# Financial statements

for the year ended 30 June 2015
Ernst & Young Nederland LLP

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# Members' report

The members (i.e. partners) present their report and financial statements for the year ended 30 June 2015.

**Principal activity**

Ernst & Young Nederland LLP (hereinafter: "EYNL") provides assistance and coordinating leadership to Ernst & Young Accountants LLP and Ernst & Young Belastingadviseurs LLP and other EY entities in the Netherlands in order to optimize their shared course of business and practices and promote their joint strategy. EYNL carries out its operations in the Netherlands but does not provide services to clients. The individual entities consolidated in these accounts as of 30 June 2015 are detailed in Note 25 to the accounts.

**Board**

The Board is led by Marcel van Loo, Chairman of EYNL. For the period under approval (1 July 2014 – 30 June 2015) of the financial statements, the Board furthermore comprised of:

- Jeroen Davidson
- Michèle Hagers

All members of the board are - through their private limited liability companies (BV) - members of EYNL.

The Chairman of EYNL is appointed by the Chairman of Ernst & Young Europe LLP (hereinafter: "EY Europe"), after appropriate sounding with the members of EYNL and with the consent of the Europe Operating Executive ("EOE") of EY Europe. The other members of the Board are appointed by the EOE.

The Board is responsible for the day-to-day management and for exercising the duties and powers as determined by the Fundamental Rules and Regulations of EYNL.

Designated members of EYNL for the year ended 30 June 2015 are:

- Drs. M.A. van Loo B.V.
- Mr. J.L. Davidson Belastingadviseur B.V.
- Drs. M. Hagers B.V.

BDO LLP was appointed auditor to EYNL for the year ended 30 June 2015.

# Statement of members' responsibilities

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 ('LLP Regulations') require the members to prepare financial statements for each financial period. Under the LLP Regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the LLP and of the profit or loss of the group and the LLP for that period. 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 period 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 IFRSs. Members are also required to:

- properly select and apply accounting policies consistently;

- 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 IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the limited liability partnership's financial position and financial performance.

Under the LLP Regulations, the members are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the group and EYNL, 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 EYNL and to prevent and detect fraud and other irregularities.

The members' responsibilities set out 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 of which EYNL'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 EYNL's auditors are aware of that information.

EYNL and its subsidiaries, which are part of the EY global network of firms, have considerable financial resources, contracts with a large number of clients across different industries and geographies and has talented and motivated members and employees. Information about its capital and exposure to liquidity risk is set out in notes 23 and 24 to the financial statements. The designated members believe that EYNL is well placed to manage its business risks successfully and have a reasonable expectation that EYNL 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 financial statements.

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

We have audited the financial statements of Ernst and Young Nederland LLP for the year ended 30 June 2015 which comprise the consolidated and partnership statement of profit or loss and other comprehensive income, the consolidated and partnership statement of financial position, the consolidated and partnership statement of changes in equity, the consolidated and partnership statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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 Financial Reporting Council’s (FRC’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 FRC’s website at www.frc.org.uk/auditscopeukprivate.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the limited liability partnership’s affairs as at 30 June 2015 and of the group and Limited Liability Partnership’s profit for the year then ended.
- have been properly prepared in accordance with International Financial Reporting Standards 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.

**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;
- 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
Date: 28 September 2015

