several initiatives, including a structures culture change programme, and learning activities to increase the firm's Inclusive

Strategic report

Leadership and Allyship capabilities. The Future Leaders Programme for ethnic minority talent and senior sponsors demonstrate the firm's commitment to providing careers without barriers for all our people. The firm continues to be co-authors of the government sponsored Parker-Tyler Report on Ethnic Diversity of UK Boards. The firm has been recognised for its innovative recruitment campaigns to attract more ethnically diverse talent.

Leaders across the firm make DE&I a priority and it is a key metric across all the organisation's talent management programmes striving for equitable outcomes in all the talent processes, decisions and actions.

The firm focuses on a 'speak up' culture as part of driving a focus on Ethical leadership and actively encourage employees to speak up if they experience something which does not align with our values. Promoting ethical leadership is a vital part of our approach and reinforced by our Global Code of Conduct. The firm continues to invest in the Culture Shift tool, which provides our employees with a mechanism to report unethical behaviour in a more accessible manner, encouraging trust and transparency. This complements an existing suite of formal reporting options available to all our people, clients and contractors.

The firm's public target is to double the proportion of partners who are female to 40% and ethnic minority partners to 20% by 2025, of which 15% will be Black heritage. As at the end of the period, 28% of partners were female and 18% were of ethnic minority, of which 8.9% are of Black heritage.

Pay gap

The firm remains committed to increasing the representation of women and ethnic minorities at senior levels, and to creating a culture where everyone can be themselves, thrive and succeed. The firm continues to make progress but recognises that if it is to meet its commitments around race and gender, now is the time to accelerate the pace of change.

The most recent pay gap report shows that several of the firms pay gaps have narrowed compared to the previous year, although the change is incremental and in some areas the pay gaps widened. The firm believes this is driven by the overall improvement in diverse representation at every level. At more senior levels, promotions happen annually and in smaller numbers meaning that representation in the most senior ranks is slower to change than in more junior ranks. Therefore, while the increase in diversity at more junior levels is good news, it does mean that the pay gap persists.

The most recent employee gender pay gap report shows a mean gap of 13.5% (2023: 14.6%), reflecting the change in the representation of females in senior positions. The ethnicity employee pay gap increased by 0.7% to a median of 14.8%, reflecting greater ethnic diversity at junior levels where we have greater opportunity to diversify more quickly and in large numbers.

The firm is proud to have gone above and beyond regulatory requirements by exploring its pay gaps for a range of characteristics including, disability, sexual orientation, and social mobility, with the recognition that it needs to improve the rates of individuals declaring these demographics, and the understanding of these terms and how people identify with them.

Disabled employees

The firm gives full and fair consideration to application for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the firm's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

The firm has made significant progress in activating essential mechanisms to advance its 'diverse abilities' agenda. Diverse abilities are defined as physical, cognitive, developmental, learning, and/or neurological differences, or diversity, in ability levels, including conditions that may fluctuate, long-term health conditions and mental health. During the financial period, the firm has invested in its strategy, mobilising a steering committee to bring function leaders and key decision-makers to improve the lived experience of all people with disabilities and improve the efficiency and effectiveness of processes. The firm has a specific focus on improving its accessibility and adjustments, providing more practical support to visitors

Strategic report

as well as employees. These practical changes are complemented by innovative learning to enhance the quality of management and upskill in disability fluency and confidence.

People survey

As part of the firm's culture assessment, the firm uses regular listening tools in the form of people pulse surveys, with the EY LLP Board acting upon the cultural aspects of the findings. These surveys assess people's views on the firm.

Since November 2020, the firm undertakes a Pulse survey three times a year with the surveys covering a range of aspects relating to working experiences at EY. As part of every other survey, the firm measures engagement, which relates to opinions of advocacy, satisfaction, commitment and pride. In 2024, the engagement score was 69% (2023: 68%).

Senior leaders receive a detailed breakdown and narrative of the Pulse Survey results for their business unit and use these metrics to inform strategy and decision making on people related issues.

The EY LLP Board also receives reports on the firm's compliance with the EY Global Code of Conduct and responds accordingly.

Future developments

As reflected above, the company ceased trading with effect from 1 February 2024 and will act as a holding company with no plans to recommence trading in the future.

Principal risks and uncertainties

The principal risks facing the company relate to the carrying value of its investment in subsidiaries. The directors ensure that there are policies for managing these risks.

