EY–Seren Limited

Annual Reports and Financial Statements

28 June 2024

Company number 04151569

Registered No. 04151569

Directors

L G Buchanan	
D J Gittleson	(Resigned with effect from 10 June 2024)
C Haines	(Resigned with effect from 27 February 2024)
P B Neufeld	
S Orr	
P Peddanagari	(Appointed with effect from 19 April 2024)
P J Sparkes	
M Von der Geest	

Secretary

C Mcswiggan (Appointed with effect from 13 September 2024)

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 company is the provision of digital interface usability consultancy services to enhance the effectiveness of digital media such as software and websites.

The key performance indicator during the period was as follows:

	2024	*2023*
Fee income	£30,853k	£36,837k

Fee income has decreased by 16% compared to the previous period, reflecting clients' reduction in discretionary spend due to macro-economic and geo-political impacts following a period of sustained growth over several years in a buoyant digital services market.

Future developments

The directors consider that the demand for the provision of the company's consultancy services will continue in the future.

Principal risks and uncertainties

The principal risk facing the company relates to the current challenging market conditions, ability to attract and retain talents to ensure the quality of services to the clients. The directors manage this risk well through continuous pipeline evaluation, and through creating attractive commercial offerings for the company's clients.

The policies for managing the risks relating to cash flows and financial instruments are set out in note 14.

Going concern

EY-Seren Limited pro-actively manages its operating cash flows to ensure that all repayment and funding needs are met. EY-Seren Limited continues to manage both operational and business risks well.

The directors are closely monitoring the ongoing impact of the current macro-economic environment. The directors have prepared a base case forecast with multiple sensitivities through to 31 March 2026 focusing 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 company's cash flows has then been considered, alongside reverse stress testing. They have also considered what mitigations could be put in place if required by the parent entity.

The directors believe EY-Seren Limited has sufficient cash flows and is well placed to manage the risks and uncertainties arising in the current macro-economic environment.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months 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.

Strategic report

Section 172 Statement

The company is an indirect subsidiary of EY LLP, and the company's principal activity is stated above. 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.

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 and its suppliers) 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 the majority of its directors are also members of EY LLP, and receive, in various capacities, regular reports and updates on EY LLP's activities and performance.

Given the governance arrangements stated above, and the fact that the company is an indirect subsidiary of EY LLP, EY LLP's performance directly influences the future performance and direction of the company. Accordingly, and taking into account the company's principal activity, the company's directors consider that the company's key stakeholders are the company's employees, its clients and EY LLP.

During the period ending 28 June 2024, the company's directors acted in a way that they considered, in good faith, would be most likely to 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 held board meetings to make key decisions relating to the company, where such matters and factors were considered, as relevant.

On behalf of the Board

L G Buchanan

Director

Date: 18 February 2025

Statement of directors' responsibilities

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 £2,819k (2023: £4,654k).

No dividends were declared or paid during the period (2023: £5,000k).

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 14.

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.

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.

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 directors' 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 were appointed as auditor to the company for the period ending 27 June 2025 and have expressed their willingness to continue in office.

On behalf of the Board

L G Buchanan
Director

Date: 18 February 2025

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable 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 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, 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 EY-Seren 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 Seren Limited ("the Company") for the 12-month period ended 28 June 2024 which comprise Statement of comprehensive income, Statement of changes in equity, the 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 EY-Seren 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 the financial period 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, 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; or
- 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.

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

Independent auditor's report

to the shareholder of EY-Seren Limited

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 meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities 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 key management personnel and those charged with governance and internal audit 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 meeting 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.
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition at period end and the valuation of unbilled receivables.

Our procedures in respect of the above included:

Management Override of Controls:

- Testing a sample of journal entries throughout the year, which met a defined risk criterion, by agreeing to supporting documentation;
- Incorporating unpredictability testing;
- Assessing significant estimates made by management for bias; and
- Challenging and assessing the appropriateness of the estimation uncertainty and judgement made by Management having regard to supporting evidence and historical outcomes. The key estimates and judgements were identified as revenue recognition and accounting for lease liabilities.