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

# Consolidated statement of profit or loss and other comprehensive income of Ernst & Young Nederland LLP[1]

**(for the year ended 30 June 2015)**

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| **Revenue** | | | |
| Rendering of services | 6.1 | 638,330 | 610,660 |
| Other income | 6.2 | 24,171 | 24,615 |
| | | **662,501** | **635,275** |
| **Operating expenses** | | | |
| Services provided by foreign EY member firms and third parties | 7.1 | 81,744 | 75,383 |
| Employee benefits expenses | 7.2 | 280,212 | 263,411 |
| Depreciation and impairment of property, plant and equipment | 10 | 5,884 | 7,441 |
| Amortization and impairment of intangible assets | 11 | 369 | 314 |
| Other operating expenses | 7.3 | 148,904 | 148,692 |
| | | **517,113** | **495,241** |
| **Operating profit** | | **145,388** | **140,034** |
| Finance income | 8.1 | 145 | 360 |
| Finance expenses | 8.2 | -6,640 | -8,316 |
| **Profit before tax** | | **138,893** | **132,078** |
| Income tax (expense)/income | 9 | -42 | -47 |
| **Profit for the financial year** | | **138,851** | **132,031** |
| *Other comprehensive income not to be reclassified to profit or loss in subsequent periods:* | | | |
| Actuarial gains and (losses) on defined benefit plans | 20.2 | 146 | 491 |
| **Other comprehensive income for the year, net of tax** | | **146** | **491** |
| **Total comprehensive income for the year, net of tax** | | **138,997** | **132,522** |
| **Profit attributable to members of EYNL** | | **138,851** | **132,031** |
| **Total comprehensive income for the year attributable to members of EYNL** | | **138,997** | **132,522** |

1) *Excluding Holland Van Gijzen Advocaten en Notarissen LLP. For figures including Holland Van Gijzen Advocaten en Notarissen LLP see the combined statement of profit or loss and other comprehensive income (unaudited).*

# Consolidated statement of financial position of Ernst & Young Nederland LLP[2]

**(as at 30 June 2015)**

| | notes | 30 June 2015 | 30 June 2014 |
|---|---|---|---|
| **Assets** | | €000 | €000 |
| *Non-current assets* | | | |
| Property, plant and equipment | 10 | 21,411 | 23,314 |
| Intangible assets | 11 | 10,489 | 6,600 |
| Other non-current financial assets | 12 | 6,015 | 4,394 |
| | | 37,915 | 34,308 |
| *Current assets* | | | |
| Trade and other receivables | 13 | 213,777 | 210,796 |
| Prepayments | 14 | 77,646 | 88,462 |
| Other current financial assets | 12 | 20 | 31 |
| Income tax receivable | | - | 49 |
| Cash and cash equivalents | 15 | 60,713 | 31,054 |
| | | 352,156 | 330,392 |
| **Total assets** | | **390,071** | **364,700** |
| **Equity and liabilities** | | | |
| *Current liabilities* | | | |
| Trade and other payables | 16 | 194,092 | 173,902 |
| Interest-bearing loans and borrowings | 17 | 26,244 | 37,913 |
| Provisions | 19 | 5,413 | 7,302 |
| Employee benefits | 20 | 21,901 | 21,626 |
| Income tax payable | | 226 | - |
| | | 247,876 | 240,743 |
| *Non-current liabilities* | | | |
| Interest-bearing loans and borrowings | 17 | 38,883 | 43,779 |
| Other non-current financial liabilities | 18 | 1,287 | 229 |
| Provisions | 19 | 16,867 | 20,901 |
| Employee benefits | 20 | 16,242 | 15,163 |
| | | 73,279 | 80,072 |
| Total liabilities | | 321,155 | 320,815 |
| *Equity* | | | |
| Members' capital | 21 | 76,085 | 73,227 |
| Reserves | 22 | -7,169 | -29,342 |
| Total equity | | 68,916 | 43,885 |
| **Total equity and liabilities** | | **390,071** | **364,700** |

These financial statements were approved by Ernst & Young Europe LLP on 28 September 2015 and signed by M.A. van Loo on behalf of Drs. M.A. van Loo B.V.