Corporate governance statement

The company, whose principal activity is stated above, is an indirect subsidiary of EY LLP. EY LLP commits to the Audit Firm Governance Code published by the Financial Reporting Council. To do this, EY LLP has therefore put in place certain processes, procedures and arrangements, which apply, as relevant, to the company.

Consequently, governance and related decision-making generally operates at the EY LLP level, consistent with EY LLP's Service Lines and functions (including the Talent function), and EY LLP maintains/fosters business relationships with suppliers, customers and others, which benefit both EY LLP and its direct and indirect subsidiaries, including the company.

Therefore, EY LLP's governance process applies, as relevant, to the company, to ensure that decisions are made at the appropriate level in the organisation (given, for example, EY LLP is the principal contracting entity with third parties), and that transactions are carried out by the appropriate legal entity.

Such governance processes also ensure that related decisions and engagement with certain groups of stakeholders (e.g. the company's employees) are conducted by EY LLP on the company's behalf, or in conjunction with the company, as appropriate. The company is generally cognisant of all of the above, as one of its directors also sit on the board of EY LLP, and all of the company's directors receive, in various capacities, regular reports and updates on EY LLP's activities and performance.

In light of this, the company did not apply a separate corporate governance code during the period.

Section 172 statement

Given the company's principal activity stated above, and the fact that the company has no commercial business, other than with EY LLP until 1 February 2024, the general stakeholder and other considerations relevant to operating or commercial trading companies do not generally apply to any such decisions of the company's directors. Furthermore, the company is an indirect subsidiary of EY LLP, so EY LLP's performance directly influences the future performance and direction of the company. Accordingly, the company's directors consider that the company's key stakeholders are: the company's employees and EY LLP as principal customer of the company's services.

Strategic report

During the period, the company's directors acted in a way that they considered, in good faith, would most likely promote the success of the company for the benefit of its members as a whole and, in doing so, have had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 when making decisions. In addition, the company's directors also had regard to other factors and matters that they considered relevant to decisions made. When required, the company's directors make key decisions relating to the company by written resolution, where such matters and factors were considered, as relevant.

This therefore took place when the company made the decision to transfer its UK employees to EY LLP. This was an administrative change to the EY LLP structure in the UK, and the decision was taken with a view to promoting the long-term success of the group for the benefit of its members and also took into account the impact on the company's employees who experienced no resulting change to their remuneration, benefits or employment status. This also happened when the company decided to make further deferred consideration payments to the sellers in respect of the acquisition of EY Private Client Services Limited (formerly EY Frank Hirth Limited) in previous years. In particular, it was noted and considered by the directors' that the payment of the deferred consideration would promote the long-term success of the company for the benefit of its members as a whole, and would not materially impact the company's key stakeholders or the broader community and environment. The company's directors also had regard to such matters and factors in deciding to make dividend payments out of distributable profits during the financial year.

Employee engagement statement and fostering of business relations statement

As a result of the corporate governance arrangements described in the above Corporate Governance Statement, engagement with the company's employees takes place in conjunction with EY LLP, which engages with the company's employees in a variety of ways. With the health and wellbeing of the company's employees being at the forefront, this includes EY Voice which provides for an ongoing dialogue between leadership and employees. The forum consists of 15 representatives elected from across the business for a two-year term. They meet with senior leaders, including the UK chairman, on a quarterly basis, as well as presenting to the Public Interest Board ("PIB") and meeting with non-executive directors to share ideas. In addition to the EY People Pulse, the EY Connect sessions present a further channel for two-way communication with our people. These meetings are facilitated locally within teams, to foster social interaction and reinforce our shared purpose. For example, in FY24 the sessions covered emotional intelligence, diverse abilities, gen AI and neuro inclusivity. These EY Connect sessions are supplemented with local town halls and focus groups on relevant topics when required.

Leadership also regularly engage with colleagues from our seven employee networks: Embrace (Faith & Belief), Unity (LGBT+), EY Women's Network, REN (race and ethnicity), EY/EY Foundation Social Mobility Network, and LIFE (family, carers, military). As described above, in making the decision around deferred consideration payments to EY Private Client Services, the directors had regard to the interests of their stakeholders, as a whole, including employees, in considering the decision would promote the long-term success of the company.

As described above, the company is an indirect subsidiary of EY LLP. EY LLP maintains/fosters business relationships with suppliers, customers and others, which benefit both EY LLP and its direct and indirect subsidiaries, including the company. The company's engagement with EY LLP takes place primarily at board level. One of the directors of the company also sits on the board of EY LLP and facilitate communication between EY LLP and the company, to the extent required. Any other engagement with third parties in order to foster the company's business relationships with suppliers, customers and others, takes place, as relevant, by EY LLP on the company's behalf.