Revenue recognition and valuation of unbilled receivables:

- Tests of controls: We tested the operating effectiveness of key controls in the revenue transaction cycle where revenue was a significant audit risk. This included controls over the signing of the contract with the customer, the accuracy of timecards, costs incurred on engagements, the automatic calculation of unbilled receivables and the confirmation of the stage of completion at and around the period end.
- Tests of detail: For engagements open at the period end, we also performed substantive testing procedures to address the risk over revenue recognition at period-end as follows:

Independent auditor's report

to the shareholder of EY-Seren Limited

- Re-calculated the expected revenue recognised to conclude whether it was determined in line with contractual terms, the Company's accounting policy and to ensure revenue recognition was in accordance with the requirements of the accounting framework.
- Challenged the stage of completion, revenue recognised, and any provisions held against unbilled amounts through enquiry with the EY engagement teams and through obtaining corroborating evidence.
- Assessed open engagements against engagement level data available around the period end, both before and after, to substantiate the estimates used in determining the revenue recognised.
- Performed a retrospective review of the samples selected for testing in the prior and current period against updated or finalized information to assess the accuracy of Management's estimates.
- Assessed the accruals for interfirm invoices in transit and the associated impact on period end WIP and payments on account.

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.

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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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:
J. Partington
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Jason Partington (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

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 £k	2023 £k
Fee income		30,853	36,837
Expenses billed to clients		(3,064)	(5,893)
Net revenue		27,789	30,944
Other operating income		185	–
Operating expenses	3	(8,950)	(9,712)
Staff costs	4	(15,521)	(15,641)
Depreciation		(4)	(7)
Operating profit		3,499	5,584
Finance income		254	300
Finance costs		(23)	(25)
Profit before taxation		3,730	5,859
Tax charge	6	(911)	(1,205)
Profit and total comprehensive income for the period		2,819	4,654

Statement of changes in equity

for the period ended 28 June 2024

	Share capital £k	Retained earnings £k	Total £k
At 1 July 2022	1	7,735	7,736
Dividends paid	–	(5,000)	(5,000)
Profit and total comprehensive income for the period	–	4,654	4,654
At 30 June 2023	1	7,389	7,390
Profit and total comprehensive income for the period	–	2,819	2,819
At 28 June 2024	1	10,208	10,209

The notes on pages 13 to 23 form part of these financial statements.

Balance sheet

at 28 June 2024

Company number *04151569*

	Notes	*28 June 2024 £k*	*30 June 2023 £k*
Assets			
Non-current assets			
Plant and equipment	7	–	4
Lease receivables	8	179	519
Deferred tax	6	36	21
		215	544
Current assets			
Trade and other receivables	10	7,561	5,365
Loan receivable	9	–	4,756
Lease receivables	8	340	333
Cash and bank balances		7,460	2,702
		15,361	13,156
Total assets		15,576	13,700
Equity and liabilities			
Current liabilities			
Trade and other payables	11	4,362	4,881
Lease liability	8	347	348
Corporation tax payable		218	330
		4,927	5,559
Non-current liabilities			
Lease liability	8	172	509
Provisions	12	268	242
		440	751
Total liabilities		5,367	6,310
Equity			
Share capital	13	1	1
Retained earnings		10,208	7,389
Total equity		10,209	7,390
Total equity and liabilities		15,576	13,700

The financial statements of EY-Seren Limited for the period ended 28 June 2024 were authorised for issue by the board of directors and signed on their behalf by:

L G Buchanan
Director
Date: 18 February 2025

The notes on pages 13 to 23 form part of these financial statements.