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

# Consolidated statement of changes in equity of Ernst & Young Nederland LLP

| | Members' Capital | Profit available for distribution | Retained earnings | Total reserves | Total equity |
|---|---|---|---|---|---|
| | €000 | €000 | €000 | €000 | €000 |
| At 1 July 2013 | 72,193 | 94,437 | -138,422 | -43,985 | 28,208 |
| Profit for the financial year | - | 116,333 | 15,698 | 132,031 | 132,031 |
| Other comprehensive income | - | - | 491 | 491 | 491 |
| Total comprehensive income | - | 116,333 | 16,189 | 132,522 | 132,522 |
| Profit distribution 2012/2013 | - | -94,437 | -23,442 | -117,879 | -117,879 |
| Contributions of capital from members | 6,004 | - | - | - | 6,004 |
| Repayment on retirement through equity | -4,970 | - | - | - | -4,970 |
| **At 30 June 2014** | **73,227** | **116,333** | **-145,675** | **-29,342** | **43,885** |
| Profit for the financial year | - | 123,253 | 15,598 | 138,851 | 138,851 |
| Other comprehensive income | - | 146 | - | 146 | 146 |
| Total comprehensive income | - | 123,399 | 15,598 | 138,997 | 138,997 |
| Profit distribution 2013/2014 | - | -116,333 | -491 | -116,824 | -116,824 |
| Contributions of capital from members | 5,903 | - | - | - | 5,903 |
| Repayment on retirement through equity | -3,045 | - | - | - | -3,045 |
| **At 30 June 2015** | **76,085** | **123,399** | **130,568** | **-7,169** | **68,916** |

Negative retained earnings are a result of settlement of drawing rights 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 EYNL will be able to continue distribution of its profits.

# Consolidated statement of cash flows of Ernst & Young Nederland LLP

**(for the year ended 30 June 2015)**

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| **Operating activities** | | | |
| Profit for the financial year | | 138,851 | 132,031 |
| Adjustment for: | | | |
| Depreciation and impairment of property, plant and equipment | 10 | 5,884 | 7,441 |
| Amortization and impairment of intangible assets | 11 | 369 | 314 |
| Finance income and expenses | 8 | 6,495 | 7,956 |
| Increase/(decrease) in employee benefits provision | 20 | 1,352 | -2,501 |
| Decrease in provisions | 19 | -6,571 | -6,641 |
| | | 146,380 | 138,600 |
| Working capital adjustments: | | | |
| Decrease/(increase) in trade and other receivables and prepayments | | 8,357 | -26,514 |
| Increase in trade and other payables | | 8,305 | 4,591 |
| Income tax received | | 275 | 147 |
| **Net cash flows from operating activities** | | **163,317** | **116,824** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | | -5,021 | -3,356 |
| Disposal of property, plant and equipment | | 143 | 61 |
| Purchase of intangible assets | | - | -40 |
| Advances/additions to other non-current financial assets/loans | | -1,621 | -11 |
| Repayment/disposal of other non-current financial assets/loans | | 11 | 71 |
| Acquisition of a subsidiary, net of cash acquired | 5 | -1,870 | - |
| Interest received | | 145 | 360 |
| **Net cash flows used in investing activities** | | **-8,213** | **-2,915** |

## Consolidated statement of cash flows of Ernst & Young Nederland LLP

(for the year ended 30 June 2015)

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| **Financing activities** | | | |
| Payment (to)/from members (current account) | | 9,166 | -11,642 |
| Prepayments to current members | 14 | -52,694 | -53,612 |
| Payment of profit distribution 2013/2014 (2012/2013) | | -63,212 | -72,295 |
| Contributions of capital from members | 21 | 5,903 | 6,004 |
| Repayment of capital contributions on retirement | 21 | -3,045 | -4,970 |
| Repayment of financing related to drawing rights | | -14,847 | -14,840 |
| Payment of finance lease liabilities | | -798 | -1,303 |
| Proceeds from interest-bearing loans and borrowings | 17 | 23,130 | 13,735 |
| Repayment of interest-bearing loans and borrowings | 17 | -24,165 | -18,735 |
| Proceeds from other non-current financial liabilities | 18 | -160 | - |
| Interest paid | | -4,723 | -5,501 |
| **Net cash flows used in financing activities** | | **-125,445** | **-163,159** |
| **Net cash flow** | | **29,659** | **-49,250** |
| Net cash and cash equivalents at 1 July | 15 | 31,054 | 80,304 |
| Net cash flow | | -29,659 | -49,250 |
| **Net cash and cash equivalents 30 June** | 15 | **60,713** | **31,054** |