On behalf of the Board

Gavin Jordan

G A Jordan

Director

Date: 19 February 2025

Strategic report

The directors present their report and financial statements for the period from 1 July 2023 to 28 June 2024 (the comparative period being the period from 2 July 2022 to 30 June 2023).

Results and dividends

The profit for the period after taxation amounted to £39m (2023: £75m).

Dividends of £91m were declared and paid during the period (2023: £nil). The company's business activities, together with its future expected business developments and risk exposures are described in the strategic report.

Financial instruments

The directors are responsible for setting objectives and policies in relation to financial instruments, details of which can be found in note 15.

Directors

The directors who held office during the period ended 28 June 2024 and the period up until approval of the financial statements are listed on page 1.

Matters covered in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out the company's strategic report information required by schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information about future developments, employee engagement and business relationships that would have been included in the business review.

Going concern

The directors have concluded that it is appropriate to adopt the going concern basis having considered the support that can be provided by EY LLP, the company's ultimate parent entity and sole customer. Ernst & Young LLP has confirmed in a letter of support to the directors of the company that it is committed to providing such support as required.

The directors have considered a base case forecast with multiple sensitivities through to March 2026, prepared by EY LLP, which focus on the impact of a range of declines in revenue, cash collection rates and increased costs. The forecasts include severe but plausible scenarios and the resulting impact on the firm's cash flows, borrowing facilities and associated covenants has then been considered, including reverse stress testing. EY LLP has committed borrowing facilities of £450m that expire in June 2029. The scenarios indicate that EY LLP has sufficient facilities in place and no other mitigating actions will be required.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for at least a year from the date of signing the financial statements and so continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Energy and carbon report

The company has not prepared its own energy and carbon report as it has been included in the group report prepared by its ultimate parent undertaking, Ernst & Young LLP.

Non-financial and sustainability information

The company's non-financial and sustainability information is included on pages 26 to 28.

Strategic report

Auditor

Having made enquiries of fellow directors and of the company's auditor, each person who is a director at the date of approving this annual report confirms that:

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware; and
- Each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

BDO LLP have been re-appointed auditor of the company for the period ending 27 June 2025.

On behalf of the Board

Gavin Jordan

G A Jordan

Director

Date: 19 February 2025

Statement of directors' responsibilities

The directors are responsible for preparing the annual reports and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the shareholder of Ernst & Young Services Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 June 2024 and of its profit for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of EY Services Limited ("the Company") for the 12-month period ended 28 June 2024 which comprise Statement of comprehensive income, Statement of changes in equity, Balance sheet, the Statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report

to the shareholder of Ernst & Young Services Limited

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance including the general counsel; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

Independent auditor's report

to the shareholder of Ernst & Young Services Limited

We considered the significant laws and regulations to be the Companies Act 2006 and international accounting standards.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be data protection laws, anti-money laundering regulations and UK employment and taxation legislation.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

Based on our risk assessment, we assessed the fraud risk in revenue recognition at period end and our procedures to address this risk included, but were not limited to:

- Recalculation of the revenue recognised in the financial statements using the agreed mark up of costs by 6%; and
- Confirming the completeness and accuracy of costs recorded in the income statement and used to determine the amount of revenue recognised.

The auditor's responsibilities relating to fraud in an audit of financial statements requires us to presume that the risk of management override of controls is present and significant. Our procedures in this area included, but were not limited to, the following:

- Testing a sample of journal entries throughout the year, which met a defined risk criterion by agreeing to supporting documentation;
- Incorporating unpredictability testing; and
- Assessing estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor's report

to the shareholder of Ernst & Young Services Limited

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with our engagement letter dated. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Mark Cardiff

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Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 19 February 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income

for the period ended 28 June 2024

	Notes	2024 £m	2023 £m
Revenue		1,039	1,632
Staff costs	4	(978)	(1,537)
Gross profit		61	95
Administrative expenses		(3)	(3)
Operating profit	3	58	92
Finance costs		(4)	(1)
Profit before taxation		54	91
Tax charge	6	(15)	(16)
Profit and total comprehensive income for the period		39	75

Statement of changes in equity

for the period ended 28 June 2024

	Notes	Share capital £m	Retained earnings £m	Total £m
At 1 July 2022		–	29	29
Profit and total comprehensive income for the period		–	75	75
At 30 June 2023		–	104	104
Profit and total comprehensive income for the period		–	39	39
Dividends	13	–	(91)	(91)
At 28 June 2024		–	52	52