Statement of cash flows

for the period ended 28 June 2024

	2024	*2023*
	£k	*£k*
Operating activities		
Profit before tax	3,730	5,859
Adjusted for:		
Depreciation	4	7
Net foreign exchange losses	(20)	(1)
Net finance income	(231)	(275)
Increase in trade and other receivables	(2,196)	(1,490)
Decrease in trade and other payables	(530)	(8,436)
Increase in provisions	26	–
	783	(4,336)
Corporation tax paid	(1,038)	(1,354)
Net cash outflows from operating activities	(255)	(5,690)
Investing activities		
Interest received	493	90
Finance lease income	349	186
Repayment of loan receivable	4,500	–
Net cash inflows from investing activities	5,342	276
Financing activities		
Payment of lease liability	(349)	(350)
Dividends paid	–	(5,000)
Net cash outflows from financing activities	(349)	(5,350)
Increase/(decrease) in cash and cash equivalents	4,738	(10,764)
Net foreign exchange differences	20	1
Cash and cash equivalents at beginning of period	2,702	13,465
Cash and cash equivalents at end of period	7,460	2,702

The notes on pages 13 to 23 form part of these financial statements.

Notes to the financial statements

at 28 June 2024

1. Corporate information

EY-Seren Limited, the "company", is a private company limited by shares, incorporated, domiciled and registered in England and Wales (registered number 04151569). 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 prepared in accordance with UK adopted international accounting standards ("IFRS"). The principal accounting policies are summarised below and have been applied consistently throughout the period and the preceding period unless otherwise stated.

The financial statements have been prepared on the accrual basis of accounting using a number of measurement bases, as set out in the accounting policies below. The financial statements have been prepared on a going concern basis having considered multiple forecasts, covering a period up to 31 March 2026. The forecast 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 company's cash flows has then been considered, alongside reverse stress testing. The impact on EY Seren Limited's cash flows has then been considered and the directors of the company have concluded that there is no material uncertainty relating to going concern and that it is appropriate to present the financial statements of the company on a going concern basis. 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 thousand pounds (£k).

The financial statements have been drawn up 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).

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. Although estimates are based on the best information available, actual outcomes could differ from the amounts included in the financial statements.

Estimates

- Revenue recognition – estimating the costs to complete and the value of unsatisfied/partially satisfied performance obligations (page 14)

Revenue recognition

Fee income represents the amounts arising from the supply of advisory services which fall within the continuing ordinary activities of the company. Revenue is recognised when control of services are transferred to the client at an amount that reflects the consideration to which the company expects to be entitled in exchange for those services.

Each contract is assessed to identify the performance obligation(s) and to estimate the total transaction price. The transaction price includes variable consideration only to the extent that it is highly probably it will not be subsequently reversed. The total transaction price is then allocated to each performance obligation within the contract.

Notes to the financial statements

at 28 June 2024

2. Accounting policies (continued)

Revenue recognition (continued)

The company typically recognises the transaction price as revenue over time because most contracts give the company the enforceable right to receive payment for work performed to date and no asset with an alternative use is created. Where this is not the case, the company recognises revenue at a point in time, typically when the service has been completed and delivered to the client.

When recognising revenue over time, the company measures progress towards complete satisfaction of the performance obligations using time and costs incurred as a proportion of the total estimated time and costs. The company considers this to be the best measure of how services are transferred to clients over time.

Payment terms are negotiated separately with each client, but typically involve periodic billings as services are provided. Where amounts billed to clients are less than the revenue recognised at the period end date, the difference is recognised as unbilled receivables. Where the amounts billed exceed the revenue recognised at the period end date, the difference is recognised as payments on account. The performance obligations related to any payments on account are generally satisfied within a year of such billing.

Revenue expected to be recognised by the firm in future periods from satisfaction of performance obligations that were unsatisfied or partially unsatisfied at the period end was estimated to be £10m (2023: £15m) of which £5m (2023: £8m) is expected to be recognised in more than one year.