# Notes to the consolidated financial statements of Ernst & Young Nederland LLP

The following abbreviations are used in these financial statements:

| **Abbreviation** | **standing for** |
|---|---|
| EYNL | Ernst & Young Nederland LLP |
| EYA | Ernst & Young Accountants LLP |
| EYB | Ernst & Young Belastingadviseurs LLP |
| HVG | Holland Van Gijzen Advocaten en Notarissen LLP |
| EY Europe | Ernst & Young Europe LLP |
| EY EMEIA | Ernst & Young (EMEIA) Services Limited |
| EY Global | Ernst & Young Global Ltd |
| EYGS | EYGS LLP |
| EYGF | Ernst & Young Global Finance, Inc. |

## 1 Corporate information

### 1.1 DATE OF PREPARATION

EYNL's consolidated financial statements for the year ended 30 June 2015 were approved by EY Europe on 28 September 2015 and signed on behalf of the members by the designated members on 28 September 2015.

### 1.2 INCORPORATION

EYNL is a limited liability partnership incorporated and domiciled in the United Kingdom. The partnership was incorporated on 14 March 2008.

EYNL is registered in England and Wales with registered number OC335595 and has its registered office at Becket House, 1 Lambeth Palace Road, London SE1 7EU, United Kingdom.
Its principal place of business is at Boompjes 258, 3011 XZ Rotterdam, The Netherlands and it is registered with the Chamber of Commerce with number 24432942.

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. The financial year 2014/2015 started on 28 June 2014 (2013/2014: 29 June 2013) and ended on 3 July 2015 (2013/2014: 27 June 2014). Accordingly, references to 30 June 2015 must be read as references to 3 July 2015 and those to 30 June 2014 must be read as references to 27 June 2014.

### 1.4 PRINCIPAL ACTIVITIES

EYNL provides assistance and coordinating leadership to EYA and EYB in order to optimize their shared course of business and practices and promote their joint strategy. EYNL carries out its operations in the Netherlands but does not provide services to clients.
The principal activities of EYNL's subsidiaries EYA and EYB are the provision of assurance, tax, advisory and transaction advisory services in the Netherlands. Legal services are provided by HVG, which has a strategic alliance with EYB. Information on the group structure and related party relationships is provided in Note 25.

### 1.5 CONTROL STRUCTURE

EYNL is a member firm of EY Global, a worldwide organization of separate legal entities providing assurance, tax, advisory and transaction advisory services which holds a leading position in its market.

Within the EY worldwide organization, operations are organized in four geographic Areas: Americas, Asia-Pacific, EMEIA (Europe, Middle East, India and Africa) and Japan. EY's activities in the Netherlands are a geographical part of the EMEIA organization, consisting of 99 countries divided into 11 geographic Regions and the EMEIA Financial Services Organization Region, which facilitates all services provided to the financial sector.

Together with Belgium, the Netherlands forms the "BeNe" Region. This does not include the Financial Services sector in both countries, which sector is part of the EMEIA Financial Services Organization Region.

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). Both the interest allowance and the repayment of funds are subject to decisions of the Board of EYNL and therefore the funds provided by members are classified as equity instruments.
In the situation that the Board might decide to defer interest payments and/or repayments of funds provided, the contractual terms prohibit the distribution of profits.
The members are the sole rightful claimants to the result as determined from the consolidated financial statements. The result is subject to tax in the members' professional practice companies to the extent that the results of the entities in which participating interests are held have not already been subject to tax according to those entities' legal forms.