The notes on pages 16 to 28 form part of these financial statements

Balance sheet

at 28 June 2024

Registered number 02812206

	Notes	28 June 2024 £m	30 June 2023 £m
Assets			
Non-current assets			
Investments in subsidiaries	7	120	121
Amounts receivable from employees	10	–	4
Deferred tax asset	6	–	4
		120	129
Current assets			
Trade and other receivables	8	9	33
Interest-bearing loan	9	–	9
Amounts receivable from employees	10	–	4
		9	46
Total assets		129	175
Equity and liabilities			
Non-current liabilities			
Lease liabilities	10	–	4
		–	4
Current liabilities			
Lease liabilities	10	–	4
Trade and other payables	11	77	63
		77	67
Total liabilities		77	71
Equity			
Share capital	12	–	–
Retained earnings		52	104
Total equity		52	104
Total equity and liabilities		129	175

The financial statements of Ernst & Young Services Limited for the period ended 28 June 2024 were authorised for issue by the board of directors and signed on their behalf by:

Gavin Jordan

G A Jordan

Director

Date: 19 February 2025

The notes on pages 16 to 28 form part of these financial statements.

Statement of cash flows

for the period ended 28 June 2024

	Notes	2024 £m	2023 £m
Profit before taxation		54	91
Adjustments for:			
Finance costs		4	1
Impairment		1	–
Decrease/(increase) in receivables	8	11	(2)
Increase in amounts due from ultimate parent		(12)	(86)
Decrease in trade and other payables		(58)	(4)
Net cash inflows from operating activities		–	–
Repayment of amounts receivable from employees		5	2
Net cash inflows from investing activities		5	2
Payment of lease liabilities	10	(5)	(2)
Net cash outflows from financing activities		(5)	(2)
Cash and cash equivalents at beginning of period		–	–
Cash and cash equivalents at end of period		–	–

The notes on pages 16 to 28 form part of these financial statements.

Notes to the financial statements

at 28 June 2024

1. Corporate information

Ernst & Young Services Limited (the "company") is a private company limited by shares, incorporated, domiciled, and registered in England and Wales (Registered number 02812206). The company's registered office address is 1 More London Place, London SE1 2AF.

2. Accounting policies

Basis of preparation

The financial statements have been in accordance with international accounting standards in conformity UK adopted international accounting standards ("IFRS").

The financial statements have been prepared on a going concern basis. The directors have concluded that it is appropriate to adopt the going concern basis having considered the support that can be provided by Ernst & Young LLP, the company's ultimate parent entity and sole customer. Ernst & Young LLP has confirmed in a letter of support to the directors of the company that it is committed to providing such support as required. The directors have considered multiple forecasts covering a period up to 31 March 2026, prepared by Ernst & Young LLP. The forecasts consider a range of severe but plausible scenarios including varying declines in revenue, collection rates and increased costs and the resulting impact on the firm's cash flows, borrowing facilities and associated covenants has then been considered, including reverse stress testing. The scenarios indicate that Ernst & Young LLP has sufficient facilities in place and no other mitigating actions will be required. Further details of this assessment can be found within the Directors' report.

The functional currency of the company is pounds sterling. The financial statements are presented in pounds sterling and, unless otherwise indicated, are rounded to the nearest million pounds (£m).

The financial statements have been drawn up for the period from 1 July 2023 to 28 June 2024 (the comparative period being from 2 July 2022 to 30 June 2023).

The company is exempt from the obligation to prepare group accounts under section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking and its ultimate parent undertaking prepares group accounts (see note 17). Consequently, these financial statements contain information about Ernst & Young Services Limited as an individual entity.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires the application of judgement and the use of estimates that affect the amounts reported for assets, liabilities, revenues and expenses. Information about these judgements and estimates is included in the accounting policies and other notes to the financial statements. There are no significant judgements or estimates in the preparation of the financial statements in the current or preceding period.

Revenue

Revenue is earned from the supply of employee services which fall within the ordinary activities of the company. These services represent performance obligations which are satisfied over time.

Revenue is recognised over time as services are provided, as the customer receives the benefit of these services as they are performed. The input method is used to measure progress toward complete satisfaction of the service as it provides a faithful depiction of the transfer of services, as the company charges its customer on a cost plus margin basis.

The company has concluded that it is the principal in its revenue arrangements because it controls the services before transferring them to the customer.

