Financial Statements 2010/2011

Ernst & Young Nederland LLP

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Ernst & Young Nederland LLP

Financial Statements for the year ended 30 June 2011

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Members' report

The members (i.e. partners) present their report and financial statement for the year ended 30 June 2011.

Principal Activity

Ernst & Young Nederland LLP provides assistance and coordinating leadership to Ernst & Young Accountants LLP and Ernst & Young Belastingadviseurs LLP in order to optimize their shared course of business and practices to promote their joint strategy. The LLP carries out its operations in the Netherlands but does not provide services to clients.

Equity

On 30 June 2011 contractual terms with respect to repayment of members' capital have been amended. In the period before 30 June 2011 members had an unconditional right for a yearly interest allowance as well as an unconditional right for immediate repayment of the funds provided after termination of the membership. From 30 June 2011 both the interest allowance and the repayment of members' capital are subject to decisions of the Board of Ernst & Young Nederland LLP. As a result of these amendments the classification of the members' capital changed from a financial liability per 30 June 2010 into equity per 30 June 2011.

The balance sheet as of 30 June 2011 shows equity of € 33 million.
Per 30 June 2010 it was negative, as a result of the settlement of the drawing rights and the classification of members' capital as a liability.
The settlement of the drawing rights in 2006/2007 and 2008/2009 led to one-off payments and provisions of future drawing rights for respectively retired and current members (partners) and had a negative impact on the retained earnings.
However the future cash flow will be positively influenced as a result of the settlement of the drawing rights and Ernst & Young Nederland LLP will be able to continue distribution of its profits.

Board

The Board is led by Pieter Jongstra, Chairman of Ernst & Young Nederland LLP.
For the year ended 30 June 2011 and the period until approval of the financial statements, the Board furthermore consists of:

- Giljam Aarnink
- Kees van Boxel

All members of the Board are - through a closed company with limited liability (a "B.V.") - members of Ernst & Young Nederland LLP.
The chairman of Ernst & Young Nederland LLP is appointed by the chairman of Ernst & Young Europe LLP, after appropriate sounding with the members of Ernst & Young Nederland LLP. The other members of the Board are appointed by the executive of Ernst & Young Europe LLP.

The Board is responsible for day-to-day management and to exercize the duties and powers as determined by the fundamental rules and regulations of Ernst & Young Nederland LLP.

Designated members of the LLP are:

- G.A.M. Aarnink B.V. – appointed 14 March 2008
- Drs. C.J.B. van Boxel Belastingadviseur B.V. - appointed 30 June 2008
- Drs. P.J.A.M. Jongstra Registeraccountant B.V. – appointed 15 February 2009

BDO LLP was appointed auditor to Ernst & Young Nederland for the year ending 30 June 2011.

On behalf of Drs. P.J.A.M. Jongstra Registeraccountant B.V.

P.J.A.M. Jongstra

Statement of members' responsibilities

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 ('LLP Regulations') require the members to prepare financial statements for each financial year. The members have elected to prepare financial statements for the group and the LLP in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

IAS 1 "Presentation of Financial Statements" requires that financial statements present fairly for each financial year the limited liability partnership's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. Members are also required to:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and the LLP's financial position and financial performance

Under the LLP Regulations, the members are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the group and the LLP, and which enable them to ensure that the financial statements will comply with those regulations.

The members have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and the LLP and to prevent and detect fraud and other irregularities.

The members' responsibilities set above are discharged by the Designated Members on behalf of the members. The Designated Members at the date of approval of the financial statements confirm that, so far as they are aware, there is no relevant information in which the LLP's auditors are unaware and each Designated Member has taken all the steps that ought to have been taken by them to make themselves aware of any relevant audit information and to establish that the LLP's auditors were aware of that information.

The firm, which is part of the Ernst & Young global network, has considerable financial resources, contracts with a large number of clients across different industries and geographies and talented and motivated partners and employees. Information about its capital and exposure to liquidity risk is set out in notes 20 and 22 to the financial statements. The Designated Members believe that the firm is well placed to manage its business risks successfully despite the current uncertain economic outlook and have a reasonable expectation that the firm has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Independent auditors' report to the members of Ernst & Young Nederland LLP

We have audited the Group and Limited Liability Partnership financial statements (the 'financial statements') of Ernst & Young Nederland LLP for the period from 3 July 2010 to 1 July 2011 which comprise the Consolidated and Limited Liability Partnership Statements of Comprehensive Income, the Consolidated and Limited Liability Partnership Statements of Financial Position, the Consolidated and Limited Liability Partnership Statements of Changes in Equity, the Consolidated and Limited Liability Partnership Cash Flow Statements and the related notes 1 to 51. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership'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 Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Limited Liability Partnership's affairs as at 1 July 2011 and of the Group's and Limited Liability Partnership's profit for the period then ended; and
- have been prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Opinion on other matters

In our opinion the information given in the members' report for the period from 3 July 2010 to 1 July 2011 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Matthew White (Senior Statutory Auditor)
For and on behalf of BDO LLP, (Statutory Auditor)
London, United Kingdom

27 september 2011

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

Consolidated statement of comprehensive income Ernst & Young Nederland LLP[1]

(for the year ended 30 June 2011)

	notes	2010/2011	2009/2010
		€000	€000
Revenue[2]			
Rendering of services	5.1	599,442	624,081
Other income	5.2	19,228	15,375
		618,670	**639,456**
Operating expenses			
Services provided by foreign Ernst & Young organisations and third parties[2]	6.1	67,447	71,507
Employee benefits expenses	6.2	220,115	224,817
Depreciation of property, plant and equipment	9	17,016	17,732
Amortisation of intangible assets	10	140	156
Other operating expenses[2]	6.3	171,643	170,742
		476,361	**484,954**
Operating profit		**142,309**	**154,502**
Finance income	7.1	652	853
Finance expenses	7.2	-19,863	-19,103
Share of profit from joint venture	11	168	223
Profit before tax		**123,266**	**136,475**
Income tax expenses	8	-383	-345
Profit for the financial year		**122,883**	**136,130**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**122,883**	**136,130**
Profit attributable to members		**122,883**	**136,130**
Total comprehensive income for the year attributable to members		**122,883**	**136,130**

1) Excluding Holland Van Gijzen Advocaten en Notarissen LLP. For figures including Holland van Gijzen Advocaten en Notarissen LLP see combined statement of income.

2) For reclassifications in 2009/2010 see note 2.2 Basis of preparation.

Consolidated statement of financial position Ernst & Young Nederland LLP[3]

(as at 30 June 2011)

	notes	Current members	Third parties	Total
Assets		€000	€000	€000
Non-current assets				
Property, plant and equipment	9	-	72,931	72,931
Intangible assets	10	-	66	66
Investment in joint venture	11	-	12	12
Other non-current financial assets	12	-	1,459	1,459
		-	74,468	74,468
Current assets				
Trade and other receivables	13	-	229,235	229,235
Prepayments	14	60,175	40,786	100,961
Other current financial assets	12	-	1,101	1,101
Cash and short-term deposits	15	-	63,877	63,877
		60,175	334,999	395,174
Total assets		**60,175**	**409,467**	**469,642**
Equity and liabilities				
Current liabilities				
Trade and other payables	16	38,330	150,354	188,684
Interest-bearing loans and borrowings	17	-	65,754	65,754
Provisions	18	3,661	3,215	6,876
Employee benefits	19	-	32,907	32,907
Income tax payable		-	283	283
		41,991	252,513	294,504
Non-current liabilities				
Interest-bearing loans and borrowings	17	32,745	75,321	108,066
Advances received		-	8,308	8,308
Provisions	18	16,101	4,061	20,162
Employee benefits	19	-	5,180	5,180
		48,846	92,870	141,716
Total liabilities		90,837	345,383	436,220
Equity				
Members' capital	20	75,036	-	75,036
Reserves	21	-41,614	-	-41,614
Total equity		33,422	-	33,422
Total equity and liabilities		**124,259**	**345,383**	**469,642**
Members' advances		-60,175		
Net current members interest		**64,084**		

These financial statements were approved by Ernst & Young Europe LLP on 27 September 2011 2011 and signed by P.J.A.M. Jongstra on behalf of Drs. P.J.A.M. Jongstra Registeraccountant B.V.

3) *Excluding Holland Van Gijzen Advocaten en Notarissen LLP. For figures including Holland Van Gijzen Advocaten en Notarissen LLP see combined statement of financial position.*

Consolidated statement of financial position Ernst & Young Nederland LLP[4]

(as at 30 June 2010)

	notes	Current members	Third parties	Total
Assets		€000	€000	€000
Non-current assets				
Property, plant and equipment	9	-	79,275	79,275
Intangible assets	10	-	206	206
Investment in joint venture	11	-	17	17
Other non-current financial assets	12	-	3,373	3,373
		-	82,871	82,871
Current assets				
Trade and other receivables	13	-	198,406	198,406
Prepayments	14	61,618	35,046	96,664
Other current financial assets	12	-	423	423
Cash and short-term deposits	15	-	79,543	79,543
		61,618	313,418	375,036
Total assets		**61,618**	**396,289**	**457,907**
Equity and liabilities				
Current liabilities				
Trade and other payables	16	30,853	109,484	140,337
Interest-bearing loans and borrowings	17	1,945	39,984	41,929
Provisions	18	5,823	4,654	10,477
Employee benefits	19	-	30,729	30,729
Members' capital	20	74,007	-	74,007
Income tax payable		-	439	439
		112,628	185,290	297,918
Non-current liabilities				
Interest-bearing loans and borrowings	17	14,070	145,931	160,001
Advances received		-	8,269	8,269
Provisions	18	23,016	9,149	32,165
Employee benefits	19	-	3,835	3,835
		37,086	167,184	204,270
Total liabilities		149,714	352,474	502,188
Equity				
Reserves	21	-44,281	-	-44,281
Total equity and liabilities		**105,433**	**352,474**	**457,907**
Members' advances		-61,618		
Net current members interest		**43,815**		

4) *Excluding Holland Van Gijzen Advocaten en Notarissen LLP. For figures including Holland Van Gijzen Advocaten en Notarissen LLP see combined statement of financial position.*

Consolidated statement of changes in equity Ernst & Young Nederland LLP

	Members' Capital	Profit available for distribution	Other reserves	Retained earnings	Total retained earnings	Total equity
	€000	€000	€000	€000	€000	€000
At 30 June 2009	-	134,087	-1,751	-176,533	-44,197	-44,197
Profit distribution 2008/2009	-	-134,087	-	-	-134,087	-134,087
Profit for the financial year	-	125,629	-	10,501	136,130	136,130
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	125,629	-	10,501	136,130	136,130
Release of obligation to retired members	-	-	-	677	677	677
Interest on settlement of drawing rights – retired members	-	-	-	-1,304	-1,304	-1,304
Change in estimates of obligations to current members	-	-	-	-1,500	-1,500	-1,500
At 30 June 2010	**-**	**125,629**	**-1,751**	**-168,159**	**-44,281**	**-44,281**
Profit distribution 2009/2010	-	-125,629	-	-	-125,629	-125,629
Profit for the financial year	-	112,364	-	10,519	122,883	122,883
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	112,364	-	10,519	122,883	122,883
Change in conditions of members' capital	75,036	-	-	-	-	75,036
Interest on members' capital	-	5,482	-	-	5,482	5,482
Change in estimates of obligations to current members	-	-	-	-69	-69	-69
At 30 June 2011	**75,036**	**117,846**	**-1,751**	**-157,709**	**-41,614**	**33,422**

Negative retained earnings are a result of settlement of drawing rights under IFRS with current and retired members. These negative retained earnings do not have any impact on the going concern assumption under which these statements have been prepared. The future cash flow will be positively influenced as a result of the settlement of the drawing rights. For these reasons the LLP will be able to continue distribution of its profits.

Consolidated statement of cash flows Ernst & Young Nederland LLP

(for the year ended 30 June 2011)

	notes	2010/2011	2009/2010
		€000	€000
Operating activities			
Profit for the financial year		122,883	136,130
Adjustment for:			
Depreciation of property, plant and equipment	9	17,016	17,732
Amortisation of intangible assets	10	140	156
Finance income and expenses		19,211	18,332
Share of losses from a joint-venture and investments		-168	-223
Dividend received		173	432
Increase/(decrease) in employee benefit provision	19	3,340	-5,777
Decrease in provisions		-16,502	-11,676
		146,093	155,106
Working capital adjustments:			
Increase in trade and other receivables and prepayments		-36,569	-6,404
Increase in trade and other payables		25,491	5,873
Income tax (paid)/received		-156	230
Net cash flow from operating activities		**134,859**	**154,805**
Investing activities			
Purchase of property, plant and equipment	9	-1,979	-9,056
Disposals of property, plant and equipment	9	22	2,720
Purchase of intangible assets	10	-	-15
Additions to other non-current financial assets/loans	12	-188	-264
Disposals of other non-current financial assets/loans	12	1,424	1,406
Proceeds of sales of subsidiary		-	500
Interest received		652	771
Net cash flow used in investing activities		**-69**	**-3,938**

Consolidated statement of cash flows Ernst & Young Nederland LLP

(for the year ended 30 June 2011)

	notes	2010/2011	2009/2010
		€000	€000
Financing activities			
Payment from/(to) members (current account)		28,338	-46,923
Prepayments to current members		-60,175	-61,618
Payment of profit distribution 2009/2010 (2008/2009)		-64,011	-73,600
Contributions of capital from members	20	4,392	6,367
Repayment on retirement of capital contributions	20	-3,363	-6,335
Financing related to drawing rights		-	49,416
Repayment of financing related to drawing rights		-7,420	-
Payment of financial lease liabilities		-7,521	-8,021
Proceeds from interest-bearing loans and borrowings	17	-	10,085
Repayment of interest-bearing loans and borrowings	17	-24,845	-27,500
Proceeds from advances received		-	8,269
Interest expenses		-15,851	-14,934
Net cash flows used in financing activities		**-150,456**	**-164,794**
Net cash flow		**-15,666**	**-13,927**
Net cash and cash equivalents 1 July	15	79,543	93,470
Net cash flow		-15,666	-13,927
Net cash and cash equivalents 30 June	15	**63,877**	**79,543**

Notes to the consolidated financial statements Ernst & Young Nederland LLP

The following abbreviations are used in these financial statements:

Abbreviation	**standing for**
EYNL or the LLP	Ernst & Young Nederland LLP
EYA	Ernst & Young Accountants LLP
EYB	Ernst & Young Belastingadviseurs LLP
EY Europe	Ernst & Young Europe LLP
EY Global	Ernst & Young Global Ltd

1 Corporate information

1.1 DATE OF PREPARATION

EYNL's consolidated financial statements for the year ended 30 June 2011 were approved by EY Europe on 27 September 2011 2011 and signed on behalf of the members by the Designated Members on 27 September 2011.

1.2 INCORPORATION

EYNL is a limited liability partnership incorporated and domiciled in England and Wales (United Kingdom) and registered with number OC335595. The address of the registered office is Becket House 1, Lambeth Palace Road, London, United Kingdom. Its principal place of business is Boompjes 258, Rotterdam, the Netherlands. EYNL is also registered with the Rotterdam Chamber of Commerce with number 24432942.

The partnership was incorporated on 14 March 2008.

EYNL and its subsidiaries, EYA and EYB, continued the business of the Ernst & Young Accountants and Ernst & Young Belastingadviseurs partnerships, consisting of all of their activities and associated assets, equity and liabilities, from 1 July 2008.

There are contractual arrangements under which the entire result of EYA and EYB is distributed to EYNL.

All members (partners) participate in EYNL and, depending on their professional grouping, in EYA or EYB.

1.3 FINANCIAL YEAR

A financial year consists of 52 or 53 weeks and therefore the year-end date differs from year to year. Therefore everywhere 30 June 2011 is mentioned read 1 July 2011, and 2 July 2010 instead of 30 June 2010.

1.4 PRINCIPAL ACTIVITIES

Ernst & Young in the Netherlands offers assurance, advisory, taxation and transaction advisory services. Legal services are provided by Holland Van Gijzen Advocaten en Notarissen LLP, which has a strategic alliance with EYB.

1.5 CONTROL STRUCTURE

EYNL is a member of the Ernst & Young Global network, a worldwide organisation of seperate legal entities providing assurance, tax, advisory and transaction advisory services which holds a leading position in its market.