## 2 Accounting policies

### 2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale (AFS) financial assets and, if any, contingent consideration resulting from business combinations which have been measured at fair value.

The designated members consider that the financial resources available to EYNL 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 where indicated otherwise.

### 2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of EYNL and its subsidiaries as at 30 June 2015. Control is achieved when EYNL is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, EYNL controls an investee if, and only if, EYNL has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when EYNL has less than a majority of the voting or similar rights of an investee, EYNL considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- EYNL's voting rights and potential voting rights.

EYNL re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when EYNL obtains control over the subsidiary and ceases when EYNL loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date EYNL gains control until the date EYNL ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with EYNL's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities within the EYNL group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If EYNL loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES**

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations:

- IFRS 10 Consolidated Financial Statements, effective 1 January 2014
- IFRS 11 Joint Arrangements, effective 1 January 2014
- IFRS 12 Disclosure of Interests in Other Entities, effective 1 January 2014
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition Guidance, effective 1 January 2014
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities, effective 1 January 2014
- IAS 27 Separate Financial Statements (revised 2011), effective 1 January 2014
- IAS 28 Investments in Associates and Joint Ventures (revised 2011), effective 1 January 2014
- Amendments to IAS 32 Financial Instruments - Presentation: Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014
- Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-financial Assets, effective 1 January 2014
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting, effective 1 January 2014
- IFRIC 21 Levies, effective 17 June 2014

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of EYNL, its impact is described below:

**IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS**

IFRS 10 establishes a single control model that applies to all entities. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements.
IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.
Based on the analyses performed, the application of IFRS 10 has no impact on EYNL's financial position or performance.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Foreign currencies**

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 translated at the functional currency rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss and other comprehensive income.

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 when the fair value is determined.

**Business combinations and goodwill**

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, EYNL elects whether it 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 are expensed as incurred.

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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized in either profit or loss or as a change to other comprehensive income.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, EYNL re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of EYNL's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**Fair value measurement**

EYNL measures financial instruments, as available-for-sale (AFS) assets, at fair value at each balance sheet date. All other financial instruments are subsequently measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to EYNL.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

EYNL uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, EYNL determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, EYNL has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**Revenue recognition**

Revenue is recognized 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 to clients and to other entities within the EY global network. Revenue is recognized 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 that 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 recognized as contract activity progresses, although when it is contingent on an event outside the control of EYNL it is recognized 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 recognized on 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 recognized.

*Other income*
Income earned from charges made to other entities within the EY global network is recognized based on the applicable contractual terms and conditions.

*Finance income*
Finance income represents interest earned on cash at banks and deposits. Revenue is recognized 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 likewise settled through the members' professional corporations. Consequently, no deferred tax arises.

**Profit for the financial year available for distribution among members**
The profit for the financial year available for distribution to members as reported in the consolidated statement of profit or loss and other comprehensive income is distributed according to an agreed system. The distributions to retired members are a contractual obligation of the members as a whole, and not EYNL.

The distribution of the consolidated result to the members is subject to the approval of EY Europe. Because of the timing difference of the approval the result for the financial year is recognized 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 current or retired members.

Drawing rights were settled in the 2006/2007 and 2008/2009 financial years. 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 11.5 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 recognized as a financial asset. Profit distributions to members are recognized as a deduction from equity when payment is no longer discretionary.

Work performed by members is not remunerated separately. The statement of profit or loss and other comprehensive income does not recognize notional remuneration for members as such remuneration cannot be regarded as determining the profit.

**Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.
The present value of the expected dilapidations costs at the end of the lease is included in the cost of the capital expenditure in rented properties if the recognition criteria for a provision are met. It is depreciated over the remaining terms of the leases. See Note 19 "Provisions" for the method for calculating the provision for dilapidations costs.