Payment terms involve periodic billings as services are provided. Where amounts billed to the customer are less than the revenue recognised at the period end date, the difference is recognised as contract assets or, when the company has a present right to payment, as unbilled receivables.

Notes to the financial statements

at 28 June 2024

2. *Significant accounting policies (continued)*

Pensions

Contributions to the defined contribution schemes are charged to the income statement when they become payable. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Staff costs

Amounts relating to staff costs are recognised as an expense in the income statement as incurred. Unpaid staff costs are included in trade and other payables.

Leases

A lease is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are accounted for as a right to use the underlying asset and a lease liability from commencement date (i.e., the date the underlying asset is available for use).

Lease liabilities are measured initially at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. The present value is determined using the company's incremental borrowing rate (IBR) as the interest rate implicit in leases is not readily determinable. Thereafter the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made.

On recognition of a lease liability, an equivalent amount receivable from employees is also recognised. Such amounts receivable from employees are measured at amortised cost, less a provision for expected credit losses. Amounts receivable from employees are repaid in line with the payment of the lease liability.

Investments

Investments in subsidiaries are carried at cost less provision for impairment.

Financial instruments

Financial instruments are recognised when the company becomes party to the contracts that give rise to them and they are derecognised on settlement. They are measured initially at fair value, normally being the transaction price. The subsequent accounting treatment depends on the classification of an instrument as set out below.

Trade and other receivables

Trade receivables represent the company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Trade and other receivables are carried at amortised cost, which is equal to the original transaction amount, less a provision for expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the company expects to receive.

Trade and other payables

Trade and other payables are carried at amortised cost, which is equal to their original invoiced amount.

Loans

Loans receivable are carried at amortised cost using the effective interest method if the time value of money is significant. Other receivables are generally carried at original transaction amount, less an allowance for expected credit losses.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Interest levied on unpaid tax is classified as a finance cost.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Notes to the financial statements

at 28 June 2024

2. Significant accounting policies (continued)

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the temporary differences reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Dividends

A liability is recognised to pay dividends to the shareholder when the dividend is appropriately authorised and no longer at the discretion of the company.

Dividends proposed or declared after the balance sheet date but before the financial statements are authorised, are not recognised but disclosed in the notes to the financial statements.

New and amended accounting standards and interpretations and other changes to the financial statements

A number of standards and pronouncements have been issued and are effective for the financial period. These are either not applicable to the company or have not had any significant impact on the company's financial statements.

A number of standards and other pronouncements are in issue that are not yet effective and have not been adopted, none of which are expected to have a material impact on the financial statements.

Notes to the financial statements
at 28 June 2024

3. Operating profit

Operating profit is stated after charging:

	2024	*2023*
	£m	*£m*
Charitable donations	2	3
Impairment	1	–

Fees payable to the company's auditor for the audit of the company financial statements were £28,000 (2023: £26,500). No other services were provided by the auditor.

4. Staff costs

	2024	*2023*
	£m	*£m*
Wages and salaries	836	1,305
Social security costs	92	149
Pension costs – defined contribution schemes	46	74
Other benefit costs	4	9
	978	1,537

The average number of employees, excluding directors during the period to 1 February 2024 was as follows:

	2024	*2023*
	No.	*No.*
Client service staff	9,167	15,146
Support staff	1,348	2,415
	10,515	17,561

From 1 February 2024, all staff were directly employed by Ernst & Young LLP.

5. Directors' remuneration

The directors of Ernst & Young Services Limited received no remuneration for their services as directors or their services in connection with the management of the company.

Notes to the financial statements

at 28 June 2024

6. Tax

(a) Tax on profit

	2024 £m	2023 £m
Current income tax		
UK corporation tax arising on profits in the period	11	19
Adjustments in respect of prior periods	–	(1)
Total current income tax	11	18
Deferred income tax		
Origination and reversal of temporary differences	3	(1)
Effects of change in tax rate	–	(1)
Derecognition of deferred tax asset	1	–
Total deferred tax	4	(2)
Total tax charge	15	16

(b) Reconciliation of total tax charge

The tax assessed on the profit for the period is in line with the standard rate of corporation tax in the UK of 25% (2023: 20.5%). The differences are explained below:

	2024 £m	2023 £m
Profit before tax	54	91
Profit multiplied by standard rate of corporation tax in the UK of 25% (2023: 20.5%)	14	18
Effects of changes in tax rate – deferred tax	–	(1)
Adjustments in respect of previous periods	–	(1)
Derecognition of deferred tax asset	1	–
Total tax charge reported in the income statement	15	16

(c) Deferred tax

The deferred tax asset included in the balance sheet is as follows:

	2024 £m	2023 £m
Deferred pension contributions	–	4

Notes to the financial statements

at 28 June 2024

7. Investment in subsidiaries

	2024	*2023*
	£m	*£m*
Cost less impairment	120	121

The decrease in the investment in subsidiaries of £1m relates to an impairment in the investment in EY Incentives Limited. No acquisitions were made during the financial year.