Working arrangements between member firms in Europe, the Middle East, India and Africa were intensified with effect from 1 July 2008 on the formation of a new Area, EMEIA.
The part of EYNL that serves financial sector clients is a member of the FS (Financial Services) sub area. The other part of EYNL is forming part of the BeNe sub area. The BeNe sub area combines the non-financial services practices of the Netherlands and Belgium member firms.

EY Europe obtained a controlling interest in EYNL on 31 March 2009. EY Europe is a member of EY Global and EY EMEIA. EY Europe is also a member of EYNL.

1.6 POSITION OF THE MEMBERS

In accordance with the contractual terms members provide certain funds to EYNL (members' capital). On 30 June 2011 contractual terms with respect to interest and repayment of these funds have been amended. In the period before 30 June 2011 members had an unconditional right for a yearly interest allowance as well as an unconditional right for immediate repayment of the funds provided after termination of membership. From 30 June 2011 both the interest allowance and the repayment of funds are no longer unconditional but subject to decisions of the Board of EYNL. As a result of these amendments the classification of the funds provided by members changed into Equity instruments with corresponding change in the 2010/2011 Balance sheet presentation.

In the situation that the Board might decide to defer interest payments and/or repayments of funds provided, the amended contractual terms prohibit the distribution of profits.

The members are the sole rightful claimants to the result disclosed in the consolidated financial statements. The result is subject to tax in the members' professional corporations to the extent that the result of entities in which a participating interest is held has not already been subject to tax in accordance with that entity's legal form.

2 Accounting policies

2.1 GENERAL

For presentation purposes Net current members interest is shown separately by splitting the balances relating to current members in a separate column in the consolidated statement of financial position from those balances relating to third parties (including retired members).

In the statement of financial position the term "current members" relates to the members of EYNL on June 30, 2011. The term "third parties" relates to all other entities and persons not comprehended in the term "current members".

2.2 BASIS OF PREPARATION

The consolidated and LLP financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale financial assets that have been measured at fair value.

The Designated members consider that the financial resources available to the LLP are adequate to meet its operational needs for the foreseeable future. Consequently the going concern basis has been adopted in preparing these financial statements.

The functional currency of EYNL and its subsidiaries is the euro. The financial statements are presented in euros and all amounts are rounded to the nearest thousand (€000) except when indicated otherwise.

For comparative purposes the following restatements were made in the figures of 2009/2010.

For 2009/2010 net income from foreign Ernst & Young firms has been reclassified from Other operating expenses to Revenue (€17,490,000). In 2009/2010 all sales and purchase transactions with foreign Ernst & Young firms were netted in Revenue. For comparative purposes purchase transactions have been reclassified from Revenue to Services provided by foreign Ernst & Young organisations and third parties (€8,985,000). These reclassifications do not have any impact on the profit or the net assets for either of the periods nor the balance sheet at the beginning of the comparative period. Therefore it is considered appropriate not to present a balance sheet at the beginning of the comparative period.

Business combinations and basis of consolidation

The consolidated financial statements include the financial statements of EYNL and its subsidiaries as at 30 June 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which EYNL obtains control, and continue to be consolidated until the date when such control ceases.
The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If EYNL loses control over a subsidiary it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When EYNL acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year.

Revisions to Standards and Interpretations

The following revisions to Standards and Interpretations applicable to the 2010/2011 financial statements have no consequences for the application of accounting policies nor for the information to be disclosed in the Notes:

- IFRS 1 First-Time Adoption of IFRS (Revised), effective 1 January 2010
- IFRS 1 First-Time Adoption of IFRS – Additional Exemptions for First-time Adopters, effective 1 January 2010
- IFRS 1 First-time adoption of IFRS – Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters, effective 1 July 2010
- IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Arrangements, effective 1 January 2010
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues, effective 1 February 2010
- IFRIC 15 Agreements for the Construction of Real Estate, effective 1 January 2010
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instrument, effective 1 July 2010
- Improvements to IFRSs (Issued April 2009), effective 1 January 2010
- Improvements to IFRSs (Issued May 2010), effective 1 July 2010

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are initially recorded at the rate of exchange of the functional currency prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date at which fair value is determined.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to EYNL and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rendering of services

Rendering of services represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised when the stage of completion of the contract, the amounts to be received and the costs incurred and to complete the contract can be measured reliably and it is probable the revenue will be received. It is measured by reference to the stage of completion of the contract at the estimated fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements, but excluding value added tax. Revenue is generally recognised as contract activity progresses, although when it is contingent on an event outside the control of the LLP it is recognised when the contingent event occurs. Revenue not billed to clients is included in unbilled receivables and payments on account in excess of the relevant amount of revenue are included in trade and other payables.

When determining the amount of revenue to be recognised on incomplete contracts, it is necessary to estimate their stage of completion, the remaining time and costs to be incurred and the amounts that will be paid for the services provided. These estimates are made on a contract-by-contract basis and a different assessment of any of these factors would result in a change to the amount of revenue recognised.

Other income

Income earned from providing support services to other entities within the Ernst & Young Global network is included in other income.

Finance income

Finance income represents interest earned on cash at banks and deposits. Revenue is recognised as interest accrues (using the effective interest method).

Income tax

Taxes on the result of EYNL are levied directly on the members. Taxes on subsidiaries (other than EYA and EYB) which are autonomous taxpayers are computed on the basis of the disclosed result, taking into account tax-exempt items and non-deductible expenses.

Any differences between measurement for tax purposes and for financial reporting purposes are also settled through the members' professional corporations. Consequently, no deferred tax arises.

Profit for the financial year available for distribution to members

The profit for the financial year available for distribution to members as reported in the consolidated income statement is distributed according to an agreed system. The distributions to retired members are a contractual obligation of the members as a whole, and not the LLP.

The distribution of the consolidated result to the members is subject to the approval of EY Europe LLP. Because of the timing difference of the approval the result of the financial year is recognised as part of equity. Distribution of profits is prohibited in the situation that the Board has made use of its discretionary powers and has decided to defer the payment of interest allowance of Members' Capital and/or the repayment of Members' Capital to (retired) members.

Drawing rights were settled in financial years 2006/2007 and 2008/2009. EYNL and its predecessors facilitated the settlement by making payments on behalf of the members and obtaining the necessary financing. Each year, in accordance with a fixed schedule (in fixed amounts during a remaining period of 16.5 years), part of the consolidated profit available to members will not be distributed, but will be set off against the settled drawing rights in retained earnings.

Amounts paid to members in advance of profit distribution are recoverable from these members and recognised as a financial asset. Profit distributions to members are recognised as a deduction from equity when payment is no longer discretionary.

Work performed by members is not remunerated separately. The income statement does not recognise notional remuneration for members as such remuneration cannot be regarded as determining the profit.

Property, plant and equipment

Capital expenditure in rented properties

Capital expenditure in rented properties is stated at cost less accumulated depreciation and/or any accumulated impairment losses.
The present value of the expected dilapidation cost at the end of the lease is included in the cost of the asset if the recognition criteria for a provision are met. It is depreciated over the remaining terms of the leases.
See Note 18 "provisions" for the method for calculating the dilapidations costs provision.

Cars, fixtures and fittings, computers etc.

Cars, fixtures and fittings, computers etc. are stated at cost less accumulated depreciation and/or any accumulated impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful economic life of the asset:

‣ Capital expenditure in rented properties	Lease term, usually 10 years
‣ Cars (average lease term)	2011: 4.7 years; 2010: 4.7 years
‣ Fixtures and fittings, computers etc.	5 to 7 years

Depreciation is charged proportionately on additions during the year.

Contracts are reviewed for possible renewal options when determining the lease term for the capital expenditure in rented properties. The depreciation period for cars is the term of the financial lease.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Impairment

The carrying value of all property, plant and equipment is tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

Financial lease

Financial leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to EYNL, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Assets leased through financial leases are depreciated over the useful life of the asset. However, if there is no reasonable certainty that EYNL will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease

All other lease contracts are considered to be operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Increases in annual rentals following rent reviews are recognised over the remaining lease term from the time they take effect. Lease incentives are recognised as a reduction of rental expenses over the contracted lease term.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is based on the estimated useful economic life of the asset and charged using the straight-line method:

▸ Software	3 years

Intangible assets are tested for impairment whenever there is an indication that they may be impaired.

The amortisation period and method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the income statement in a separate line item.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Investment in joint venture

EYNL has an interest in a joint venture which is a jointly-controlled entity, whereby the venturers have a contractual agreement that establishes joint control over the economic activities of the entity. EYNL recognises its interest in the joint venture using the equity method, under which the investment in the joint venture is carried in the statement of financial position at cost plus post-acquisition changes in EYNL's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of comprehensive income reflects the share of the results of operations of the joint venture in a separate line item.

The financial statements of the joint venture are prepared for the same reporting period as EYNL. Adjustments are made where necessary to bring the accounting policies in line with those of EYNL.

After application of the equity method, EYNL determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. EYNL determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case EYNL calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the income statement.

Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as loans and receivables or available-for-sale financial assets. The classification of the financial assets is determined at initial recognition.

Financial assets are recognised initially at fair value plus directly attributable transaction costs in the case of loans and receivables.

The financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and unquoted financial instruments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

1) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment.

Receivables are generally carried at the original invoiced amount, less an allowance for doubtful receivables where there is objective evidence that balances will not be recovered in full.
Unbilled receivables are for services provided but not yet billed. If the result of a transaction relating to a service can be estimated reliably, the unbilled receivables for that service are measured by reference to the stage of completion based on the estimated proceeds. Any amounts billed in advance are deducted from unbilled receivables.

Gains and losses are recognised in the consolidated statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2) Available-for-sale assets
Participating interests in companies over which no significant influence is exercised over financial and operating policies are measured at fair value or, if that cannot be established reliably, at cost, taking into account impairment. Unrealised gains and loses are recognised through equity, until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of comprehensive income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of comprehensive income.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired; or
- EYNL has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) EYNL has transferred substantially all the risks and rewards of the asset, or (b) EYNL has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When EYNL has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of EYNL’s continuing involvement in the asset.

Impairment of financial assets

EYNL assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The classification of the financial liabilities is determined at initial recognition.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs in the case of loans and borrowings.

The financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

After initial recognition, all interest-bearing and non-interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Members' Capital

In the period before 30 June 2011 members had unconditional rights to annual interest allowances and to repayment when membership ceased, resulting in classification as a financial liability. Due to amended contractual terms per 30 June 2011 classification changed into Equity instruments. Reference is made to Note 1.6.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid prices for long positions and ask prices for short positions) at the reporting date.

For financial instruments not traded in an active market, fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the respective assets. Due to the absence of qualifying assets the impact is nil. All other borrowing costs are expensed in the period they occur.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of one to three months.

Provisions

Provisions are recognised when EYNL 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 expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Professional indemnity

In determining the amount of provision to be recognised in respect of alleged professional negligence claims, it is necessary to make a judgement as to whether EYNL has a present obligation as a result of a past event that gives rise to probable payments and, if so, whether the obligation can be reliably estimated. Where appropriate, provision is made based on the estimated cost to EYNL of defending and settling claims. These judgments and estimates are made on a claim by claim basis and take account of all available evidence. A different assessment could result in a change to the amount of provision recognised.

Obligation for members' drawing rights

During 2008/2009, the drawing rights of certain active members were set at fixed amounts and became an obligation of EYNL, payable upon their retirement date. In specific circumstances, mainly when the member leaves before the normal retirement date, no payment is due.

The obligation is recognised at the best estimate of the expected payments upon retirement of the respective partners, using actuarial assumptions and discounted at a current pre-tax rate. This estimate will be revised annually.

Dilapidations provision

The provision for dilapidations relates to the leases of offices. Dilapidations costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the dilapidations obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of comprehensive income as a finance cost. The estimated future costs of dilapidations are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for employee benefits

Pensions

EYNL has a defined contribution pension plan which is administered by a pension fund; the pension fund has reinsured its obligations and actuarial risks through an insurance company. EYNL is only required to pay the agreed contributions, which are fixed for a period of 3 years, to the pension fund. After payment of this contribution EYNL does not have any further obligation to the fund or its employees in this respect. EYNL cannot be held liable for any losses suffered by the pension fund, even if the pension fund is discontinued. The premium paid does not contain any elements relating to past services. EYNL is not entitled to any refund. The contributions due to the pension fund are taken to the income statement. Contributions payable and prepaid contributions are included under current liabilities and current assets respectively.

There is an obligation to index the paid-up entitlements of a limited, specific and closed group of former employees. This obligation is classified as a defined benefit plan. The plan is unfunded. Measurement is on the projected unit credit method using a discount rate derived from the interest rate on high quality corporate bonds. Actuarial gains and losses are recognised immediately through profit or loss.

Salary payments during absence and long-service awards

The salary payments during absence consist of supplementary disability benefits under the Work and Income Act (WIA) and a provision which is formed for future payments in the event of termination of contracts of employment. Furthermore a provision for long-service awards is made. The plans are unfunded.
Measurement for disability benefits is computed actuarially using factors for outflow, mortality and disability, and for long-service awards on probability rates, mortality rates and future salary increases. Actuarial gains and losses are recognised immediately through profit or loss.
These provisions are discounted using a rate derived from the interest rate on high quality corporate bonds.

Annuities retired members

Annuities liabilities regarding retired members are computed actuarially using a discount rate derived from the interest rate on high quality corporate bonds. Annuities are paid until the death of the person on whom the annuity is established.

Equity

Members' Capital

After the amendments of the contractual conditions with respect to the funds provided by members the Board reassessed the classification to be Equity instruments as per 30 June 2011. Reference is made to Note 1.6.

Retained earnings

From 2008/2009, the distribution of the consolidated result for the financial year is made following the approval of EY Europe and after the financial statements are signed on behalf of the members by the Designated members. Therefore the consolidated result for the financial year is recognised as part of equity.

Distribution of profits is prohibited in the situation that the Board has made use of its discretionary powers and has decided to defer the payment of interest allowance of Members' Capital and/or the repayment of Members' Capital to (retired) members.

Amounts paid to members in advance of profit distribution are recoverable from these members and recognised as a financial asset. Profit distributions to members are recognised as a deduction from equity when payment is no longer discretionary.

Drawing rights were settled in financial years 2006/2007 and 2008/2009. EYNL and its predecessors facilitated this by making the payment on behalf of the members and obtaining the necessary financing. The settlement was charged against equity (retained earnings) as it related to the settlement of an obligation of the members and not a obligation of EYNL.

Part of the withdrawn drawing rights will be funded each year by the then profit-sharing members. Each year, in accordance with a fixed schedule, part of the profit available to members will not be distributed, but set off against the settled drawing rights in equity (retained earnings).

The drawing rights of current members have also been set at fixed amounts and became an obligation of EYNL, payable upon their retirement date.

Cash flow statement

The cash flow statement has been prepared using the indirect method.

Movements in Members' Capital, other Loans and borrowings from members and the Current accounts with current and retired members are presented as a single net amount.

Combined transactions are not recognised on the basis of their individual components: e.g. assets acquired through a financial lease are not recognised in the net cash flow used in investing activities or the net cash flow used in financing activities but rather only the actual payment of the financial lease obligations is included in the net cash flow used in financing activities; the interest element is recognised as part of overall interest in the financing cash flow. Additions to Property, plant and equipment of € 13.7 million (2009/2010: € 8.7 million) have been recognised as capital expenditure but financed through a financial lease.

Transactions denominated in foreign currencies are recognised at the exchange rate ruling on the transaction date.

Doxis B.V. was sold on 16 February 2010. The proceeds of this transaction in 2009/2010 amounts to € 0.5 million.

During 2008/2009, the drawing rights of current members were settled at fixed amounts and became an obligation, payable upon their retirement date. During 2010/2011 an amount of € 9.4 million was paid to retiring members (2009/2010: € 8.2 million).