Significant estimates

In determining the amount of revenue to be recognised on incomplete performance obligations, it is necessary to estimate the stage of completion, the remaining time and costs to be incurred and the amounts that will be received for the services provided. These estimates, which are normally resolved within a year of the reporting date when the performance obligation has been fully satisfied and fees agreed, are made at a performance obligation level and a different assessment of any of these factors would result in a change to the amount of revenue recognised.

The effect of making different assessments could, in aggregate, have a material effect on the carrying amounts of unbilled receivables and/or payments on account which are shown in notes 10 and 11 respectively. Revenue recognised in the current year in respect of performance obligations satisfied, or partially satisfied, in previous years amounted to £34k (2023: £1,242k), and includes revisions to such estimates.

Staff costs (including pensions)

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.

Contributions to the defined contribution scheme 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.

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).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised and lease payments made at or before the commencement date. The right-of-use asset is depreciated on a straight-line basis over the lease term.

Notes to the financial statements

at 28 June 2024

2. Accounting policies (continued)

Leases (continued)

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 only. 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. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the remaining lease payments, for example following a rent review; the IBR is revised when a lease is modified or the lease term changes.

In case of a sub-lease, where substantially all of the risks and rewards have been transferred to the lessor, the right-of-use asset relating to the head lease is derecognised and a net investment of the total receivable amounts is recognised. The present value is determined using the company's incremental borrowing rate (IBR) as the interest rate implicit in leases is not readily determinable.

The finance income over the lease term is calculated based on the same pattern as the finance expense of the lease liabilities.

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. The company does not expect to be subject to any top-up income taxes

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.

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.

Notes to the financial statements

at 28 June 2024

2. Accounting policies (continued)

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation. Depreciation is charged so as to write off the cost of assets to their residual value over their expected useful lives using the straight line method. The expected useful lives are as follows:

Leasehold property improvements	–	The lesser of lease period and 12 years
Computer equipment	–	3 years
Furniture and other equipment	–	3 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognising the asset is included in the income statement. The residual values, useful lives and depreciation methods of assets are reviewed, and adjusted if appropriate, at each financial period end.

The carrying value of plant and equipment is reviewed annually for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in the income statement.

Impairment of non-financial assets

The carrying value of non-financial assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If the carrying amount of an asset (or associated cash generating unit) is higher than its recoverable amount an impairment loss is recognised in the income statement.

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.

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

Receivables are carried at amortised cost using the effective interest method if the time value of money is significant. Client debtors are carried at original invoiced amounts, less an allowance for all expected credit losses.

Loans and receivables

Loans receivable are carried at amortised cost using the effective interest method if the time value of money is significant.

Trade and other payables

Trade and other payables are carried at amortised cost, which generally approximates to their nominal amount.

Notes to the financial statements

at 28 June 2024

2. Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount of the provision represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of the time value of money is material, the expected future cash flows are discounted at a rate that reflects current market assessments of the time value of money and, where appropriate, risks specific to the liability. Any increase in the provision due to the passage of time is recognised as a finance cost, and any increases due to revised estimates are recognised as an operating expense.

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

A number of standards and other pronouncements have been issued and were 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.

Standards that are not yet effective

A number of standards and other pronouncements are in issue that are not yet effective and have not been adopted, including IFRS 18 Presentation and Disclosure in Financial Statements, none of which are expected to have a material impact on the financial statements.

3. Operating expenses

Included within operating expenses are fees payable to the company's auditor for the audit of the financial statements of the company were £57k (2023: £55k). No other services were provided by the auditor in the current or previous period.

4. Staff costs

The aggregate employment costs of staff were:

	2024	*2023*
	£k	*£k*
Salaries and benefits	13,318	13,414
Social security costs	1,511	1,557
Defined contribution pension costs	692	670
	15,521	15,641

The average number of staff (excluding directors) during the period was 156 (2023: 163).

5. Directors' remuneration

The directors of EY-Seren Limited received £nil (2023: £nil) remuneration for their services as directors or their services in connection with the management of the company. All directors are partners of the ultimate parent entity, Ernst & Young LLP.