The company has the following subsidiaries:

Subsidiary undertakings	*Country of incorporation*	*Nature of business*
EY Professional Services Limited	UK	Consultancy service provider
AgilityWorks India Private Limited *	India	Consultancy service provider
EY Incentives Limited	UK	Non-trading entity
EY Private Client Services Limited	UK	Personal taxation service provider
Pythagoras Communications Holdings Limited *	UK	Holding entity of Pythagoras Communications Limited
Pythagoras Communications Limited *	UK	Non-trading entity
Creative Sharepoint Limited *	UK	Dormant
Pointbeyond Limited *	UK	Dormant
Seaton Partners Limited *	UK	Non-trading entity
Peak EPM Limited*	UK	Non-trading entity
Peak EPM US Inc *	United States	Non-trading entity
Peak EPM Canada Inc *	Canada	Non-trading entity
Lane 4 Management Group Holdings Limited*	UK	Holding entity of Lane 4 Management Group Limited
Lane 4 Management Group Limited *	UK	Non-trading entity
Digital Detox Ventures Limited *	UK	Holding entity of Digital Detox Limited
Digital Detox Limited *	UK	Non-trading entity
Whyaye Limited *	UK	Non-trading entity

* Interest held indirectly.

All subsidiaries are wholly owned.

The registered addresses of the subsidiaries are:
UK entities: 1 More London Place, London, SE1 2AF.
Indian entity:779, Sector-15A, Faridabad, Haryana 121007, India.
United States entity: 108 West 13th Street, Wilmington, Delaware 19801, United States
Canadian entity: TD Tower, 77 Westmorland Street Suite 300, Fredericton, New Brunswick E3B6Z3, Canada

Notes to the financial statements

at 28 June 2024

8. Trade and other receivables

	2024 *£m*	*2023* *£m*
Amount owed by group entities	–	13
Unbilled receivables	9	19
Other receivables	–	1
	9	33

There was no impairment in respect of trade and other receivables (2023: £nil).

9. Interest-bearing loan

	2024 *£m*	*2023* *£m*
Loan to ultimate parent undertaking	–	9

During the period, the loan to the ultimate parent undertaking, Ernst & Young LLP, was repaid. The loan was repayable on demand and carried interest at 1% (2023: 1%) above Bank of England base rate.

10. Leases

The company provided its employees the option to lease a car through its salary sacrifice scheme. On 1 February 2024 the salary sacrifice scheme was transferred to Ernst & Young LLP.

The carrying amounts of lease liabilities and amounts due from employees, and the movements during the period, were as follows:

	2024 *£m*	*2023* *£m*
At the beginning of the period	8	3
Additions	6	7
Payments	(5)	(2)
Disposals	(9)	–
At the end of the period	–	8
Current	–	4
Non-current	–	4
	-	8

The maturity analysis of lease liabilities is disclosed in note 15.

The company had total cash outflows for leases of £5m (2023: £2m) during the period.

Notes to the financial statements

at 28 June 2024

11. Trade and other payables

	2024	*2023*
	£m	*£m*
Social security and other taxes	–	43
Contingent consideration	–	1
Other creditors	5	19
Amounts due to ultimate parent company	72	–
	77	63

12. Share capital

	2024	*2023*
Authorised	*£*	*£*
Ordinary shares of £1 each	100	100

	2024	*2024*	*2023*	*2023*
Issued and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	2	2	2	2

Each share carries one vote and has the right to receive dividends.

The company's objective when managing capital is to safeguard its ability to continue as a going concern. Capital is monitored by the directors to ensure this objective is met. No long-term financing is required by the company other than continuing support of its parent.