3 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the EYNL's financial statements are listed below:

- IFRS 1 First-time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, effective 1 July 2011
- IFRS 7 Financial Instruments: Disclosures (Amendment), effective 1 July 2011
- FRS 9 Financial Instruments - Classification and Measurement, effective 1 January 2013
- IAS 12 Income Taxes (Amended) – Deferred taxes: Recovery of Underlying Assets, effective 1 January 2012
- IAS 24 Related Party Disclosures (Revised), effective 1 January 2011
- IFRIC 14 Prepayments of a Minimum Funding Requirement, effective 1 January 2011
- Improvements to IFRSs (Issued May 2010), effective 1 January 2011

EYNL anticipates that these changes will have no material effect on the financial statements, except for:

IFRS 9 Financial Instruments
The IASB has published phase 1 of IFRS 9 Financial Instruments, the accounting standard that will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. Phase 1 establishes a new classification and measurement framework for financial assets. At initial recognition, all financial assets are measured at fair value. For subsequent measurement, financial assets that are debt instruments are classified at amortised cost or fair value through profit and loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. All other debt instruments are subsequently measured at fair value through profit and loss. All financial assets that are equity investments are measured at fair value either through profit or loss or other comprehensive income.

EYNL does not expect to adopt this standard before 1 January 2013. EYNL has studied the standard and is currently assessing its impact.

IAS 24 Related Party Disclosures (Revised)
The IASB has revised IAS 24 in response to concerns that the previous disclosure requirements and the definition of a 'related party' were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns by providing a partial exemption for government-related entities and a revised definition of a related party.

EYNL has studied the standard and is currently assessing its impact, which will be limited to disclosures only.

Improvements to IFRSs (Issued May 2010)
In May 2010, the IASB issued a third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard:

- IFRS 1 First-Time Adoption of IFRS
  - Accounting policy changes in the year of adoption
  - Revaluation basis as deemed cost
  - Use of deemed cost for operations subject to rate regulation
- IFRS 7 Financial Instruments: Disclosures
  - Clarifications of disclosures
- IAS 1 Presentation of Financial Statements
  - Clarification of statement of changes in equity
- IAS 34 Interim Financial Reporting
  - Significant events and transactions
- IFRIC 13 Customer Loyalty Programmes
  - Fair value of award credit

EYNL is currently studying the improvements and assessing their impact.

4 Significant accounting judgements, estimates and assumptions

The preparation of EYNL's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying EYNL's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Drawing rights

Drawing rights were settled/redeemed in financial years 2006/2007 and 2008/2009 and EYNL and his predecessors facilitated this by making the payment on behalf of the members and obtaining the necessary financing.
To finance the settlement of drawing rights in 2008/2009 EY Global Services Limited, on behalf of EY Europe, committed (interest-free) loans in total of € 98.9 million and an equity contribution of € 74.1 million.
The loans are measured on receipt at fair value of the future consideration using a discount rate of 5%. The settlement/redemption was charged against equity as it related to the settlement of a liability of the members and not a liability of EYNL.

Financial and operating leases

EYNL runs all significant risks and enjoys all the significant rewards inherent in the ownership of the cars and so they are recognised as being a financial lease.

The management has established from an evaluation of the terms and conditions for the arrangements, that not all the significant risks and rewards of ownership of personal computers are transferred to EYNL. Consequently, the personal computers are recognised as being an operating lease.

Pension plan

The contractual arrangements in the pension rules, the agreements with the pension fund, transparent communication on employees' entitlements and the insurance contract with leading professional insurance companies are of such a nature that from EYNL's position there is a plan under which all actuarial risks and rewards are placed outside EYNL after payment of the fixed annual premium. Based thereon it has been concluded that the pension plan qualifies as a defined contribution plan.
The obligation to index certain paid-up entitlements qualifies as a defined benefit plan, but because it is a limited, specific and closed group of former employees it is regarded as a separate plan and does not impact the classification of the general pension plan.

Members' capital / Equity

After the amendments of the contractual conditions with respect to the funds provided by members the Board reassessed the classification to be Equity instruments as per 30 June 2011. Reference is made to Note 1.6.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.
EYNL based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue measurement

Estimates of the fair value of the services rendered have to be made to determine revenue. The estimates are made using a method based on a primary estimate by the member with final responsibility plus a review procedure. Revenue is determined taking into account the progress of the work. Where applicable, the variations in the contracted work are also taken into account.

Property, plant and equipment

Expenditure on property, plant and equipment is allocated according to estimates of the expected useful life of the asset and any residual value. In the case of capital expenditure in rented properties, there is also a review of whether options to renew the lease will be exercised. Part of the amount capitalised is the estimated expenditure required at the end of the lease for returning the leased premises to their original state. Further details on Property, plant and equipment are disclosed in Note 9.

Measurement of trade receivables

Trade receivables are measured on the basis of individual reviews and a collective review. Any impairment of outstanding receivables (including unbilled amounts) is assessed on the basis of objective evidence regarding the recoverability at the reporting date. Information becoming available after the reporting date that evidences that a loss already existed at the reporting date is taken into account as well. Further details on trade receivables are disclosed in Note 13.

Interest-bearing loans and borrowings – Drawing rights

The loans are measured on receipt at fair value of the future consideration using a discount rate of 5%.

Provision for professional indemnity

An estimate is made of future cash outflows and of the time they are expected to arise when determining this provision. Further details are disclosed in Note 18.

Employee benefits

Bonuses and payments to employees are set up annually based on budgeted assumptions. During the year and per year end, the amounts of these bonuses and payments to employees are assessed whether they are still applicable regarding the business circumstances. Further details are disclosed in Note 19.

5 Revenue

EYNL is not required to disclose segment information.

5.1 RENDERING OF SERVICES[5]

Fee income from rendering services is generated almost entirely in the Netherlands and can be broken down by Service Line as follows:

	2010/2011	2009/2010
	€000	€000
Assurance services	293,078	308,798
Tax services	197,629	197,923
Advisory services	75,336	87,885
Transaction Advisory Services	33,399	29,475
	599,442	**624,081**

5.2 OTHER INCOME[5]

Other income was as follows:

	2010/2011	2009/2010
	€000	€000
Services to other entities within the Ernst & Young network	16,476	14,343
Share of Holland Van Gijzen's result	2,752	1,032
	19,228	**15,375**

5) *For reclassifications in 2009/2010 see note 2.2 Basis of preparation.*

6 Operating expenses

6.1 SERVICES PROVIDED BY FOREIGN ERNST & YOUNG ORGANISATIONS AND THIRD PARTIES[6]

These are services and expenses attributable directly to assignments.

6.2 EMPLOYEE BENEFITS EXPENSES

The breakdown is as follows:

	2010/2011	2009/2010
	€000	€000
Salaries and bonuses	176,434	179,276
Social security charges	22,734	22,904
Pension contribution	20,947	22,637
	220,115	**224,817**

Salaries and bonuses include vacation allowance.

The average number of staff (excluding members) during the year was:

	2010/2011	2009/2010
	FTE	FTE
Client serving staff	2,522	2,551
Support staff	822	921
	3,344	**3,472**

6) *For reclassifications in 2009/2010 see note 2.2 Basis of preparation.*

6.3 OTHER OPERATING EXPENSES[7]

	2010/2011	2009/2010
	€000	€000
Premises	29,981	29,479
Other staff expenses	22,944	24,434
Travel expenses	20,356	20,584
Office expenses	17,449	15,157
IT expenses	18,059	20,328
International EY charges	35,633	34,127
Net foreign exchange gains and losses	958	-225
Other expenses	26,263	26,858
	171,643	**170,742**

IT expenses includes lease payments recognised as operating lease expense 2010/2011: € 1,260,000 (2009/2010: € 1,562,000).

Auditors' remuneration of € 215,000 (2009/2010: € 220,000) is included in Other expenses. Of these amounts, € 169,000 (2009/2010: € 185,000) was charged in respect of the partnership and the consolidated financial statements, € 46,000 (2009/2010: € 30,000) was in respect of subsidiary entities' financial statements and an amount of nil (2009/2010: € 5,000) for miscellaneous audit services.

7) For reclassifications in 2009/2010 see note 2.2 Basis of preparation.

7 Finance income and expenses

7.1 FINANCE INCOME

	2010/2011	2009/2010
	€000	€000
Interest on bank balances and deposits	520	580
Interest income on loans and receivables	132	190
Proceeds from 'available for sale' investments	-	83
	652	**853**

7.2 FINANCE EXPENSES

	notes	2010/2011	2009/2010
		€000	€000
Interest on members' capital		5,482	5,964
Interest on loans granted by current and retired members		2,249	2,584
Interest on current and retired members' current account balances		1,930	761
Total interest to current and retired members		9,661	9,309
Finance charges payable under financial leases		2,009	2,002
Interest on bank loans and borrowings (including amortised cost of loans and borrowings)		4,025	3,386
Unwinding of discount on provisions and loans	17,18,19	3,973	4,164
Other interest and similar expense		195	242
		19,863	**19,103**

The Interest on members' capital for the 2010/2011 financial year relate to the interest allowance for the period until 30 June 2011. Following the amendments to the contractual terms as per 30 June 2011, from this date the (interest) allowance granted to members is no longer part of the financial expenses but part of the total result (available for distribution among members). Reference is made to Note 1.6.

8 Income tax expenses

	2010/2011	2009/2010
	€000	€000
Income tax: current financial year	148	320
Income tax: previous financial year	235	25
	383	**345**

These tax charges relate exclusively to autonomous taxpaying subsidiaries. Tax on the remainder of the result for the financial year is borne by the members. As this also applies to differences in measurement for tax purposes and financial reporting purposes, EYNL has no deferred tax assets or liabilities.

There are no direct equity movements on which current or deferred tax is computed.

There are no recognised or unrecognised losses available for relief.

The tax reconciliation in respect of group profits is as follows:

	2010/2011	2009/2010
	€000	€000
Profit before tax	123,266	136,475
Tax at 25.5% (2009/2010: 25.5%)	31,433	34,801
Tax on partnership profits borne personally by the members	-31,383	-34,670
Taxes payable by USA tax desk (current year)	98	189
Taxes payable by USA tax desk (previous year)	235	25
Taxes payable by subsidiaries	**383**	**345**

9 Property, plant & equipment

The movements were as follows:

	Capital expenditure in rented properties	Cars	Fixtures and fittings, computers, software	Total
	€000	€000	€000	€000
At 1 July 2009	**36,646**	**34,220**	**15,392**	**86,258**
Additions	3,184	8,690	5,872	17,746
Disposals	-368	-3,830	-2,157	-6,355
Sale subsidiaries	-	-447	-195	-642
Depreciation	-5,585	-8,018	-4,129	-17,732
At 30 June 2010	**33,877**	**30,615**	**14,783**	**79,275**
Additions	1,330	13,682	649	15,661
Disposals	-12	-4,967	-10	-4,989
Depreciation	-5,229	-7,521	-4,266	-17,016
At 30 June 2011	**29,966**	**31,809**	**11,156**	**72,931**
Cost	64,139	50,378	51,114	165,631
Accumulated depreciation	-30,262	-19,763	-36,331	-86,356
At 30 June 2010	**33,877**	**30,615**	**14,783**	**79,275**
Cost	64,961	50,023	47,923	162,907
Accumulated depreciation	-34,995	-18,214	-36,767	-89,976
At 30 June 2011	**29,966**	**31,809**	**11,156**	**72,931**

Contractual obligations for purchasing property, plant and equipment were negligible at 30 June 2011 and 30 June 2010.

EYNL is the beneficial owner but not the legal owner of the cars. All other property, plant and equipment is at the free disposal of the LLP (i.e. it has not been granted as security).

10 Intangible assets

	Software
	€000
At 1 July 2009	347
Additions	15
Amortisation	-156
At 30 June 2010	**206**
Additions	-
Amortisation	-140
At 30 June 2011	**66**
Cost	722
Accumulated amortisation	-516
At 30 June 2010	**206**
Cost	722
Accumulated amortisation	-656
At 30 June 2011	**66**

11 Investment in joint venture

EYNL has a 50% interest in CE IT Services GmbH, a jointly controlled entity which is involved in providing IT services to the member firms of EY Global.

The share of the assets, liabilities, income and expenses of the jointly controlled entity at 30 June 2011 and 30 June 2010 and for the years then ended are as follows:

	30 June 2011	30 June 2010
	€000	€000
Current assets	2,489	2,139
Non-current assets	2,507	3,155
	4,996	5,294
Current liabilities	-4,931	-5,125
Non-current liabilities	-53	-152
Share of net assets	**12**	**17**
Revenue	4,443	5,043
Profit for the year after tax	155	155
Adjustment to result of previous years (based on final figures)	13	68
Share of profit from joint venture	**168**	**223**

EYNL's share in the contingent liabilities of the joint venture is negligible.

12 Other current and non-current financial assets

	Effective interest rate	Maturity (financial year)	30 June 2011	30 June 2010
	%		€000	€000
Non-current				
Available-for-sale investment – unquoted equity shares	n.a.	n.a.	1,304	1,304
Loan granted to joint venture	6.0%	n.a.	-	1,800
Loans granted to current members	6.4%	2013-2014	126	119
Loans granted to employees	n.a.	2013	29	150
			1,459	**3,373**
Current				
Loan granted to joint venture	6.0%	2012	800	-
Loans granted to current members	6.4%	2012	248	349
Loans granted to employees	n.a.	2012	53	74
			1,101	**423**

Available-for-sale investment – unquoted equity shares

EYNL holds minority interests in Ernst & Young Real Estate GmbH (7.00%), EYGI B.V. (5.86%) and EY Holdings Ltd (19.68%). The fair value of the investments in equity instruments cannot be estimated reliably and so they are measured at cost.

Loan granted to joint venture

The lender has the right to terminate all or part of the loan agreement at the end of each calendar month, subject to a notice period of four weeks.
The loan was fully repaid on 24 August 2011.

13 Trade and other receivables (current)

	30 June 2011	30 June 2010
	€000	€000
Unbilled receivables	97,466	83,090
Trade receivables	95,147	90,535
Receivables from related parties	12,996	2,298
Other receivables	23,626	22,483
	229,235	**198,406**

13.1 UNBILLED RECEIVABLES

If the amount received in advance exceeds the balance of unbilled receivables, the net amount is recognised as liability.

Unbilled receivables are pledged to Stichting Confidentia 2004 as security for the loans granted by current and retired members.

13.2 TRADE RECEIVABLES

Trade receivables are contractually due within 14 days.

Trade receivables are pledged to Stichting Confidentia 2004 as security for the loans granted by current and retired members.
The trade receivables are shown net of impairment. The total amount of impairment per 30 June 2011 for these receivables is € 3.3 million (30 June 2010: € 3.3 million). The movement in the provision for impairment was as follows:

	Individually impaired	Collectively impaired	Total
	€000	€000	€000
At 1 July 2009	-764	-6,870	-7,634
Charge for the year	-1,283	4,210	2,927
Release of unused amounts	764	-	764
Written off	-	615	615
At 30 June 2010	**-1,283**	**-2,045**	**-3,328**
Charge for the year	-973	-604	-1,577
Release of unused amounts	1,283	-	1,283
Written off	-	336	336
At 30 June 2011	**-973**	**-2,313**	**-3,286**

The ageing of trade receivables at 30 June was as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30-90 days	90-180 days	180-365 days	>365 days
	€000	€000	€000	€000	€000	€000	€000
30 June 2011	95,147	39,455	31,204	17,528	3,722	2,329	909
30 June 2010	90,535	35,556	33,740	14,434	4,239	1,738	828

13.3 RECEIVABLES FROM RELATED PARTIES

The receivables from related parties are shown net of impairment. The total amount of impairment per 30 June 2011 for these receivables is nil (30 June 2010: nil). The movement in the provision for impairment was as follows:

	Collectively impaired
	€000
At 1 July 2009	-87
Charge for the year	-
Release of unused amounts	87
Written off	-
At 30 June 2010	**-**
Charge for the year	-
Release of unused amounts	-
Written off	-
At 30 June 2011	**-**

The ageing of related party receivables at 30 June was as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30-90 days	90-180 days	180-365 days	>365 days
	€000	€000	€000	€000	€000	€000	€000
30 June 2011	12,996	11,672	-99	184	1,071	93	75
30 June 2010	2,298	1,828	-31	374	32	30	65

13.4 OTHER RECEIVABLES

Other receivables are shown net of impairment. The total amount of impairment per 30 June 2011 for these receivables is € 0.1 million (30 June 2010: € 1.3 million). The movement in the provision for impairment was as follows:

	Collectively impaired
	€000
At 1 July 2009	-1,574
Charge for the year	-
Release of unused amounts	296
Written off	-
At 30 June 2010	**-1,278**
Charge for the year	-149
Release of unused amounts	102
Written off	1,176
At 30 June 2011	**-149**

The ageing of Other receivables at 30 June was as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30-90 days	90-180 days	180-365 days	>365 days
	€000	€000	€000	€000	€000	€000	€000
30 June 2011	23,626	20,584	33	383	919	345	1,362
30 June 2010	22,483	15,216	3,285	1,052	1,113	318	1,499

14 Prepayments

	30 June 2011	30 June 2010
	€000	€000
Profit-share advances paid to current members	60,175	61,618
Prepaid professional indemnity insurance premium	11,883	11,949
Prepaid pension contributions	10,808	10,218
Prepaid rent	6,280	6,079
Prepaid EY International charges	5,039	5,519
Other prepayments	6,776	1,281
	100,961	**96,664**

15 Cash and short-term deposits

	30 June 2011	30 June 2010
	€000	€000
Cash at banks and in hand	43,390	59,365
Short-term deposits	20,487	20,178
	63,877	**79,543**

Cash at banks earns interest at floating rates based on daily bank deposit rates (varying between 0.71% and 0.98% at 30 June 2011 and between 0.104% and 0.178% at 30 June 2010).
Short-term deposit regards Letter of Credit facilities of US$ 25.5 million. Reference is made to Note 25.