*Depreciation*

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

| | |
|---|---|
| ▸ Capital expenditure in rented properties | Lease term, usually 10 years |
| ▸ Cars (average lease term) | 2015: 4.9 years; 2014: 4.8 years |
| ▸ Fixtures and fittings, computers etc. | 5 to 7 years |

Depreciation is charged proportionately to additions made 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 equals the term of the finance lease.

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

*Derecognition*

An item of property, plant and equipment is derecognized 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 statement of profit or loss and other comprehensive income in the year the asset is derecognized.

**Leases**

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

*Finance lease*

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item to EYNL, are capitalized at the commencement of the lease at the inception date fair value of the leased asset 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 recognized in the statement of profit or loss and other comprehensive income.

Assets leased through finance leases are depreciated over the useful life of the asset. However, if there is no reasonable certainty that EYNL will obtain ownership at 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 recognized as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Increases in annual rentals following rent reviews are recognized over the remaining lease term from the time they take effect. Lease incentives are recognized as a reduction of rental expenses over the contracted lease term.

**Borrowing costs**

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

**Intangible assets**

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

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

| | |
|---|---|
| ▸ Software | 3 years |
| ▸ Customer relationships / Brand Names | 10 years |

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

The amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. Brands names are amortized on an individual basis.
The amortization expense on intangible assets is recognized as a separate line item in the statement of profit or loss and other comprehensive income.

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 recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized.

**Impairment of non-financial assets**

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Significant accounting judgments, estimates and assumptions Note 4
- Property, plant and equipment Note 10
- Intangible assets Note 11

EYNL assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, EYNL estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

EYNL bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of EYNL's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 1 to 3 years.

Impairment losses of continuing operations, are recognized in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, EYNL estimates the asset's or the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income unless the asset is carried at a remeasured amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually (as at 30 June) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

**Financial assets**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as loans and receivables or AFS financial assets, as appropriate. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

The financial assets include cash and cash equivalents, trade and other receivables, loans and other receivables and unquoted equity shares.

*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 amortized 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 refers to 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 recognized in the consolidated statement of profit or loss and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

2) AFS financial 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. Unrealized gains and losses are recognized through other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in the statement of profit or loss and other comprehensive income, or determined to be impaired, at which time the cumulative loss recorded in other comprehensive income is recognized in the statement of profit or loss and other comprehensive income.

*Derecognition*

A financial asset is derecognized on settlement.

*Impairment of financial assets*

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Significant accounting judgments, estimates and assumptions Note 4
- Trade and other receivables Note 13

EYNL assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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 reorganization 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.

For financial assets carried at amortized cost, EYNL first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If EYNL determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.
If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.
The carrying amount of the assets is reduced through the use of an allowance account and the loss is recognized in profit or loss.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

*Subsequent measurement*

After initial recognition, interest-bearing and non-interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.
Trade payables are generally carried at the original invoiced amount.
Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the amortization process.

*Derecognition*
A financial liability is derecognized when the obligation under the liability is discharged, 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 recognized in the statement of profit or loss and other comprehensive income.

**Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**Cash and cash equivalents**
Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

**Provisions**
Provisions are recognized when EYNL has a present legal or constructive obligation resulting from 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 a provision is presented in the statement of profit or loss and other comprehensive income 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 recognized as a finance cost.

*Professional indemnity*
In determining the amount of a provision to be recognized in respect of alleged professional negligence claims, it is necessary to make a judgment as to whether a present obligation exists 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 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 the provision recognized.

Contingent liabilities, including liabilities that are not probable or which cannot be measured reliably, are not recognized but are disclosed unless the possibility of settlement is considered remote. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable. Separate disclosure is not made of any individual claim or of expected insurance recoveries where such disclosure might seriously prejudice the position of the entity.

*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 the members' retirement dates. In specific circumstances, notably when a member leaves before the usual retirement date, no payment is due.