Notes to the financial statements

at 28 June 2024

6. Tax

a) Tax on profit

	2024 £k	2023 £k
Current tax:		
UK corporation tax arising on profits in the period	926	1,200
Adjustments in respect of prior periods	–	(16)
Total current income tax	926	1,184
Deferred tax:		
Origination and reversal of temporary differences	9	8
Effects of change in tax rate	–	(4)
Adjustments in respect of previous periods	(24)	17
Total deferred tax (credit)/charge	(15)	21
Total tax charge in the income statement	911	1,205

b) Reconciliation of total tax charge

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

	2024 £k	2023 £k
Profit before tax	3,730	5,859
Profit multiplied by rate of corporation tax in the UK of 25% (2023: 20.5%)	932	1,201
Effects of:		
Expenses not deductible for tax purpose	3	7
Adjustments in respect of previous periods	(24)	1
Effect of change in tax rate	–	(4)
Total tax charge reported in the income statement	911	1,205

c) Deferred tax

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

	2024 £k	2023 £k
(Capital allowances in excess of depreciation)/accelerated capital allowances	(10)	13
Deferred pension contributions	(26)	(34)
	(36)	(21)

The deferred tax credit/(charge) included in the income statement is as follows:

	2024 £k	2023 £k
(Decrease)/increase in accelerated capital allowances	(23)	3
Deferred pension contributions	8	18
	(15)	21

Notes to the financial statements

at 28 June 2024

7. Plant and equipment

28 June 2024	*Leasehold improvements £k*	*Computer equipment £k*	*Furniture and other equipment £k*	*Total £k*
Cost:				
At 30 June 2023 and 28 June 2024	1,203	562	–	1,765
Depreciation:				
At 30 June 2023	1,203	558	–	1,761
Charge for the period	–	4	–	4
At 28 June 2024	1,203	562	–	1,765
Net book value:				
At 28 June 2024	–	–	–	–

30 June 2023	*Leasehold improvements £k*	*Computer equipment £k*	*Furniture and other equipment £k*	*Total £k*
Cost:				
At 1 July 2022	1,203	562	296	2,061
Disposal	–	–	(296)	(296)
At 30 June 2023	1,203	562	–	1,765
Depreciation:				
At 1 July 2022	1,203	551	296	2,050
Charge for the period	–	7	–	7
Disposal	–	–	(296)	(296)
At 30 June 2023	1,203	558	–	1,761
Net book value:				
At 30 June 2023	–	4	–	4

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8. Leases

The company has a non-cancellable commercial property lease with a remaining term of 2 years (2023: 3 years). The carrying amounts of lease liabilities and receivables and the movements during the period were as follows:

Lease liabilities	*2024*	*2023*
	£k	*£k*
At the beginning of the period	857	1,190
Accretion of interest	11	17
Payments	(349)	(350)
At the end of the period	519	857
Current	347	348
Non-current	172	509
	519	857

Lease receivable	*2024*	*2023*
	£k	*£k*
At the beginning of the period	852	1,027
Receipts	(349)	(186)
Accretion of interest	16	11
At the end of the period	519	852
Current	340	333
Non-current	179	519
Net investment in the lease	519	852

9. Loan receivable

	2024	*2023*
	£k	*£k*
Loan to EY Private Client Services Limited	–	4,756
Current	–	4,756
Non-current	–	–
	–	4,756

In 2021 the company issued a £4,500k fixed term loan to EY Private Client Services Limited. The loan accrues interest at 1% above Bank of England base rate. The loan was repaid in the current period.