16 Trade and other payables

	30 June 2011	30 June 2010
	€000	€000
Amounts due to current and retired members	60,711	37,855
Trade payables	18,663	4,157
Taxes and social security	27,636	29,061
Related party payables	1,996	6,658
Amounts received in advance from clients	51,474	45,666
Other payables	28,204	16,940
	188,684	**140,337**

Trade payables are normally settled on 30 day terms.

Amounts due to current and retired members are current account balances. Amounts drawn by current members as advances on the profit share are presented as Prepayments.

17 Interest-bearing loans and borrowings

	Notes	Effective interest rate	Maturity (financial year)	30 June 2011	30 June 2010
		%		€000	€000
Current					
Loans granted by current and retired members				-	14,265
Bank loan to finance settlement of drawing rights		4.5%	2012	48,750	10,000
Private loan to finance settlement of drawing rights		5.0%	2012	7,420	7,143
Car lease obligations	25	4.0%	2012	9,584	10,521
				65,754	**41,929**
Non-current					
Loan granted by current and retired members		4.8%	2013-2016	32,745	33,325
Bank loan to finance settlement of drawing rights		4.5%	2013	8,750	57,500
Private loan to finance settlement of drawing rights		5.0%	Up to 2049	44,347	49,083
Car lease obligations	25	4.0%	2016	22,224	20,093
				108,066	**160,001**

Loans granted by current and retired members

These loans are held by Stichting Confidentia 2004 on behalf of the current and retired members. This foundation holds pledges on the unbilled receivables and receivables from clients. In the event of the death of a current or former member, his/her professional corporation can demand early repayment of the amount of the loan outstanding at that time. The loans are not subordinated.

The loans are repayable according to the following schedule:

	Rate	In €000
On 31 December 2012	5.0%	11,445
On 31 March 2014	4.25%	11,265
On 31 May 2015	5.25%	10,035

Bank loan to finance settlement of drawing rights

This loan was obtained from Van Lanschot to finance the partial settlement of drawing rights of retired members in 2006/2007. The original term of the loan was ten years. The loan is being repaid in quarterly instalments of €2.5 million and runs to 31 March 2017. It is possible to repay an additional 10% of the principal sum each year without penalty. The interest on the loan is 4.5% per year. It was decided that the repayment of the the loan will be accelerated.

Private loan to finance settlement of drawing rights

EY Global Services on behalf of EY Europe has committed a total of € 98.9 million in loans to finance the settlement of drawing rights in 2008/2009 and € 49.5 million of this amount was received on 1 July 2009. The remaining € 49.4 million was received on 31 December 2009.
The loans are interest-free and are measured on receipt at the fair value of the future consideration using a discount rate of 5%. For the financial year 2010/2011 unwinding of discount amounts to € 3.0 million (2009/2010 € 2.2 million).

An amount of € 7.4 million was repaid in June 2011.
€ 52.0 million of the loans will be repaid over 5 years with the final instalment in 2015; € 44.6 million is repayable in the 2 to 5 year interval and € 7.4 million within one year.
The amortised cost of the loan with a face value of € 39.5 million will be assessed annually from current information on future cash flows (and, if necessary, revising the amortised cost).
The difference (€ 44.9 million) between the amounts received and the fair value at the time of receipt is recognised as a contribution to the withdrawals paid (net amount recognised in Equity, see Note 21).

Lease obligations for cars

This is the obligation under a financial lease contract for cars.

18 Provisions

	Professional indemnity	Premises	Revitalising	Drawing rights of current members	Other	Total
	€000	€000	€000	€000	€000	€000
At 30 June 2009	10,368	3,271	3,458	33,802	130	51,029
Additions	4,673	1,820	-	1,500	-	7,993
Expenditure charged to provisions	-2,602	-747	-	-8,153	-	-11,502
Amounts released	-2,835	-240	-3,458	-	-130	-6,663
Unwinding of discount	-	95	-	1,690	-	1,785
At 30 June 2010	**9,604**	**4,199**	**-**	**28,839**	**-**	**42,642**
Additions	-	742	-	69	-	811
Expenditure charged to provisions	-435	-159	-	-9,381	-	-9,975
Amounts released	-5,441	-1,350	-	-478	-	-7,269
Unwinding of discount	-	116	-	713	-	829
At 30 June 2011	**3,728**	**3,548**	**-**	**19,762**	**-**	**27,038**
At 30 June 2010:						
with a term < 1 year	3,119	1,535	-	5,823	-	10,477
with a term > 1 year	6,485	2,664	-	23,016	-	32,165
	9,604	**4,199**	**-**	**28,839**	**-**	**42,642**
At 30 June 2011:						
with a term < 1 year	2,163	1,052	-	3,661	-	6,876
with a term > 1 year	1,565	2,496	-	16,101	-	20,162
	3,728	**3,548**	**-**	**19,762**	**-**	**27,038**

Professional indemnity

Professional indemnity claims, other than the policy excess, are insured under the Ernst & Young International insurance programme. The professional indemnity provision serves to cover current exposures, with a maximum per event of the uninsured policy excess. Based on the best estimate of timing the cash outflow is not discounted.

In the normal course of business, EYNL may receive claims for alleged negligence. Substantial insurance cover is carried in respect of professional negligence. Cover is principally written through captive insurance companies involving other Ernst & Young firms and a significant proportion of the total cover is reinsured through the commercial market. Cases are usually resolved within three years, although claims that involve court action can take longer. It is not practicable to estimate the financial effect of contingent liabilities arising from these claims.

Premises

A provision has been formed for the rent due for the remaining term of the leases of offices, or parts of them, rented by EYNL but which are unoccupied. This provision also relates to the expected cost of returning rented offices to their original condition when they are vacated.
The provisions for vacant office buildings and dilapidations costs are calculated at present value using a discount rate of 4.0% (30 June 2010: 4.0%).

Revitalising

In 2006/2007, it was decided to dispose certain less profitable activities as part of a comprehensive revitalisation of certain business units. At 30 June 2010 this disposal process has been completed.

Drawing rights of current members

During 2008/2009, the drawing rights of current members were set at fixed amounts and became an obligation of EYNL, payable upon their retirement date.

The obligation is recognised at the best estimate of the expected payments upon retirement of the respective partners, using actuarial assumptions and discounted at a pre-tax rate of 5.0% (30 June 2010: 5.0%).

Other

The other provisions relate mainly to a provision for onerous contracts. There has been no discounting as the effect of this is regarded as minor.

19 Employee benefits

	30 June 2011	30 June 2010
	€000	€000
Current liabilities		
Payments to staff	29,617	28,184
Salary payments during absence	2,838	1,972
Provision for long-service awards	399	503
Annuities retired members	53	70
	32,907	**30,729**
Non-current liabilities		
Defined benefit pension plan	1,966	1,767
Salary payments during absence	1,188	526
Provision for long-service awards	1,849	1,332
Annuities retired members	177	210
	5,180	**3,835**

19.1 DEFINED CONTRIBUTION PENSION PLAN

EYNL has a defined contribution pension plan which is administered by a pension fund; the pension fund has reinsured its obligations and actuarial risks through an insurance company. EYNL is only required to pay the agreed contributions, a premium fixed for a period of 3 years, to the pension fund. After payment of this premium EYNL does not have any further obligation to the fund or its employees in this respect. EYNL cannot be held liable for any losses suffered by the pension fund, even if the pension fund is discontinued. The premium paid does not contain any elements relating to past services. EYNL is not entitled to any refund. The contributions due to the pension fund are taken to the income statement. Contributions payable and prepaid contributions are included under current liabilities and current assets respectively.

The total amount of the defined contribution plan charged through profit and loss during the financial year was € 20.9 million (2009/2010: € 22.6 million).

19.2 INDEXATION OBLIGATION

There is an obligation to index the paid-up entitlements of a limited, specific and closed group of former employees. This obligation is classified as a defined benefit plan. The plan is unfunded. Measurement is on the projected unit credit method using a discount rate derived from the interest rate on high quality corporate bonds. Actuarial gains and losses are recognised immediately through profit or loss.

The tables below summarise the components of the amounts recognised in the statement of financial position for the plan:

Defined Benefit Obligation	**30 June 2011**	**30 June 2010**
	€000	€000
At 1 July	1,767	1,751
Interest cost	88	88
Current service cost	-	-
Benefits paid	-	-
Actuarial losses/(gains) on obligation	111	-72
At 30 June	**1,966**	**1,767**
With a term < 1 year	-	-
With a term > 1 year	1,966	1,767
	1,966	**1,767**

The principal assumptions used are:

	30 June 2011	**30 June 2010**
	%	%
Discount rate	4.7	5.0
General salary increase	0.0	0.0
Inflation	2.0	2.0
Mortality rates	Dutch AG Prognosetafels 2010-2060	Dutch AG Prognosetafels 2005-2050

The total amount of defined benefit obligation charged through profit and loss during the financial year was € 0.2 millon (2009/2010: nil).

19.3 SALARY PAYMENTS DURING ABSENCE

This provision relates to salary to be paid in the event of termination of contracts of employment and supplementary disability benefits under the Work and Income Act (WIA).

The movements in the provision were as follows:

	30 June 2011	30 June 2010
	€000	€000
At 1 July	2,498	2,062
Additions	9,016	1,633
Withdrawals	-4,275	-713
Released	-3,313	-567
Unwinding of discount	100	83
At 30 June	**4,026**	**2,498**
With a term < 1 year	2,838	1,972
With a term > 1 year	1,188	526
	4,026	**2,498**

The principal assumptions used are:

	30 June 2011	30 June 2010
	%	%
Discount rate	4.0	4.0
Probability rate	Kazo 2000	Kazo 2000
Mortality rates	Dutch AG Prognosetafels 2010-2060	G.B.M./ V. 1995-2000

19.4 PROVISION FOR LONG-SERVICE AWARDS

The provision for long-service awards relates to costs attributable to future long-service payments relating to past years of employment, taking into account the probability of staff leaving and death.

	30 June 2011	30 June 2010
	€000	€000
At 1 July	1,835	1,948
Additions	937	287
Withdrawals	-597	-474
Released	-	-4
Unwinding of discount	73	78
At 30 June	**2,248**	**1,835**
With a term < 1 year	399	503
With a term > 1 year	1,849	1,332
	2,248	**1,835**

The principal assumptions used are:

	30 June 2011	30 June 2010
	%	%
Discount rate	4.0	4.0
Factor for outflow, decease and disability	20.1	19.8
Future salary increase	2.9	0.0

20 Members' capital

In the period before 30 June 2011 members had unconditional rights to annual interest allowances and to repayment when membership ceased, resulting in classification as a financial liability. Due to amended contractual terms per 30 June 2011 classification changed into Equity instruments. Reference is made to Note 1.6.

	30 June 2011	30 June 2010
	€000	€000
Contractual capital contribution by members	**75,036**	**74,007**

The movements were as follows:

	30 June 2011	30 June 2010
	€000	€000
At 1 July	74,007	73,975
Contributions	4,392	6,367
Repayment on retirement	-3,363	-6,335
At 30 June	**75,036**	**74,007**

The number of members and the capital contribution for each LLP and/or partnership is as follows:

	30 June 2011		30 June 2010	
	Number of members	Capital contribution (in € million)	Number of members	Capital contribution (in € million)
EYA	140	48.5	142	48.8
EYB	74	26.5	76	25.2
EYNL	214	75.0	218	74.0
Members retired in financial year	17		18	
Number of profit-sharing partners	**231**		**236**	

Each member is required to make a capital contribution according to a capital-contribution method that is equal for all members. Interest is paid on the capital contribution at 7.25% in 2010/2011 (2009/2010: 7.75%). Reference is made to Note 1.6.

21 Reserves

21.1 RESULT FOR THE FINANCIAL YEAR

The consolidated result for the financial year and any distribution thereof is made following the approval of EY Europe.

21.2 RETAINED EARNINGS

This reserve relates to the settlement of drawing rights in financial years 2006/2007 and 2008/2009 to former members and partners and which will be settled in annual instalments in the period to 2026 (16.5 years) with the then profit-sharing members. It also includes the present value of the arrangements made in 2008/2009 for drawing rights of members eligible in that year. The amount of contributions and other amounts for this received from EY Global on behalf of EY Europe is deducted from the reserve.

21.3 OTHER RESERVE

This refers to the obligation to index the paid-up entitlements of a limited, specific and closed group of former employees.

21.4 MOVEMENTS

Please see the Consolidated Statement of Changes in Equity.

22 Financial instruments

22.1 FINANCIAL RISK MANAGEMENT AND OBJECTIVES

EYNL's financial instruments arise from normal commercial activities and include amounts owed to and receivable from current and retired members. EYNL does not use financial instruments for speculative activity and complex financial instruments are avoided.

Financial instruments give rise to credit, liquidity, interest rate and foreign currency risks. Information about how these risks arise and are managed is set out below.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises primarily from client debtors and unbilled receivables and other financial assets including deposits with banks and financial institutions and amounts due from members. EYNL's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2011 and 30 June 2010 is the carrying amounts presented in Notes 13 and 15. Due to the nature of the receivables presented in Notes 12 and 14 (members, employees and EY Global) no or very limited risk applies.

EYNL maintains procedures to minimise the risk of default by trade debtors. Services are provided to such a large group of clients that there is no concentration of credit risk. Credit risk is not covered by credit insurance or other credit instruments other than billing in advance in certain cases.

Unbilled receivables are typically billed to clients within a month of arising and invoices are generally payable within 14 days after presentation.

Note 13 presents information on the ageing of receivables and provisions for impairment.

Amounts due from members are expected to be recovered from the current year's profit distribution.

Cash deposits are placed only with creditworthy banks. No more than € 25 million (2009/2010: € 25 million) may be deposited with a listed SEC bank that is a client of EYNL. Deposits of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. The limits are set to adhere to independence rules, to minimise the concentration of risks and, therefore, to mitigate financial loss from a potential counterparty failure.

Indemnities and guarantees also give rise to credit risk and the maximum exposure at 30 June 2011 was US$ 25.5 million (30 June 2010: US$ 25.5 million).

Liquidity risk

Liquidity risk is the risk that EYNL is unable to meet its financial obligations on the due date. Liquidity risk arises from the LLP's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables, as well as interest-bearing loans and borrowings and members' capital. The policy is to maintain a positive amount of working capital. Depending on the time of year, there can be a considerable balance of cash and cash equivalents.