13. Dividends paid and proposed

	2024	*2023*
	£m	*£m*
Dividends declared and paid during the period		
Dividends on ordinary shares		
Final dividend of 2022 profits: £9,818,520.50 per share (2023: £nil per share)	20	–
Final dividend of 2023 profits: £35,561,498.50 per share (2023: £nil per share)	71	–
	91	–

Notes to the financial statements

at 28 June 2024

14. Non-cash transactions

The company has settled several transactions through its intercompany accounts with its parent undertakings, which represent non-cash transactions as follows:

- Ernst & Young LLP has paid tax of £11m (2023: £19m) on the company's behalf which was reduced from the intercompany trading account.
- £24m (2023: £70m) of the intercompany trading account with Ernst & Young LLP was converted into loan payable to Ernst & Young LLP.
- The company entered into an arrangement with Ernst & Young LLP and Rolls House Holdings Limited to settle the final dividend payable to Rolls House Holdings Limited of £91m (2023: £nil) and interest on the loan payable to Ernst & Young LLP of £4m (2023: £1m).
- In the prior period, £31m of loan receivable was repaid in order to fund investments in subsidiaries.

15. Financial instruments

Financial instruments give rise to liquidity, interest and credit risks. The directors review and agree policies for managing these risks. Financial instruments are not used for speculative activity and complex financial instruments are avoided. Information about how these risks are managed is set out below:

Liquidity risk

Liquidity risk arises from the company's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables, all of which are payable within one year (2023: within one year). Lease liabilities are £nil at the end of the period (2023: £4m repayable within one year and £4m repayable between one and three years).

The company's objective is to maintain a balance between continuity of funding and flexibility through balances with the company's parent undertaking, Ernst & Young LLP. These balances are considered more than adequate to finance variations in forecast working capital.

Interest rate risk

In the prior period, the company's exposure to the risk of changes in market interest rates related to the interest-bearing loan provided to Ernst & Young LLP. The loan was repaid within the current period.

Credit risk

The company trades only with Ernst & Young LLP and does not hold collateral. Receivable balances are monitored and collected on an ongoing basis and as a result exposure to bad debts is not significant. After the transfer of the payroll scheme to Ernst & Young LLP on 1 February 2024, there has been a cessation of charges from the company to Ernst & Young LLP.

16. Related parties

The company earned revenue of £1,039m (2023: £1,632m) from its ultimate parent undertaking, Ernst & Young LLP. Amounts owed to Ernst & Young LLP at 28 June 2024 were trade payables of £72m (2023: trade receivables of £11m). During the period, the interest-bearing loan receivable was repaid by Ernst & Young LLP (2023: £9m). All balances with group undertakings are non-interest bearing except for the repaid loan to Ernst & Young LLP which carried interest at 1% (2023:1%) above the Bank of England base rate.

The key management personnel comprise the directors of the company and the key management personnel of its parent entities. There were no transactions with key management personnel. Except as disclosed above and elsewhere in the financial statements, there are no other related party transactions.

Notes to the financial statements

at 28 June 2024

17. Ultimate controlling party

The company's immediate parent undertaking is Rolls House Holdings Limited, a company registered in England and Wales. The company's ultimate parent undertaking and controlling party is Ernst & Young LLP. Ernst & Young LLP is the parent undertaking of the smallest and largest group that consolidates these financial statements, copies of which are available from its registered office, 1 More London Place, London, SE1 2AF.

Non-financial and sustainability information

This statement is provided to comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, drawing from the Task Force on Climate-Related Financial Disclosures ("TCFD") framework.

Governance

The company is an indirect subsidiary of Ernst & Young LLP ("EY LLP", "firm"). The EY LLP Board has strategic oversight of the firm's approach to climate risk and sustainability. The company's Board has similar responsibilities with respect to it.

Governance and related decision-making with regard to climate issues operates at the EY LLP level, and apply to the company. The company is cognisant of these considerations as one of its directors also sit on the Board of EY LLP.

The climate-related risks and opportunities are overseen by the EY LLP Board through the Environmental Sustainability Committee (the "ESC"). The ESC is a sub-committee of the UK Country Committee ("UKCC"). The UKCC has the delegated authority of the Board in respect of certain specified matters.

The UKCC's purpose is to manage the operations of the firm with respect to matters that have, or may have, a UK country-specific impact, including legal, regulatory, and reputational matters and financial resilience. As part of this remit, the UKCC oversees the firm's implementation of its Net Zero Strategy via the ESC. Performance against the firm's carbon emission targets is managed via service line carbon budgets and is tracked monthly by all service lines and reviewed quarterly by the ESC. Monitoring performance at both levels allows specific action plans to be put in place where appropriate. Each service line has net zero champions who provide tailored support for each service line where necessary. Emissions limits/key performance indicators are included in the scorecard of each Region and each service line scorecard within each Region.