Notes to the financial statements

at 28 June 2024

10. Trade and other receivables

	2024 £k	2023 £k
Unbilled receivables	820	2,085
Client receivables	1,365	1,097
Amounts due from EY network entities	1,492	767
Amounts due from ultimate parent entity	3,717	1,381
Amounts due from fellow subsidiaries	63	–
Other receivables	104	35
	7,561	5,365

Client receivables are shown net of an allowance for expected credit losses, movements on which are as follows:

	2024 £k	2023 £k
At beginning of period	–	67
Write-off	–	(67)
At end of period	–	–

11. Trade and other payables

	2024 £k	2023 £k
Trade and other payables	923	1,657
Social security and other taxes	513	405
Payments on account	1,571	910
Other accruals	260	893
Amounts due to EY network entities	472	347
Amounts due to related parties (excluding parent entity)	98	–
Amount due to parent entity	525	669
	4,362	4,881

12. Provisions

	2024 £k	2023 £k
At the beginning of the period	242	242
Increase	26	–
At the end of the period	268	242

The property provision represents the provision for leasehold property dilapidations, expected to be utilised within 2 years.

Notes to the financial statements

at 28 June 2024

13. Share capital

Authorised, issued and fully paid	*2024 No.*	*2024 £k*	*2023 No.*	*2023 £k*
"A" Preference shares treated as liability of £0.01 each	33,000	–	33,000	–
"B" Ordinary shares treated as equity of £0.01 each	59,500	1	59,500	1

The "A" preference shares were subscribed for a total of £330 and the Articles provide that on a return of capital, the full subscription price of these shares are repaid in priority. Repayment can be requested at any time by the holders of the preference shares, subject to this being permissible under the Companies Act. Apart from and subject to this priority the preference shareholders rank pari passu with the "B" ordinary shares. Each share carries one vote and has the right to receive dividends. The "B" ordinary shares were subscribed for a total of £595. Each share carries one vote and has the right to receive dividends pari passu with the "A" preference shares.

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.

14. Financial instruments

Financial instruments give rise to liquidity, credit and foreign currency risks. The directors are responsible for setting objectives and maintaining policies to manage 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.

The lease liability is repayable £347k (2023: £348k) within one year and £172k (2023: £509k) between one and three years.

Credit risk

The company trades with only a small number of parties, who are not considered to represent a significant credit risk. Receivable balances are monitored and collected on an ongoing basis and as a result exposure to bad debts is not significant. Unbilled receivables are typically billed to clients within a month of arising and invoices are generally payable on presentation. The client debtors balance represents invoices issued less than three months before the period end.

Foreign currency risk

Although the majority of the company's income and expenses are denominated in sterling, foreign currency risk arises from transactions denominated in other currencies. However, this risk is not considered to be material.

Notes to the financial statements

at 28 June 2024

15. Related parties

Transactions and balances with related parties were as follows:

	Income earned from related parties	*Purchases from related parties*	*Amounts owed by / (to) related parties*	*Loan receivables from related parties*
	£k	*£k*	*£k*	*£k*
2024				
Ernst & Young LLP (ultimate parent)	13,636	(4,800)	3,717	–
Foviance Group Limited (parent)	–	–	(525)	–
EY Professional Services Limited (fellow subsidiary)	6	(79)	(22)	–
EY Private Client Services Limited (fellow subsidiary)	–	–	63	–

	Income earned from related parties	*Purchases from related parties*	*Amounts owed by / (to) related parties*	*Loan receivables from related parties*
	£k	*£k*	*£k*	*£k*
2023				
Ernst & Young LLP (ultimate parent)	16,082	(10,193)	1,381	–
Foviance Group Limited (parent)	–	–	(669)	–
EY Private Client Services Limited (fellow subsidiary)	–	–	–	4,756

All balances with group undertakings are non-interest bearing and payable on demand except for the loan to EY Private Client Services Limited which carried interest at 1% above the Bank of England base rate. The loan was repaid in the current period.

Key management personnel comprises the directors of the company, directors of its immediate parent entity Foviance Group Limited and the Board of its ultimate parent entity Ernst & Young LLP. Compensation paid to key management personnel was £nil (2023: £nil). There were no other transactions with key management personnel. Except as disclosed above and elsewhere in the financial statements, there are no other related party transactions.

16. Ultimate controlling party

The company's immediate parent undertaking is Foviance Group 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.