The maturity profile of the contractual payments, including interest, arising from the LLP's financial liabilities at the year end, is as follows (the amounts disclosed are the gross undiscounted cash flows):

Year ended 30 June 2011	**< 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings:					
– Contractual payments	66,619	43,229	64,706	40,000	214,554
– Interest payments	5,594	2,739	2,359	-	10,692
Members' capital:					
– Contractual payments	-	-	-	-	-
– Interest payments	5,842	-	-	-	5,842
Trade and other payables	188,684	-	-	-	188,684
	266,739	**45,968**	**67,065**	**40,000**	**419,772**

Year ended 30 June 2010	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings:					
– Contractual payments	42,286	25,896	120,023	57,500	245,705
– Interest payments	6,580	5,231	7,272	801	19,884
Members' capital:					
– Contractual payments	74,007	-	-	-	74,007
– Interest payments	5,735	-	-	-	5,735
Trade and other payables	140,337	-	-	-	140,337
	268,945	**31,127**	**127,295**	**58,301**	**485,668**

The LLP's financing requirements vary during the year, primarily as a result of the incidence of major payments. Capital expenditure on cars is funded by financial leases. The other main source of financing capital expenditure is funding supplied by current and retired members.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises primarily from members' capital, interest-bearing loans and borrowings and cash and cash equivalents.

An inherent feature of a structure in which current and retired members provide a significant part of the funding for activities is that the variability is not hedged by derivatives. The interest on members' capital is reviewed annually and depends on the effective yield on government bonds with a remaining maturity of nine to ten years, plus a premium of four percentage points. A reference is made to Note 1.6.

A fixed rate of interest is paid on long-term loans granted by current and retired members equal to the effective yield on government bonds with a remaining maturity of five years, plus a premium of one to two percentage points. The interest on current account liabilities to current and retired members is assessed quarterly.

Funds drawn for settlement of drawing rights are interest-free or bear a fixed interest rate. Interest on financial leases is fixed for the term of the lease.

Surplus liquid funds are deposited at current market rates with a limited risk of fluctuations and a maturity of no more than three months.

Interest rate risks are not hedged in any way by derivatives.

The following table shows the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the profit of EYNL before tax is affected through the impact on floating rate borrowings as follows.

	Increase/ decrease	Effect on profit before tax
	in base points	€000
2010/2011		
Euro	+15	96
Euro	-15	-96
2009/2010		
Euro	+15	119
Euro	-15	-119

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Although the majority of the LLP's income and expenses are denominated in Euros, foreign currency risk arises from transactions denominated in other currencies, particularly the US dollar and pound sterling.

Balances in foreign currency bank accounts are held to facilitate cash management and to provide a hedge of future foreign currency expenditure.

If the US dollar exchange rate were to change by 10%, the impact of such a change on profit or loss would be € 1.8 million (2009/2010: € 2.1 million) as a result of changes in the carrying amount of US dollar denominated cash and amounts receivable/payable. If the sterling exchange rate were to change by 10%, the impact of such a change on profit or loss would be € 0.02 million (2009/2010: € 0.3 million) as a result of changes in the carrying amount of sterling-denominated cash and amounts receivable/payable.

22.2 OTHER NOTES

Reconciliation of classes and categories
All presented groups of financial assets, other than Other non-current financial assets, are part of the loans and receivables category measured at amortised cost. The financial assets in Other non-current financial assets are in the available-for-sale category and are measured at fair value, if it can be measured reliably, or otherwise at cost.

All presented groups of financial liabilities are part of the loans and borrowings category, measured at amortised cost.

Fair values
Based on the following assumptions the fair value of EYNL's financial instruments approximate their carrying amount.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate receivables are evaluated by EYNL using parameters such as interest rates, individual creditworthiness of the borrower and the risk characteristics of the financed project. Based on this evaluation, no impairment has been deemed necessary to recognise expected losses on these receivables. At 30 June 2010 and 30 June 2011, the carrying amounts of these receivables approximated their fair value.
- The fair value of the available-for-sale investments cannot be established reliably and so these investments are measured at cost.
- The fair value of fixed-rate borrowings and obligations under financial leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.

Fair value hierarchy
As at 30 June 2011 and 30 June 2010, EYNL did not hold financial instruments measured at fair value.

23 Liquidity management

The LLP's objective when managing capital is to safeguard its ability to continue as a going concern. Partly in view of its independence requirements, EYNL aims for financing which is predominantly provided voluntarily or compulsorily by the members (and retired members).
Each member can be demanded to contribute an amount, not exceeding the amount (if any) unpaid in respect of the capital obligation for which the member is liable as a member.
Certain categories of property, plant and equipment such as cars and computer equipment are funded through finance or operating leases. Working capital is managed so that in principle no other external bank or other financing needs to be drawn. The same criteria apply to advances of profit shares to the members for the financial year. An exception to this is specific financing of the settlement of drawing rights for which a bank loan and loans from EY Global have been drawn.

24 Related party disclosures

Ultimate parent

The firm's immediate and ultimate parent undertaking is EY Europe LLP, a partnership with limited liability under English Law. The results of the firm will be included in the group financial statements of EY Europe LLP, copies of which will be available from its registered office, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Entity with significant influence over EYNL

EY Europe has significant influence over EYNL.

Other related parties

The financial statements include the financial information of EYNL and the subsidiaries listed in the following table:

		% Equity interest	
Name	**Country of incorporation**	**30 June 2011**	**30 June 2010**
Ernst & Young Accountants LLP	United Kingdom	100%	100%
Ernst & Young Belastingadviseurs LLP	United Kingdom	100%	100%
Ernst & Young Participaties Coöperatief U.A.	The Netherlands	100%	100%
Ernst & Young Participaties B.V.	The Netherlands	100%	100%
Ernst & Young VAT Rep B.V.	The Netherlands	100%	100%
Ernst & Young Transaction Advisory Services B.V.	The Netherlands	100%	100%
Ernst & Young Actuarissen B.V.	The Netherlands	100%	100%
Ernst & Young CertifyPoint B.V.	The Netherlands	100%	100%
GS Participation Ltd	United Kingdom	100%	100%
Ernst & Young Security & Forensic Services B.V. i.l.	The Netherlands	-	100%
Ernst & Young Security and Integrity Services B.V. i.l.	The Netherlands	-	100%
Ernst & Young Treasury and Financial Risk Management B.V. i.l.	The Netherlands	-	100%

EYB has a strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP.

The following entities were liquidated during 2010/2011:
- Ernst & Young Security & Forensic Services B.V. i.l. – 1 September 2010
- Ernst & Young Security and Integrity Services B.V. i.l. – 1 September 2010
- Ernst & Young Treasury and Financial Risk Management B.V. i.l. – 30 November 2010

On 1 July 2009 the following mergers took place:
- Ernst & Young Human Resource Services B.V. and EY Life B.V.
- Ernst & Young Participaties B.V. and Ernst & Young Human Resource Services B.V.
- Ernst & Young Participaties B.V., Moret & Limperg Participaties B.V., Moret Gudde Brinkman Participaties B.V. , Moret Gudde Brinkman (USA) B.V. and Moret & Limperg (USA) B.V.

On 16 February 2010 Ernst & Young Participaties B.V. sold the 100% interest in Doxis B.V.

The following table provides the total amount of transactions that have been entered into with related parties during the relevant financial year. For information regarding outstanding balances at 30 June 2011 and 30 June 2010, refer to Notes 13 and 16.

Sales and purchases and related amounts receivable and amounts payable		**Sales to related parties**	**Purchases from related parties**	**Amounts owed by related parties***	**Amounts owed to related parties**
		€000	€000	€000	€000
Entity with control and/or significant influence over EYNL:					
EY Europe	2010/2011	-	-	-	-
	2009/2010	-	-	-	-
Entities controlled by EY Europe	2010/2011	26,935	27,973	9,747	1,996
	2009/2010	15,539	30,187	2,249	5,709
Holland Van Gijzen Advocaten en Notarissen LLP	2010/2011	8,416	5,672	3,250	-
	2009/2010	10,869	6,782	49	949

* *Gross amounts*

Terms and conditions of transactions with related parties
Services provided to and received from related parties are generally settled at prices applicable in normal market circumstances.
Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.
For the year ended 30 June 2011 EYNL has not recorded any impairment of related parties receivables (30 June 2010: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

Compensation of key management personnel of EYNL
Key management are the designated members of EYNL, EYA and EYB during the financial year. These members do not receive any remuneration other than their participation in the result available for distribution through their professional corporations, being a total of € 3,232,000 (2009/2010: € 3,345,000).

25 Commitments and contingencies

Operating lease commitments

EYNL has entered into long-term leases for office premises and operating leases for personal computers. These leases have an average life of between 1 and 13 years and may have renewal options included in the contracts. Future minimum rentals payable are as follows:

	Year ended 30 June 2011			Year ended 30 June 2010		
	Operating leases: personal computers, copiers	**Office leases**	**Total**	**Operating leases: personal computers, copiers**	**Office leases**	**Total**
	€000	€000	€000	€000	€000	€000
Within 1 year	2,118	26,984	29,102	1,754	27,600	29,354
Between 1 and 5 years	3,049	90,630	93,679	4,690	99,000	103,690
More than 5 years	-	30,918	30,918	-	49,014	49,014
	5,167	**148,532**	**153,699**	**6,444**	**175,614**	**182,058**

The lease commitments relate only to the actual commitments at year end, excluding any service or other charges. Future rent increases have been ignored except for those contracts which have been indexed (assumed to be 1.5%). Guarantees totalling some € 1.0 million (2009/2010: €1.0 million) have been issued for lease commitments.

Financial lease commitments

To finance the fleet of cars, financial leases with an average term of five years were entered into at fixed leasing rates. EYNL will bear the financial consequences of any premature termination of these leases. Leasing charges for the financial year amount to € 28.9 million (2009/2010: € 29.7 million).

Future minimum lease payments under financial leases together with the present value of the net minimum lease payments are as follows:

	Minimum payments	2011 Present value of payments (Note 17)	Minimum payments	2010 Present value of payments (Note 17)
	€000	€000	€000	€000
Within 1 year	17,049	14,992	17,924	15,426
Between 1 and 5 years	31,352	28,623	30,033	27,105
After 5 years	-	-	-	-
Total minimum lease payments	48,401	43,615	47,957	42,531
Lease charges still to be incurred (incl. fuel)	-13,148	-11,806	-13,493	-11,916
Total minimum lease commitment	35,253	31,809	34,464	30,615
Less amounts representing finance charges	-3,444	-	-3,849	-
Present value of minimum lease commitment	**31,809**	**31,809**	**30,615**	**30,615**

The leases for cars have a remaining average term of 2.2 years (2009/2010: 2.0 years). Leased assets are pledged as security for the related financial lease.

Contingent assets

In connection with the representation of VGAN[9] with effect from 1 March 1999 and termination of the joint operating agreement with EYB, an amount is conditionally payable by Holland Van Gijzen which will be recognised as income when received.

Income of € 2,752,000 has been taken to the 2010/2011 income statement within this context (see Note 5.2), consisting of € 2,752,000 for the fiscal year 2010/2011 (2009/2010: € 1,032,250 consisting of € 1,182,250 for the fiscal year 2009/2010 and € -150,000 for the fiscal year 2008/2009).

[9]VGAN is the legal predecessor of Holland Van Gijzen Advocaten en Notarissen LLP.

Proceedings and claims

Disciplinary and civil law proceedings and claims have been brought against the LLP for alleged professional negligence claims. The LLP puts up forceful defence against such proceedings and claims involving sometimes substantial amounts. In many cases it is exceedingly difficult to estimate the risk to the LLP due to many uncertainties regarding facts, legal position of the LLP and other parties involved and other legal issues. Insurance cover is carried in respect of professional indemnity. Cover is principally written through captive insurance companies involving other EY-firms and a proportion of the total cover is reinsured through the commercial market. Cases are usually resolved within three years, although claims that involve court action can take longer to resolve. Where appropriate, provision is made for costs arising from such claims representing the estimated costs of defence and settlements below the uninsured policy excess. Separate disclosure is not made of any individual claim or expected insurance coverage because that disclosure might seriously prejudice the position of EYNL.

Contingent liabilities, including liabilities that are not probable or which cannot be measured reliably, are not recognised but are disclosed unless the possibility of settlement is considered remote.

Guarantees

A guarantee (in the form of a standby Letter of Credit obtained from a bank) of US$ 25.5 million (2009/2010: US$ 25.5 million) has been issued in favour of a bank syndicate providing a credit facility to EYGS LLP. This Letter of Credit will expire 11 November 2011.

Deferred balance – member firms

EY Global Services LLP has made investments and incurred expenses on behalf of a collective group of member firms. In a Management Services Agreement between EY Global Services LLP and the member firms it is agreed that the member firms are charged back on the basis of a percentage of revenue of each of the members firms. This is not a current obligation, but an agreement with the EY network to be charged a fee based upon future revenue.

Funding of settlement of drawing rights

During 2008/2009 contributions in total of € 217.9 million were obtained from EY Global Services LLP on behalf of EY Europe, of which € 167.7 million had been received at the end of 2008/2009 and the remainder has been received during the reporting period, to fund the settlement of drawing rights:

- EY Global Services LLP on behalf of EY Europe has committed a total of € 98.9 million in loans to finance the settlement of drawing rights in 2008/2009. € 59.4 million of the loans will be repaid over 5 years with the final instalment in 2015. Repayment for € 39.5 million will be determined based on the future cash flow. Of the loans € 49.5 million of this amount has received on 1 July 2009 and the remaining € 49.4 million has been received on 31 December 2009.
- One contribution of € 74.1 million only has to be repaid in the following circumstances:
  - Bankruptcy or suspension of payments, failure to meet the loan terms and conditions, or appointment of a receiver or administrator.
  - End of participation in EY Global.
- The difference (€ 44.9 million) between the amounts received and the fair value at the time of receipt in 2008/2009 is recognised as a contribution to the withdrawals paid (net amount recognised in Equity, see Note 21).

26 Events after the reporting period

After the reporting date the following occurrences have risen.

On 4 July 2011 Ernst & Young Participaties B.V. acquired 100% of the shares of Partake Consulting B.V. including the control of its whole owned subsidiaries Partake Consulting Nederland B.V., Partake Consulting Belgium b.v.b.a, Partake Consulting SAS and Partake Consulting UK Ltd. Partake is a firm active in the implementation of the enterprise performance management systems.
In the short-term EYNL will sell the Belgium, French and UK operations to EY firms in these countries. Since these sale transactions have not been completed and the completion accounts of Partake Consulting B.V. have not been finalized and agreed between the parties, the initial business combinations accounting cannot be completed.

On 23 August 2011 Ernst & Young Participaties B.V. obtained a minority interest in EY Global Finance Inc.

Ernst & Young Nederland LLP

Separate Financial Statements for the year ended 30 June 2011

Ernst & Young Nederland LLP statement of comprehensive income

(for the year ended 30 June 2011)

	notes	2010/2011	2009/2010
		€000	€000
Revenue[9]			
Rendering of services	31	245	107
Other income	31	143,894	147,050
		144,139	**147,157**
Operating expenses			
Rendering of services provided by foreign Ernst & Young organisations[9]		1,647	8
Employee benefits expenses	32.1	38,185	38,698
Depreciation of Property, Plant and Equipment	35	17,016	17,604
Amortisation of intangible assets	36	140	156
Other operating expenses[9]	32.2	78,130	79,652
		135,118	**136,118**
Operating profit		**9,021**	**11,039**
Finance income	33.1	996	608
Finance expenses	33.2	-13,155	-12,868
Share of profit from subsidiaries	37	126,023	136,154
Profit before tax		**122,885**	**134,933**
Income tax expenses	34	-	-
Profit for the financial year		**122,885**	**134,933**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**122,885**	**134,933**
Profit attributable to members of EYNL		**122,885**	**134,933**
Total comprehensive income for the year attributable to members of EYNL		**122,885**	**134,933**

9) *For reclassifications in 2009/2010 see note 28.1 Basis of preparation.*

Ernst & Young Nederland LLP statement of financial position

(as at 30 June 2011)

	Notes	Current members	Third parties	Total
Assets		€000	€000	€000
Non-current assets				
Property, Plant and equipment	35	-	72,931	72,931
Intangible assets	36	-	66	66
Investment in subsidiaries	37	-	1	1
Other non-current financial assets	38	-	760	760
		-	73,758	73,758
Trade and other receivables	39	-	135,540	135,540
Prepayments	40	60,175	31,261	91,436
Other current financial assets	38	-	33	33
Cash and short-term deposits	41	-	58,102	58,102
		60,175	224,936	285,111
Total assets		**60,175**	**298,694**	**358,869**
Equity and liabilities				
Current liabilities				
Trade and other payables	42	38,331	72,822	111,153
Interest-bearing loans and borrowings	43	-	65,754	65,754
Provisions	44	3,661	1,052	4,713
Employee benefits	45	-	6,395	6,395
Income tax payable		-	-	-
		41,992	146,023	188,015
Non-current liabilities				
Interest-bearing loans and borrowings	43	32,745	75,321	108,066
Advances received		-	8,308	8,308
Provisions	44	16,101	2,496	18,597
Employee benefits	45	-	2,459	2,459
		48,846	88,584	137,430
Total liabilities		90,838	234,607	325,445
Equity				
Members' capital	46	75,036	-	75,036
Reserves	47	-41,612	-	-41,612
Total equity		33,424	-	33,424
Total equity and liabilities		124,262	**234,607**	**358,869**
Members' advances		-60,175		
Net current members interest		**64,087**		

These financial statements were approved by Ernst & Young Europe LLP on 27 September 2011 and signed by P.J.A.M. Jongstra on behalf of Drs. P.J.A.M. Jongstra Registeraccountant B.V.