The obligation is recognized at the best estimate of the expected payments upon retirement of the respective partners, using actuarial assumptions and discounted at a contractual determined 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 recognized 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 recognized in the statement of profit or loss and other 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 (Stichting Pensioenfonds Ernst & Young). The pension fund has reinsured its obligations and actuarial risks through an insurance company. EYNL is only required to pay the agreed contributions 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 statement of profit or loss and other comprehensive income. 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 based 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 recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods.

*Salary payments during absence and long-service awards*

The salary payments during absence consist of supplementary disability benefits under the Dutch 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 of disability benefits is computed actuarially using factors for attrition, mortality and disability, and measurement of long-service awards is based on probability rates, mortality rates and future salary increases. Actuarial gains and losses are recognized immediately through profit or loss. These provisions are discounted using a rate derived from the interest rate on high quality corporate bonds.

*Annuities regarding retired members*

Annuity 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 for whose benefit the annuity was concluded.

**Equity**

*Members' capital*

The funds provided by the members classify as Equity instruments. Reference is made to Note 1.6.

*Retained earnings*

The distribution of the consolidated result for the financial year will be 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 recognized 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 current or retired members.

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

Drawing rights were settled in the 2006/2007 and 2008/2009 financial years. 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 an 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 dates.

**Statement of cash flows**
The statement of cash flows has been prepared using the indirect method.

Movements in members' capital, other loans and borrowings from members and current accounts with current and retired members are presented as a single net amount.

Combined transactions are not recognized on the basis of their individual components: e.g. assets acquired through a finance lease are not recognized in the net cash flows used in investing activities or the net cash flows used in financing activities. Instead, only the actual payment of the finance lease obligations is included in the net cash flows used in financing activities. The interest element is recognized as part of overall interest in the financing cash flow.

Transactions denominated in foreign currencies are recognized at the exchange rates ruling on the transaction date.

On 3 November 2014 Ernst & Young Participaties B.V. acquired 100% of the shares of Centre B.V.

During 2008/2009, the drawing rights of current members were settled at fixed amounts and became an obligation, payable upon their retirement dates. During 2014/2015, an amount of €2.3 million was paid to retiring members (2013/2014: €1.8 million).

## 3 Standards issued but not yet effective

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

- IFRS 9 Financial Instruments, effective 1 January 2018
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception[3], effective 1 January 2016
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3], effective 1 January 2016 (to be amended)
- Amendments to IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations[3], effective 1 January 2016
- IFRS 14 Regulatory Deferral Accounts[3], effective 1 January 2016
- IFRS 15 *Revenue from Contracts with Customers*[3], effective 1 January 2018
- Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative[3], effective 1 January 2016
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation[3], effective 1 January 2016
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Bearer Plants[3], effective 1 January 2016
- Amendments to IAS 19 *Employee Benefits* – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements[3], effective 1 January 2016
- Annual Improvements to IFRSs 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs 2011-2013 Cycle (Issued December 2013), effective 1 January 2015
- Annual Improvements to IFRSs 2012-2014 Cycle (Issued September 2014)[3], effective 1 January 2016

*3) Not yet endorsed by the EU as at September 2015.*

The standards and interpretations discussed below are those which EYNL reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. EYNL intends to adopt these standards when they become effective.

**IFRS 15 Revenue from Contracts with Customers[3]**

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

EYNL is currently assessing the impact of this standard.

## 4 Significant accounting judgments, estimates and assumptions

The preparation of EYNL's consolidated financial statements requires management to make judgments, 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.

**Judgments**

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

**Drawing rights**

Drawing rights were settled/redeemed in the 2006/2007 and 2008/2009 financial years. EYNL and its 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, EYGS, on behalf of EY Europe, committed (interest-free) loans totalling €98.9 million and an equity contribution of €74.1 million. On 27 June 2012 these loans were transferred to EYGF.

The loans were measured on receipt at the 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.

**Finance and operating leases**

Effective 1 January 2012, EYNL entered into a contract with a single car lease company. Under this contract, the cars are recognized as operating leases. The previously existing contracts with the other car lease companies remain unchanged and continue to be classified as finance leases.