EY LLP has conducted climate scenario analysis at the EY LLP group level, which includes the activities of the company. Results of the analysis, including assessment of the identified climate-related financial risks and opportunities, their impact on the EY LLP group business model and strategy, and its resilience were approved by EY LLP board and are disclosed in the Energy and Carbon Report included in the EY LLP Members' Annual Report and Financial Statements. These results are applicable to the group, including the company and its activities.

In addition to the work undertaken by the ESC, EY LLP management engaged specialists from its Climate Change and Sustainability Services ("CCaSS") team this year to identify and assess – through scenarios – climate-related risks and opportunities relevant for the firm at a group level, and additionally at the company level. The results of the climate risk and opportunity identification exercise applicable to the company, details of which are set out later in this report, were reviewed by the company stakeholders, and these disclosures have been approved by the company Board.

Risk management

The environment in which EY LLP operates creates a broad range of risks. Effective management of these risks is critical to safeguarding the firm and EY network overall. The firm has a robust Enterprise Risk Management ("ERM") programme to identify, assess, mitigate, and monitor the risks it faces. The firm's ERM covers the company.

The firm utilises specialist skills from its CCaSS team to support its understanding of physical and transition risks, as well as relevant opportunities. Their assessment builds upon the results of the existing work for the EY network that has identified and quantitatively modelled five separate climate risks and two opportunities applicable to the EY network globally.

The CCaSS team identified and assessed climate risks and opportunities for the firm overall and the company specifically utilising methodologies and findings from the previous analysis for the EY network.

The risks and opportunities for the company were identified on the assumption it continues trading maintaining its primary activity supplying employee services to the firm. Existing measures that the firm and

Non-financial and sustainability information

the company use to mitigate and manage relevant risks, as well as to leverage opportunities presented by the climate transition, were also identified and considered. These are presented in the Strategy section below.

As a decision has been taken that the company will cease trading from 1 February 2024, the company board considers further climate scenario assessment and its integration in risk management process to be unnecessary.

Strategy

Two climate-related risks and two opportunities were found to be relevant for the company's current activities. These were considered for short (2025), medium (2030) and long-term (2050) time horizons.

The table below describes the impacts of climate risks and opportunities identified, along with existing measures to manage these risks and to leverage the opportunities.

Climate risks and opportunities identified and relevant response:

<table>
<tr><th>ID</th><th>Climate risk or opportunity</th><th>Description of potential business impact</th><th>Potential financial impact investigated</th><th>Response</th></tr>
<tr><td>R1</td><td>Transition risk: reputation</td><td>Increased stakeholder concern due to reputational damage</td><td>Impact on revenue caused by firm's reduced client attraction</td><td rowspan="2">The firm is on track to meet EY Net Zero commitments by 2025. As such, reputational and talent related risks are limited in the short term. Involvement in corporate responsibility through EY Ripples volunteering programs and working with cutting-edge, high-profile clients within the sustainability industry strengthens the firm's reputation.</td></tr>
<tr><td>R2</td><td>Transition risk: reputation</td><td>Difficulty attracting and retaining talent due to reputational damage</td><td>Recruitment costs and employee remuneration</td></tr>
<tr><td>O1</td><td>Opportunity: services</td><td>Increased demand for sustainability-focused services</td><td rowspan="2">Increased revenue through market size and market share growth for the firm affecting its demand for employee services from the company</td><td rowspan="2">The EY NextWave strategy focuses on delivering long-term value to all stakeholders. As part of this strategy, the firm is actively growing its sustainability-related services and has been recognised as a market leader in this area among professional service organisations. The EY network's carbon ambition has garnered positive feedback from clients and the firm and the EY network is making effective progress in its implementation. This progress holds the potential to influence the company's growth in employee services to the firm.</td></tr>
<tr><td>O2</td><td>Opportunity: market</td><td>Enhanced brand value due to climate leadership position attained</td></tr>
</table>

Non-financial and sustainability information

Considering the company ceased trading on 1 February 2024, the directors believe that the description of any impacts of the climate-related risks and opportunities on the company's business model and strategy, or the analysis of the resilience of its business model and strategy under different climate-related scenarios are not necessary for an understanding of its business.

Metrics and targets

The company is included in the firm-wide climate targets. The company's business model is however not associated with any direct or energy-related emissions, and other indirect emissions related to personnel such as travel are monitored and managed at the firm and Service Line levels. The company has thus not set any climate targets and does not report performance.

As noted in the Directors' Report, the company is exempt from reporting carbon emissions under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Gavin Jordan

G A Jordan

Director

Date: 19 February 2025