Ernst & Young Nederland LLP statement of financial position

(as at 30 June 2010)

	Notes	Current members	Third parties	Total
Assets		€000	€000	€000
Non-current assets				
Property, Plant and equipment	35	-	79,275	79,275
Intangible assets	36	-	206	206
Investment in subsidiaries	37	-	1	1
Other non-current financial assets	38	-	910	910
		-	80,392	80,392
Current assets				
Trade and other receivables	39	-	108,879	108,879
Prepayments	40	61,618	27,191	88,809
Other current financial assets	38	-	74	74
Cash and short-term deposits	41	-	58,436	58,436
		61,618	194,580	256,198
Total assets		**61,618**	**274,972**	**336,590**
Equity and liabilities				
Current liabilities				
Trade and other payables	42	30,825	27,348	58,173
Interest-bearing loans and borrowings	43	1,945	39,984	41,929
Provisions	44	5,823	1,535	7,358
Employee benefits	45	-	4,519	4,519
Members' capital	46	74,007	-	74,007
Income tax payable		-	-	-
		112,600	73,386	185,986
Non-current liabilities				
Interest-bearing loans and borrowings	43	14,070	145,931	160,001
Advances received		-	8,269	8,269
Provisions	44	23,016	2,664	25,680
Employee benefits	45	-	2,132	2,132
		37,086	158,996	196,082
Total liabilities		149,686	232,382	382,068
Equity				
Reserves	47	-45,478	-	-45,478
Total equity and liabilities		**104,208**	**232,382**	**336,590**
Members' advances		-61,618		
Net current members interest		**42,590**		

Ernst & Young Nederland LLP statement of changes in equity

	Members' Capital	Profit available for distribution	Other reserves	Retained earnings	Total retained earnings	Total Equity
	€000	€000	€000	€000	€000	€000
At 30 June 2009	-	132,955	-1,751	-176,533	-45,329	-45,329
Profit distribution 2008/09	-	-132,955	-	-	-132,955	-132,955
Profit for the financial year	-	124,432	-	10,501	134,933	134,933
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	124,432	-	10,501	134,933	134,933
Release of obligation to retired members	-	-	-	677	677	677
Interest on settlement of drawing rights – retired members	-	-	-	-1,304	-1,304	-1,304
Change in estimates of obligations to current members	-	-	-	- 1,500	- 1,500	- 1,500
At 30 June 2010	**-**	**124,432**	**-1,751**	**-168,159**	**-45,478**	**-45,478**
Profit distribution 2009/10	-	-124,432	-	-	-124,432	-124,432
Profit for the financial year	-	112,366	-	10,519	122,885	122,885
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	112,366	-	10,519	122,885	122,885
Change in conditions of members' capital	75,036	-	-	-	-	75,036
Interest on members' capital	-	5,482	-	-	5,482	5,482
Change in estimates of obligations to current members	-	-	-	-69	-69	-69
At 30 June 2011	**75,036**	**117,848**	**-1,751**	**-157,709**	**-41,612**	**33,424**

Negative retained earnings are a result of settlement of drawing rights under IFRS with current and retired members. These negative retained earnings do not have any impact on the going concern principle under which these statements have been prepared. The future cash flow will be positively influenced as a result of the settlement of the drawing rights. For these reasons the LLP will be able to continue distribution of its profits.

Ernst & Young Nederland LLP statement of cash flows

(for the year ended 30 June 2011)

	Notes	2010/2011	2009/2010
		€000	€000
Operating activities			
Profit for the financial year		122,885	134,933
Share of profit from subsidiaries	37	-126,023	-136,154
		-3,138	-1,221
Adjustment for:			
Depreciation of property, plant and equipment	35	17,016	17,604
Amortisation of intangible assets	36	140	156
Finance income and expenses		12,159	12,260
Increase/(decrease) in employee benefit provision	45	2,155	-2,954
Decrease in provisions		-10,626	-3,380
		17,706	22,465
Working capital adjustments:			
(Increase)/decrease in trade and other receivables and prepayments		-40,862	6,361
Increase/(decrease) in trade and other payables		30,097	-17,173
Net cash flow from operating activities		**6,941**	**11,653**
Investing activities			
Purchase of property, plant and equipment	35	-1,979	-9,015
Disposals of property, plant and equipment	35	22	2,526
Purchase of intangible assets	36	-	-15
Disposals of other non-current financial assets	38	191	393
Interest received		996	608
Net cash flow used in investing activities		**-770**	**-5,503**

Ernst & Young Nederland LLP statement of cash flows

(for the year ended 30 June 2011)

	Notes	2010/2011	2009/2010
		€000	€000
Financing activities			
Payment from (to) members (current account)		164,519	88,229
Payment of profit distribution 2009/2010 (2008/2009)		-62,814	-72,468
Prepayment to current members		-60,175	-61,618
Contributions of capital from members	46	4,392	6,367
Repayment on retirement of capital contributions	46	-3,363	-6,335
Financing related to drawing rights		-	49,416
Repayment of financing related to drawing rights		-7,420	-
Payment of financial lease liabilities		-7,521	-7,942
Proceeds from interest-bearing loans and borrowings	43	-	10,085
Repayment of interest-bearing loans and borrowings	43	-24,845	-27,500
Proceeds from advances received		-	8,269
Interest paid		-9,278	-8,837
Net cash flows used in financing activities		**-6,505**	**-22,334**
Net cash flow		**-334**	**-16,184**
Net cash and cash equivalents 1 July	41	58,436	74,620
Net cash flow		-334	-16,184
Net cash and cash equivalents 30 June	**41**	**58,102**	**58,436**

Notes to the separate financial statements

27 Financial year

A financial year consists of 52 or 53 weeks and therefore the year-end date differs from year to year. Therefore everywhere 30 June 2011 is mentioned read 1 July 2011 and 2 July 2010 instead of 30 June 2010.

28 Accounting policies

28.1 BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The separate financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, which have been measured at fair value.

The LLP's objective is to safeguard its status as a going concern and therefore the separate financial statements are prepared on a going concern basis.

The functional currency of EYNL is the Euro. The financial statements are presented in Euros and all amounts are rounded to the nearest thousand (€000) except when indicated otherwise.

In the statement of financial position the term "current member" relates to the members of EYNL on June 30, 2011. The term "third parties" relates to all other entities and persons not comprehended in the term "current members".

For comparative purposes the following restatements were made in the figures of 2009/2010.
For 2009/2010 net income from foreign Ernst & Young firms has been reclassified from Other operating expenses to Revenue (€15,136,000).
In 2009/2010 all sales and purchase transactions with foreign Ernst & Young firms were netted in Revenue. For comparative purposes purchase transactions have been reclassified from Revenue to Services provided by foreign Ernst & Young organisations and third parties (- €8,000). These reclassifications do not have any impact on the profit or the net assets for either of the periods nor the balance sheet at the beginning of the comparative period. Therefore it is considered appropriate not to present a balance sheet at the beginning of the comparative period.

28.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Please see Note 2.3. of the consolidated financial statements.

28.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Please see the summary in Note 2.4 of the consolidated financial statements for information on significant accounting policies.

Subsidiaries are measured at cost less impairment. EYNL exercises control over EYA and EYB except for specific professional matters. EYA and EYB have no capital and, under contractual arrangements, distribute their entire result for the financial year to EYNL and so the cost and/or equity value of both EYA and EYB is nil.

29 Standards issued but not yet effective

Please see Note 3 of the consolidated financial statements.

30 Significant accounting judgements, estimates and assumptions

Please see Note 4 of the consolidated financial statements.

31 Revenue[10]

EYNL does not report segment information.

Other income
Other income relates to expenses charged from EYNL to EYA, EYB, other subsidiaries and Holland Van Gijzen Advocaten en Notarissen LLP. The charged expenses consists employee expenses, premises, office expenses, IT expenses, EY International charges, finance expenses and income and other expenses.

32 Operating expenses

32.1 EMPLOYEE BENEFITS EXPENSES

The breakdown is as follows:

	2010/2011	2009/2010
	€000	€000
Salaries and bonuses	29,232	28,569
Social security costs	5,316	5,382
Pension contributions	3,637	4,747
	38,185	**38,698**

Salaries and bonuses include vacation allowance.

The average number of staff (excluding members) during the year was:

	2010/2011	2009/2010
	FTE	FTE
Client serving staff	1	1
Support staff	570	615
	571	**616**

10) For reclassifications in 2009/2010 see note 28.1 Basis of preparation.

32.2 OTHER OPERATING EXPENSES[11]

	2010/2011	2009/2010
	€000	€000
Premises	33,185	29,334
Office expenses	13,187	11,103
IT expenses	15,209	16,623
Other staff expenses	2,586	3,026
International EY Charges	550	5,699
Travel expenses	2,568	2,736
Charged fees to subsidiaries	-1,290	-1,444
Other expenses	12,135	12,575
	78,130	**79,652**

IT expenses includes lease payments recognised as operating lease expense 2010/2011: € 1,260,000 (2009/2010: € 1,562,000).

Auditors' remuneration in respect of the partnership and the consolidated financial statements of € 169,000 (2009/2010: € 185,000) is included in Other expenses.

11) For reclassifications in 2009/2010 see note 28.1 Basis of preparation.

33 Finance income and expenses

33.1 FINANCE INCOME

	2010/2011	2009/2010
	€000	€000
Interest on bank balances and deposits	631	559
Other interest and similar income	365	49
	996	**608**

33.2 FINANCE EXPENSES

	notes	2010/2011	2009/2010
		€000	€000
Interest on members' capital		5,482	5,964
Interest on loans granted by current and retired members		2,249	2,584
Interest on current and retired members current account balances		1,930	761
Total interest to current and retired members		9,661	9,309
Finance charges payable under financial leases		2,009	1,972
Interest on bank loans and borrowings (including amortised cost of loans and borrowings)		4,025	3,386
Unwinding of discount on provisions and loans	43,44,45	3,772	4,031
Interest on (un)billed receivables		-6,508	-6,072
Other interest and similar expense		196	242
		13,155	**12,868**

The Interest on members' capital for the 2010/2011 financial year relate to the interest allowance for the period until 30 June 2011. Following the amendments to the contractual terms as per 30 June 2011, from this date the (interest) allowance granted to members is no longer part of the financial expenses but part of the total result (available for distribution among members). Reference is made to Note 1.6.

34 Income tax expenses

Tax on the result for the financial year is borne by the members. As this also applies to differences in measurement for tax purposes and financial reporting purposes, EYNL has no deferred tax assets or liabilities.

There are no direct equity movements on which current or deferred tax is computed.

There are no recognised or unrecognised losses available for relief.

35 Property, plant & equipment

The movements were as follows:

	Capital expenditure in rented properties	Cars	Fixtures and fittings, computers, software,	Total
	€000	€000	€000	€000
At 30 June 2009	36,646	33,697	15,187	85,530
Additions	3,132	8,690	5,883	17,705
Disposals	-368	-3,830	-2,158	-6,356
Depreciation	-5,533	-7,942	-4,129	-17,604
At 30 June 2010	**33,877**	**30,615**	**14,783**	**79,275**
Additions	1,330	13,682	649	15,661
Disposals	-12	-4,967	-10	-4,989
Depreciation	-5,229	-7,521	-4,266	-17,016
At 30 June 2011	**29,966**	**31,809**	**11,156**	**72,931**
Cost	64,139	50,378	51,114	165,631
Accumulated depreciation	-30,262	-19,763	-36,331	-86,356
At 30 June 2010	**33,877**	**30,615**	**14,783**	**79,275**
Cost	64,961	50,023	47,923	162,907
Accumulated depreciation	-34,995	-18,214	-36,767	-89,976
At 30 June 2011	**29,966**	**31,809**	**11,156**	**72,931**

Contractual obligations for purchasing property, plant and equipment were negligible at 30 June 2011 and 30 June 2010.

EYNL is the beneficial owner but not the legal owner of the cars. All other property, plant and equipment is at the free disposal of the LLP (i.e. they have not been granted as security).

36 Intangible assets

	Software
	€000
At 1 July 2009	347
Additions	15
Amortisation	-156
At 30 June 2010	**206**
Additions	-
Amortisation	-140
At 30 June 2011	**66**
Cost	722
Accumulated amortisation	-516
At 30 June 2010	**206**
Cost	722
Accumulated amortisation	-656
At 30 June 2011	**66**

37 Investments in subsidiaries

Name	Country of incorporation	% Equity interest 30 June 2011	% Equity interest 30 June 2010
Ernst & Young Accountants LLP	United Kingdom	100%	100%
Ernst & Young Belastingadviseurs LLP	United Kingdom	100%	100%
Ernst & Young Participaties Coöperatief U.A.	The Netherlands	33.33%	33.33%

EY Nederland LLP also owns the remaining 66.67% of Ernst & Young Participaties Coöperatief U.A. through indirect share holdings.

The share of profit from investments is as follows:

	30 June 2011	30 June 2010
	€000	€000
Ernst & Young Accountants LLP	75,657	88,137
Ernst & Young Belastingadviseurs LLP	50,366	48,017
	126,023	**136,154**

38 Other current and non-current financial assets

	Effective interest rate	Maturity (financial year)	30 June 2011	30 June 2010
	%		€000	€000
Non-current				
Loans granted to subsidiaries	5.0%	2015	760	760
Loans granted to employees	n.a.		-	150
			760	**910**
Current				
Loans granted to employees	n.a.	2012	33	74
			33	**74**

Loans granted to subsidiaries

The loans granted to subsidiaries are as follows:

Subsidiary	Nominal amount	Interest rate	Maturity (financial year)	30 June 2011	30 June 2010
	€000	%		€000	€000
Ernst & Young Actuarissen B.V.	760	5%	2015	760	760
				760	**760**

39 Other receivables (current)

	30 June 2011	30 June 2010
	€000	€000
Receivables from related parties	116,307	88,978
Tax receivables	3,241	3,944
Other receivables	15,992	15,957
	135,540	**108,879**

39.1 RECEIVABLES FROM RELATED PARTIES

The ageing of related party receivables at 30 June was as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30-90 days	90-180 days	180-365 days	>365 days
	€000	€000	€000	€000	€000	€000	€000
30 June 2011	116,307	113,528	1,145	461	1,064	77	32
30 June 2010	88,978	88,056	458	457	-	5	2

39.2 OTHER RECEIVABLES

Other receivables are shown net of impairment. The impairment at 30 June 2011 is € 0.1 million (30 June 2010: € 1.3 million). The movement in the provision for impairment was as follows:

	Collectively impaired
	€000
At 1 July 2009	-1,574
Charge for the year	-
Release of unused amounts	296
Written off	-
At 30 June 2010	**-1,278**
Charge for the year	-116
Release of unused amounts	91
Written off	1,176
At 30 June 2011	**-127**

The ageing of other receivables at 30 June was as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30-90 days	90-180 days	180-365 days	>365 days
	€000	€000	€000	€000	€000	€000	€000
30 June 2011	15,992	14,417	-	259	881	248	187
30 June 2010	15,957	9,887	2,693	912	704	274	1,487

40 Prepayments

	30 June 2011	30 June 2010
	€000	€000
Profit-share advances paid to current members	60,175	61,618
Prepaid professional indemnity insurance premium	11,883	11,949
Prepaid rent	6,280	6,079
Prepaid EY International charges	5,039	5,519
Prepaid pension contributions	2,012	1,884
Other prepayments	6,047	1,760
	91,436	**88,809**

41 Cash and short-term deposits

	30 June 2011	30 June 2010
	€000	€000
Cash at banks and in hand	37,615	38,258
Short-term deposits	20,487	20,178
	58,102	**58,436**

Cash at banks earns interest at floating rates based on daily bank deposit rates (varying between 0.71% and 0.98% at 30 June 2011 and between 0.104% and 0.178% at 30 June 2010).
Short-term deposit regards Letter of Credit facilities of US$ 25.5 million. Reference is made to Note 50.

42 Trade and other payables

	30 June 2011	30 June 2010
	€000	€000
Amounts due to current and retired members	60,711	37,828
Trade payables	16,371	1,422
Taxes and social securities	1,159	1,202
Related party payables	5,371	4,406
Accrued expenses	4,601	860
Other payables	22,940	12,455
	111,153	**58,173**

Trade payables are normally settled on 30 day terms.

Amounts due to current and retired members are current account balances. Amounts drawn by current members as advances on the profit share are presented as Prepayments.

43 Interest-bearing loans and borrowings

	Effective interest rate	Maturity (financial year)	30 June 2011	30 June 2010
	%		€000	€000
Current				
Loans granted by current and retired members			-	14,265
Bank loan to finance settlement of drawing rights	4.5%	2012	48,750	10,000
Private loan to finance settlement of drawing rights	5.0%	2012	7,420	7,143
Car lease obligations (Note 50)	4.0%	2012	9,584	10,521
			65,754	**41,929**
Non-current				
Loan granted by current and retired members	4.8%	2013-2016	32,745	33,325
Bank loan to finance settlement of drawing rights	4.5%	2013	8,750	57,500
Private loan to finance settlement of drawing rights	5.0%	Up to 2049	44,347	49,083
Car lease obligations (Note 50)	4.0%	2016	22,224	20,093
			108,066	**160,001**

Loans granted by current and retired members

These loans are held by Stichting Confidentia 2004 on behalf of the current and retired members. This foundation holds pledges on the unbilled receivables and receivables from clients. In the event of the death of a current or former member, his/her professional corporation can demand early repayment of the amount of the loan outstanding at that time.
The loans are not subordinated.

The loans are repayable according to the following schedule:

	Rate	In €000
On 31 December 2012	5.0%	11,445
On 31 March 2013	4.25%	11,265
On 31 May 2015	5.25%	10,035

Bank loan to finance settlement of drawing rights
This loan was obtained from Van Lanschot to finance the partial settlement of drawing rights of retired partners in 2006/2007. The original term of the loan was ten years. The loan is being repaid in quarterly instalments of €2.5 million and runs to 31 March 2017. It is possible to repay an additional 10% of the principal sum each year without penalty. The interest on the loan is 4.5% per year. It was decided that the repayment of the loan will be accelerated.

Private loan to finance settlement of drawing rights
EY Global Services on behalf EY Europe has committed a total of € 98.9 million in loans to finance the settlement of drawing rights in 2008/2009 and € 49.5 million of this amount has received on 1 July 2009. The remaining € 49.4 million was received on 31 December 2009.

The loans are interest-free and are measured on receipt at the fair value of the future consideration using a discount rate of 5%. For the financial year 2010/2011 unwinding of discount amounts to € 3.0 million (2009/2010 € 2.2 million).

An amount of € 7.4 million was repaid in June 2011.
€ 52.0 million of the loans will be repaid over 5 years with the final instalment in 2015; € 44.6 million is repayable in the 2 to 5 year interval and € 7.4 million within one year.
The amortised cost and any repayment of the loan with a face value of € 39.5 million will be assessed annually from current information on future cash flows (and, if necessary, revising the amortised cost). The difference (€ 44.9 million) between the amounts received and the fair value at the time of receipt is recognised as a contribution to the withdrawals paid (net amount recognised in Equity, see Note 47).

Lease obligations for cars
This is the obligation under a financial lease contract for cars.

44 Provisions

	Premises	Revitalising	Drawing rights of current Members	Total
	€000	€000	€000	€000
At 30 June 2009	3,271	3,083	33,802	40,156
Additions	1,820	-	1,500	3,320
Expenditure charged to provisions	-747	-	-8,153	-8,900
Amounts released	-240	-3,083	-	-3,323
Unwinding of discount	95		1,690	1,785
At 30 June 2010	**4,199**	**-**	**28,839**	**33,038**
Additions	742	-	69	811
Expenditure charged to provisions	-159	-	-9,381	-9,540
Amounts released	-1,350	-	-478	-1,828
Unwinding of discount	116	-	713	829
At 30 June 2011	**3,548**	**-**	**19,762**	**23,310**
At 30 June 2010:				
with a term < 1 year	1,535	-	5,823	7,358
with a term > 1 year	2,664	-	23,016	25,680
	4,199	**-**	**28,839**	**33,038**
At 30 June 2011:				
with a term < 1 year	1,052	-	3,661	4,713
with a term > 1 year	2,496	-	16,101	18,597
	3,548	**-**	**19,762**	**23,310**

Premises

A provision has been formed for the rent due for the remaining term of the leases of offices, or parts of them, rented by EYNL but which are unoccupied. This provision also relates to the expected cost of returning rented offices to their original condition when they are vacated. The provisions for vacant office buildings and dilapidations costs are calculated at present value using a discount rate of 4.0% (30 June 2010: 4.0%).

Revitalising

In 2006/2007, it was decided to dispose a certain less profitable activities as part of a comprehensive revitalisation of certain business units. At 30 June 2010 this disposal process has been completed.

Drawing rights of current members

During 2008/2009, the drawing rights of current members were set at fixed amounts and became an obligation of EYNL, payable upon their retirement date.

The provision is recognised at the best estimate of the expected payments upon retirement of the respective partners, using actuarial assumptions and discounted at a current pre-tax rate of 5.0% (30 June 2010: 5.0%).

45 Employee benefits

	30 June 2011	30 June 2010
	€000	€000
Current		
Payments to staff	5,428	3,638
Provision for long-services awards	82	74
Salary payments during absence	885	807
	6,395	**4,519**
Non-current		
Defined benefit pension plan	1,966	1,767
Provision for long-services awards	418	232
Salary payments during absence	75	133
	2,459	**2,132**

45.1 DEFINED CONTRIBUTION PLAN

EYNL has a defined contribution pension plan which is administered by a pension fund; the pension fund has reinsured its obligations and actuarial risks through an insurance company. EYNL is only required to pay the agreed contributions, a premium fixed for a period of 3 years, to the pension fund. After payment of this premium EYNL does not have any further obligation to the fund or its employees in this respect. EYNL cannot be held liable for any losses suffered by the pension fund, even if the pension fund is discontinued. The premium paid does not contain any elements relating to past services. EYNL is not entitled to any refund. The contributions due to the pension fund are taken to the income statement. Contributions payable and prepaid contributions are included under current liabilities and current assets respectively.

The total amount of the defined contribution plan charged through profit and loss during the financial year was € 3.6 million (2009/2010: € 4.7 million).

45.2 INDEXATION OBLIGATION

There is an obligation to index the paid-up entitlements of a limited, specific and closed group of former employees. This obligation is classified as a defined benefit plan. The plan is unfunded. Measurement is on the projected unit credit method using a discount rate derived from the interest rate on high quality corporate bonds. Actuarial gains and losses are recognised immediately through profit or loss.

The plan covers former staff who were previously employed by the legal predecessors of EYNL, EYA and EYB. For practical reasons, this obligation has been recognised in full in the separate financial statements of EYNL.

The tables below summarise the components of the funded status and amounts recognised in the statement of financial position for the plan:

Defined Benefit Obligation	**30 June 2011**	**30 June 2010**
	€000	€000
At 1 July	1,767	1,751
Interest cost	88	88
Current service cost	-	-
Benefits paid	-	-
Actuarial losses/(gains) on obligation	111	-72
At 30 June	**1,966**	**1,767**
With a term < 1 year	-	-
With a term > 1 year	1,966	1,767
	1,966	**1,767**

The total amount of defined benefit obligation charged through profit and loss during the financial year was € 0.2 million (2009/2010: nil).

The principal assumptions used are:

	30 June 2011	30 June 2010
	%	%
Discount rate	4.7	5.0
General salary increase	0.0	0.0
Inflation	2.0	2.0
Mortality rates	Dutch AG Prognosetafels 2010-2060	Dutch AG Prognosetafels 2005-2050

45.3 PROVISION FOR LONG-SERVICE AWARDS

The provision for long-service awards relates to costs attributable to future long-service payments relating to past years of employment, taking into account the probability of staff leaving and death.

The movements in the provision were as follows:

	30 June 2011	30 June 2010
	€000	€000
At 1 July	306	373
Additions	273	-
Withdrawals	-91	-78
Released	-	-4
Unwinding of discount	12	15
At 30 June	**500**	**306**
With a term < 1 year	82	74
With a term > 1 year	418	232
	500	**306**

The principal assumptions used are:

	30 June 2011	30 June 2010
	%	%
Discount rate	4.0	4.0
Factor for outflow, decease and disability	20.1	19.8
Future salary increase	2.9	0.0

45.4 SALARY PAYMENTS DURING ABSENCE

This provision relates to salary to be paid in the event of termination of contracts of employment and supplementary disability benefits under the Work and Income Act (WIA).

The movements in the provision were as follows:

	30 June 2011	30 June 2010
	€000	€000
At 1 July	940	564
Additions	3,662	927
Withdrawals	-1,199	-425
Released	-2,473	-148
Unwinding of discount	30	22
At 30 June	**960**	**940**
With a term < 1 year	75	807
With a term > 1 year	885	133
	960	**940**

The principal assumptions used are:

	30 June 2011	30 June 2010
	%	%
Discount rate	4.0	4.0
Probability rate	Kazo 2000	Kazo 2000
Mortality rates	Dutch Prognosetafels 2010-2060	G.B.M./V. 1995/2000

46 Members' capital

In the period before 30 June 2011 members had unconditional rights to annual interest allowances and to repayment when membership ceased, resulting in classification as a financial liability. Due to amended contractual terms per 30 June 2011 classification changed into Equity instruments. Reference is made to Note 1.6.

	30 June 2011	30 June 2010
	€000	€000
Contractual capital contribution by members	**75,036**	**74,007**

The movements were as follows:

	30 June 2011	30 June 2010
	€000	€000
At 1 July	74,007	73,975
Contributions	4,392	6,367
Repayment on retirement	-3,363	-6,335
At 30 June	**75,036**	**74,007**

The number of members and the capital contribution for each LLP and/or partnership is as follows:

	30 June 2011		30 June 2010	
	Number of members	**Capital contribution (in €million)**	**Number of members**	**Capital contribution (in €million)**
EYA	140	48.5	142	48.8
EYB	74	26.5	76	25.2
EYNL	214	75.0	218	74.0
Members retired in financial year	17		18	
Number of profit-sharing partners	**231**		**236**	

Each member is required to make a capital contribution according to a capital-contribution method that is the same for all members. Interest is paid on the capital contribution at 7.25% in 2010/2011 (2009/2010: 7.75%). Reference is made to Note 1.6.

47 Reserves

47.1 RESULT FOR THE FINANCIAL YEAR

From 2008/2009, the consolidated result for the financial year and any distribution thereof is made following the approval of EY Europe.

47.2 RETAINED EARNINGS

This reserve relates to the settlement of drawing rights in financial years 2006/2007 and 2008/2009 to former members and partners and which will be settled in annual instalments in the period to 2026 (16.5 years) with the then profit-sharing members. It also includes the present value of the arrangements made in 2008/2009 for drawing rights of members eligible in that year. The amount of contributions and other amounts for this received from EY Global on behalf of EY Europe is deducted from the reserve.

47.3 OTHER RESERVE
This refers to the obligation to index the paid up entitlements of a limited, specific and closed group of former employees.

47.4 MOVEMENTS
Please see the Statement of Changes in Equity.

48 Financial instruments

48.1 FINANCIAL RISK MANAGEMENT AND OBJECTIVES
EYNL's financial instruments arise from normal commercial activities and include amounts owed to and receivable from current and retired members. EYNL does not use financial instruments for speculative activity and complex financial instruments are avoided.

Financial instruments give rise to credit, liquidity, interest rate and foreign currency risks. Information about how these risks arise and are managed is set out below.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises primarily from financial assets including deposits with banks and financial institutions and amounts due from members. EYNL's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2011 and 30 June 2010 is the carrying amounts presented in Notes 39 and 41. Due to the nature of the receivables presented in Notes 38 and 40 (members, employees and EY Global) no or very limited risk applies.

EYNL maintains procedures to minimise the risk of default by debtors. Credit risk is not covered by credit insurance or other credit instruments.

Amounts due from members are expected to be recovered from the current year's profit distribution.

Cash deposits are placed only with creditworthy banks. No more than € 25 million may be deposited with a listed SEC bank that is a client of EYNL. Deposits of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. The limits are set to adhere to independence rules, to minimise the concentration of risks and, therefore, to mitigate financial loss from a potential counterparty failure.

Indemnities and guarantees also give rise to credit risk and the maximum exposure at 30 June 2011 was US$ 25.5 million (30 June 2010: US$ 25.5 million).

Liquidity risk
Liquidity risk is the risk that EYNL is unable to meet its financial obligations on the due date. Liquidity risk arises from the LLP's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables, as well as interest-bearing loans and borrowings and members' capital. The policy is to maintain a positive amount of working capital. Depending on the time of year, there can be a considerable balance of cash and cash equivalents.

The maturity profile of the contractual payments, including interest, arising from the LLP's financial liabilities at the year end, is as follows (the amounts disclosed are the gross undiscounted cash flows):

Year ended 30 June 2011	**< 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings:					
– Contractual payments	66,619	43,229	64,706	40,000	214,554
– Interest payments	5,594	2,739	2,359	-	10,692
Members' capital:					
– Contractual payments	-	-	-	-	-
– Interest payments	5,842	-	-	-	5,842
Trade and other payables	111,153	-	-	-	111,153
	189,208	**45,968**	**67,065**	**40,000**	**342,241**

Year ended 30 June 2010	**< 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings:					
– Contractual payments	42,286	25,896	120,023	57,500	245,705
– Interest payments	6,580	5,231	7,272	801	19,884
Members' capital:					
– Contractual payments	74,007	-	-	-	74,007
– Interest payments	5,735	-	-	-	5,735
Trade and other payables	58,173	-	-	-	58,173
	186,781	**31,127**	**127,295**	**58,301**	**403,504**

The LLP's financing requirements vary during the year, primarily as a result of the incidence of major payments. Capital expenditure on cars is funded by financial leases. The other main source of financing capital expenditure is funding supplied by current and retired members.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises primarily from members' capital, interest-bearing loans and borrowings and cash and cash equivalents.

An inherent feature of a structure in which current and retired members provide a significant part of the funding for activities is that the variability is not hedged by derivatives. The interest on members' capital is reviewed annually and depends on the effective yield on government bonds with a remaining maturity of nine to ten years, plus a premium of four percentage points. A fixed rate of interest is paid on long-term loans granted by current and retired members equal to the effective yield on government bonds with a remaining maturity of five years, plus a premium of one to two percentage points. The interest on current account liabilities to current and retired members is assessed quarterly.

Funds drawn for settlement of drawing rights are interest-free or bear a fixed interest rate. Interest on financial leases is fixed for the term of the lease.

Surplus liquid funds are deposited at current market rates with a limited risk of fluctuations and a maturity of no more than three months.

Interest rate risks are not hedged in any way by derivatives.

The following table shows the sensitivity to a reasonably possible change in interest rates. With all other variables held constant, the profit of EYNL before tax is affected through the impact on floating rate borrowings as follows.

	Increase/ decrease	Effect on profit before tax
	in base points	€000
2010/2011		
Euro	+15	96
Euro	-15	-96
2009/2010		
Euro	+15	119
Euro	-15	-119

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Although the majority of the LLP's income and expenses are denominated in euros, foreign currency risk arises from transactions denominated in other currencies, particularly the US dollar and pound sterling. Balances in foreign currency bank accounts are held to facilitate cash management and to provide a hedge of future foreign currency expenditure.

If the US dollar exchange rate were to change by 10%, the impact of such a change on profit or loss would be € 2.2 million (2009/2010: € 2.1 million) as a result of changes in the carrying amount of US dollar denominated cash and amounts receivable/payable. If the sterling exchange rate were to change by 10%, the impact of such a change on profit or loss would be € 0.08 million (2009/2010: € 0.04 million) as a result of changes in the carrying amount of sterling-denominated cash and amounts receivable/payable.

48.2 OTHER NOTES

Reconciliation of classes and categories
All presented groups of financial assets, other than Other non-current financial assets, are part of the loans and receivables category measured at amortised cost. The financial assets in Other non-current financial assets are in the available-for-sale category and are measured at fair value, if it can be measured reliably, or otherwise at cost.

All presented groups of financial liabilities are part of the loans and borrowings category, measured at amortised cost.

Fair values
Based on the following assumptions the fair value of EYNL's financial instruments approximate their carrying amount.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate receivables are evaluated by EYNL using parameters such as interest rates, individual creditworthiness of the borrower and the risk characteristics of the financed project. Based on this evaluation, no impairment has been deemed necessary to recognise expected losses on these receivables. At 30 June 2010 and 30 June 2011, the carrying amounts of these receivables approximated their fair value.
- The fair value of the available-for-sale investments cannot be established reliably and so these investments are measured at cost.
- The fair value of fixed-rate borrowings and obligations under financial leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.

Fair value hierarchy
As at 30 June 2011 and 30 June 2010, EYNL did not hold financial instruments measured at fair value.

49 Related party disclosures

Ultimate parent

The firm's immediate and ultimate parent undertaking is EY Europe LLP, a partnership with limited liability under English Law. The results of the firm will be included in the group financial statements of EY Europe LLP, copies of which will be available from its registered office, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Entity with significant influence over EYNL

EY Europe has significant influence over EYNL.

Other related parties

The financial statements include the financial information of EYNL and the subsidiaries listed in the following table.

Direct subsidiaries

		% Equity interest	
Name	**Country of incorporation**	**30 June 2011**	**30 June 2010**
Ernst & Young Accountants LLP	United Kingdom	100%	100%
Ernst & Young Belastingadviseurs LLP	United Kingdom	100%	100%

Indirect through subsidiaries

Name	Country of incorporation	% Equity interest 30 June 2011	% Equity interest 30 June 2010
Ernst & Young Participaties Coöperatief U.A.	The Netherlands	100%	100%
Ernst & Young Participaties B.V.	The Netherlands	100%	100%
Ernst & Young VAT Rep B.V.	The Netherlands	100%	100%
Ernst & Young Transaction Advisory Services B.V.	The Netherlands	100%	100%
Ernst & Young Actuarissen B.V.	The Netherlands	100%	100%
Ernst & Young CertifyPoint B.V.	The Netherlands	100%	100%
GS Participation Ltd	United Kingdom	100%	100%
Ernst & Young Security & Forensic Services B.V. i.l.	The Netherlands	-	100%
Ernst & Young Security and Integrity Services B.V. i.l.	The Netherlands	-	100%
Ernst & Young Treasury and Financial Risk Management B.V. i.l.	The Netherlands	-	100%

EYB has a strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP.

The following entities were liquidated during 2010/2011:

- Ernst & Young Security & Forensic Services B.V. i.l. – 1 September 2010
- Ernst & Young Security and Integrity Services B.V. i.l. – 1 September 2010
- Ernst & Young Treasury and Financial Risk Management B.V. i.l. – 30 November 2010

Per 1 July 2009 the following mergers took place:

- Ernst & Young Human Resource Services B.V. and EY Life B.V.
- Ernst & Young Participaties B.V. and Ernst & Young Human Resource Services B.V.
- Ernst & Young Participaties B.V., Moret & Limperg Participaties B.V., Moret Gudde Brinkman Participaties B.V., Moret Gudde Brinkman (USA) B.V. and Moret & Limperg (USA) B.V.

Per 16 February 2010 Ernst & Young Participaties B.V. sold the 100% interest in Doxis B.V.

The following table provides the total amount of transactions that have been entered into with related parties during the relevant financial year.
For information regarding outstanding balances at 30 June 2011 and 30 June 2010, refer to Notes 39 and 42.

Sales and Purchases and related amounts receivable and amounts payable		**Sales to related parties**	**Purchases from related parties**	**Amounts owed by related parties***	**Amounts owed to related parties**
Entity with control and/or significant influence over EYNL:					
EY Europe	2010/2011	-	-	-	-
	2009/2010	-	-	-	-
Entities controlled by EY Europe	2010/2011	7,644	141	6,730	215
	2009/2010	2,453	670	456	2,003
Subsidiaries of EYNL	2010/2011	-	-	109,079	5,156
	2009/2010	8	-	88,517	806
Holland Van Gijzen Advocaten en Notarissen LLP	2010/2011	8,059	597	498	-
	2009/2010	10,366	1,108	5	1,597

** Gross amounts*

Terms and conditions of transactions with related parties
Services provided to and received from related parties are generally settled at prices applicable in normal market circumstances.
Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.
For the year ended 30 June 2011 EYNL has not recorded any impairment of related parties receivables (30 June 2010: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates.

Compensation of key management personnel of EYNL

Key management are the designated members of EYNL. These members do not receive any remuneration other than their participation in the result available for distribution through their professional corporations, being a total of € 3,232,000 (2009/2010: € 3,345,000).

50 Commitments and contingencies

Operating lease commitments

EYNL has entered into long-term leases for office premises and operating leases for personal computers. These leases have an average life between 1 and 13 years and may have renewal options included in the contracts. Future minimum rentals payable are as follows:

	Year ended 30 June 2011			Year ended 30 June 2010		
	Operating leases personal computers, copiers	**Office leases**	**Total**	**Operating leases personal computers, copiers**	**Office leases**	**Total**
	€000	€000	€000	€000	€000	€000
Within 1 year	2,118	26,984	29,102	1,754	27,600	29,354
Between 1 and 5 years	3,049	90,630	93,679	4,690	99,000	103,690
More than 5 years	-	30,918	30,918	-	49,014	49,014
	5,167	**148,532**	**153,699**	**6,444**	**175,614**	**182,058**

The lease commitments relate only to the actual commitments at year end, excluding any service or other charges. Future rent increases have been ignored except for those contracts which have been indexed (assumed to be 1.5%). Guarantees totalling some € 1.0 million (2009/2010: €1.0 million) have been issued for lease commitments.

Financial lease commitments

To finance the fleet of cars, financial leases with an average term of five years were entered into at fixed leasing rates. EYNL will bear the financial consequences of any premature termination of these leases. Leasing charges for the financial year amount to € 28.5 million (2009/2010: € 29.0 million).

Future minimum lease payments under financial leases together with the present value of the net minimum lease payments are as follows:

	Minimum payments	2011 Present value of payments (Note 43)	Minimum payments	2010 Present value of payments (Note 43)
	€000	€000	€000	€000
Within 1 year	17,049	14,992	17,924	15,426
Between 1 and 5 years	31,352	28,623	30,033	27,105
After 5 years	-	-	-	-
Total minimum lease payments	48,401	43,615	47,957	42,531
Lease charges still to be incurred (incl. fuel)	-13,148	-11,806	-13,493	-11,916
Total minimum lease commitment	35,253	31,809	34,464	30,615
Less amounts representing finance charges	-3,444	-	-3,849	-
Present value of minimum lease commitment	31,809	31,809	30,615	30,615

The leases for cars have a remaining average term of 2.2 years (2009/2010: 2.0 years). Leased assets are pledged as security for the related financial lease.

Proceedings and claims

Disciplinary and civil law proceedings and claims have been brought against the LLP for alleged professional negligence claims. The LLP puts up forceful defence against such proceedings and claims involving sometimes substantial amounts. In many cases it is exceedingly difficult to estimate the risk to the LLP due to many uncertainties regarding facts, legal position of the LLP and other parties involved and other legal issues. Insurance cover is carried in respect of professional indemnity. Cover is principally written through captive insurance companies involving other EY-firms and a proportion of the total cover is reinsured through the commercial market. Cases are usually resolved within three years, although claims that involve court action can take longer. Where appropriate, provision is made for costs arising from such claims representing the estimated costs of defence and settlements below the uninsured policy excess. Separate disclosure is not made of any individual claim or expected insurance coverage on a particular claim because that disclosure might seriously prejudice the position of EYNL.

Contingent liabilities, including liabilities that are not probable or which cannot be measured reliably, are not recognised but are disclosed unless the possibility of settlement is considered remote.

Guarantees

A guarantee (in the form of a standby Letter of Credit obtained from a bank) of US$ 25.5 million (2009/2010: US$ 25.5 million) has been issued in favour of a bank syndicate providing a credit facility to EYGS LLP. This Letter of Credit will expire 11 November 2011.

Deferred balance – member firms

EY Global Services LLP has made investments and incurred expenses on behalf of a collective group of member firms. In a Management Services Agreement between EY Global Services LLP and the member firms it is agreed that the member firms are charged back on the basis of a percentage of revenue of each of the members firms. This is not a current obligation, but an agreement with the EY network to be charged a fee based upon future revenue.

Funding of settlement of drawing rights

Contributions in total of € 217.9 million were obtained from EY Global Services LLP on behalf of EY Europe, of which € 167.7 million had been received at the end of 2008/2009 and the balance has been received at the reporting date, to fund the settlement of drawing rights:

- EY Global Services LLP on behalf of EY Europe has committed a total of € 98.9 million in loans to finance the settlement of drawing rights in 2008/2009. € 59.4 million of the loans will be repaid over 5 years with the final instalment in 2015. Repayment for € 39.5 million will be determined based on the future cash flow. Of the loans € 49.5 million of this amount has received on 1 July 2009 and the remaining € 49.4 million has been received on 31 December 2009.
- One contribution of € 74.1 million only has to be repaid in the following circumstances:
  - Bankruptcy or suspension of payments, failure to meet the loan terms and conditions, or appointment of a receiver or administrator.
  - End of participation in EY Global.
- The difference (€ 44.9 million) between the amounts received and the fair value at the time of receipt is recognised as a contribution to the withdrawals paid (net amount recognised in Equity, see Note 47).

51 Events after the reporting date

After the reporting date no occurrences have arised that need to be reported.

Appendix

Combined statement of income (unaudited)
(including Holland Van Gijzen Advocaten en Notarissen LLP) 104

Combined statement of financial position (unaudited)
(including Holland Van Gijzen Advocaten en Notarissen LLP) 105

Combined statement of income (unaudited)
Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP[12]

(for the year ended 30 June 2011)

	2010/2011	2009/2010	2009/2010[13]
	€000	€000	€000
Revenue[14]			
Rendering of services[15]	633,864	672,826	651,894
Other income	19,228	15,375	15,375
	653,092	**688,201**	**667,269**
Operating expenses			
Services provided by foreign Ernst & Young organisations and third parties[14,15]	69,907	75,370	74,269
Employee benefits expenses	232,746	242,028	232,664
Depreciation of property, plant and equipment	17,016	17,754	17,604
Amortisation of intangible assets	140	156	156
Other operating expenses[14]	184,803	186,338	181,117
	504,612	**521,646**	**505,810**
Operating profit	**148,480**	**166,555**	**161,459**
Finance income	681	976	951
Finance expenses (including interest on members' capital)	-20,504	-20,047	-19,838
Share of profit from joint venture	168	223	223
Profit before tax from continuing operations	**128,825**	**147,707**	**142,795**
Income tax expenses	-734	-736	-736
Profit from continuing operations	**128,091**	**146,971**	**142,059**
Discontinued operations			
Profit after tax from discontinued operations	-	-	4,912
Profit for the financial year	**128,091**	**146,971**	**146,971**

12) Basis of preparation of the combined financial statements: Aggregation of the consolidated statement of income and statement of financial position of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP without elimination of any transactions between the two groups, except for the elimination of the current account balances between the two groups.

13) During fiscal year 2009/2010 parts of the operations of Holland Van Gijzen Advocaten en Notarissen LLP and Ernst & Young Nederland LLP (i.e. Doxis B.V.) have been divested. To be able to present in the annual review a more meaningful discussion of the developments in revenues and costs during fiscal year 2010/2011 in comparison with the previous year, the revenues and costs of these divestments have been eliminated and presented in a separate line item 'discontinued operations'.

14) Income figures regarding transactions within the Ernst & Young Network of 2009/2010 have been reclassified from Other operating expenses to Revenue and Service provided by foreign Ernst & Young organisations and third parties.

15) In 2009/2010 all income transactions with foreign Ernst & Young firms were presented as net amounts in Rendering of services. For comparative purposes purchase income transactions have been reclassified to Services provided by foreign Ernst & Young organisations and third parties.

Combined statement of financial position (unaudited)
Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP[16]

(as at 30 June 2011)

	Current members	Third parties	Total
	€000	€000	€000
Assets			
Non-current assets			
Property, plant and equipment	-	73,079	73,079
Intangible assets	-	66	66
Investment in joint venture	-	12	12
Other non-current financial assets	-	1,459	1,459
	-	74,616	74,616
Current assets			
Trade and other receivables	-	239,361	239,361
Prepayments	63,492	41,992	105,484
Other current financial assets	-	1,101	1,101
Cash and short-term deposits	-	68,551	68,551
	63,492	351,005	414,497
Total assets	**63,492**	**425,621**	**489,113**
Equity and liabilities			
Current liabilities			
Trade and other payables	40,747	158,001	198,748
Interest-bearing loans and borrowings	-	65,754	65,754
Provisions	3,661	3,315	6,976
Employee benefits	-	34,198	34,198
Members' capital	4,900	-	4,900
Income tax payable	-	283	283
	49,308	261,551	310,859
Non-current liabilities			
Interest-bearing loans and borrowings	32,745	76,116	108,861
Advances received	-	8,308	8,308
Provisions	16,101	4,839	20,940
Employee benefits	-	5,230	5,230
	48,846	94,493	143,339
Total liabilities	98,154	356,044	454,198
Equity			
Members' capital	75,036	-	75,036
Reserves	-40,121	-	-40,121
Total equity	34,915	-	34,915
Total equity and liabilities	**133,069**	**356,044**	**489,113**
Members' advances	-63,492		
Net current members interest	**69,577**		

16) *Basis of preparation of the combined financial statements: Aggregation of the consolidated statement of income and statement of financial position of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP without elimination of any transactions between the two groups.*

Combined statement of financial position (unaudited)
Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP[17]

(as at 30 June 2010)

	Current members	Third parties	Total
	€000	€000	€000
Assets			
Non-current assets			
Property, plant and equipment	-	79,540	79,540
Intangible assets	-	206	206
Investment in joint venture	-	17	17
Other non-current financial assets	-	3,373	3,373
	-	83,136	83,136
Current assets			
Trade and other receivables	-	211,005	211,005
Prepayments	65,077	36,639	101,716
Other current financial assets	-	423	423
Cash and short-term deposits	-	87,319	87,319
	65,077	335,386	400,463
Total assets	**65,077**	**418,522**	**483,599**
Equity and liabilities			
Current liabilities			
Trade and other payables	34,424	120,466	154,890
Interest-bearing loans and borrowings	1,945	39,984	41,929
Provisions	5,823	6,384	12,207
Employee benefits	-	32,172	32,172
Members' capital	78,843	-	78,843
Income tax payable	-	439	439
	121,035	199,445	320,480
Non-current liabilities			
Interest-bearing loans and borrowings	14,070	146,831	160,901
Advances received	-	8,269	8,269
Provisions	23,016	8,940	31,956
Employee benefits	-	3,877	3,877
	37,086	167,917	205,003
Total liabilities	158,121	367,362	525,483
Equity			
Reserves	-41,884	-	-41,884
Total equity and liabilities	**116,237**	**367,362**	**483,599**
Members' advances	-65,077		
Net current members interest	**51,160**		

17) *Basis of preparation of the combined financial statements: Aggregation of the consolidated statement of income and statement of financial position of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP without elimination of any transactions between the two groups.*
No discontinued operations have been presented.

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