Management established on the basis of an evaluation of the terms and conditions for the arrangements that not all the significant risks and rewards of ownership of computers and mobile phones leased for employees and members had been transferred to EYNL. Consequently, the personal computers and mobile phones are recognized as operating leases.

**Pension plan**

The contractual arrangements laid down 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, viewed from EYNL's perspective 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 relates to 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.

**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 beyond the control of EYNL. 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 capitalized 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 10.

**Impairment of non-financial assets**
An impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and forecasts for the next 1 to 3 years. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are further explained in Note 11.

**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 also taken into account. Further details on trade receivables are disclosed in Note 13.

**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 19.

**Provision for premises**
A provision for premises has been formed for the rent due for the remaining term of the leases of offices, or parts of them, rented by EYNL but unoccupied. In determining the amounts, assumptions and estimates are made in relation to discount rate, expected fixed expenses and expected income from sublease. For further details see Note 19.

**Employee benefits**
Bonuses and payments to employees are determined annually based on budgeted assumptions. During the year and as at year end, the amounts of these bonuses and payments to employees are assessed as to whether they are still applicable regarding the business circumstances. Further details are disclosed in Note 20.

**Fair value measurement of contingent consideration**
Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (refer Notes 5 and 18 for details).

As part of the accounting for the acquisition of Centre B.V. contingent consideration with an estimated fair value of €1.1 million was recognized at the acquisition date and remeasured to €0.3 million as at the reporting date. The maximum consideration to be paid is €2.4 million. The contingent consideration is classified as other financial liability (see Note 18).

## 5 Business combinations

**Acquisitions in 2014/2015**
On 3 November 2014 Ernst & Young Participaties B.V. acquired 100% of the shares of Centre B.V.
Centre B.V. was founded in 2005 and offers EPM services (financial consolidation, budgeting/ planning/ forecasting, management reporting and analytics) to large international clients.

Centre B.V. is integrated in our FSO Performance Improvement practice in the Netherlands.

**Assets acquired and liabilities assumed**
The fair value of the identifiable assets and liabilities of Centre B.V. as at the date of acquisition were:

| | notes | Fair value recognized on acquisition |
|---|---|---|
| | | €000 |
| **Assets** | | |
| Intangible assets identified at acquisition date | | 1,256 |
| Intangible fixed assets | | 11 |
| Property, plant and equipment | | 61 |
| Trade and other receivables | | 1,441 |
| Cash and cash equivalents | | 19 |
| | | **2,788** |
| **Liabilities** | | |
| Trade and other payables | | 1,115 |
| **Total identifiable net assets at fair value** | | **1,673** |
| Goodwill arising on acquisition | 11 | 2,991 |
| **Purchase consideration transferred** | | **4,664** |

The fair value of the trade receivables amounts to €1.4 million. The gross amount of trade receivables is €1.4 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

At acquisition date, customer relationships of €1.3 million were separately recognized.

The goodwill of €3.0 million comprises the value of the assembled workforce which cannot be separately recognized. Goodwill is allocated entirely to the sub service line Performance Improvement, part of the Advisory service line. None of the goodwill recognized is expected to be deductible for income tax purposes.

The acquisition took place at 3 November 2014. From the date of acquisition, Centre B.V. has contributed €1.7 million of revenue and €0.4 million to the gross margin of EYNL.
If the acquisition had taken place at the beginning of the financial year, revenue from continuing operations would have been further increased with €0.9 million and the profit from continuing operations for EYNL would have been increased with €0.2 million.

**Purchase consideration**

| | €000 |
|---|---|
| Cash paid | 1,889 |
| Deferred consideration – fixed | 1,723 |
| Contingent consideration – earn out | 1,052 |
| **Total consideration** | **4,664** |

Analysis of cash flows on acquisition:

| | |
|---|---|
| Cash paid | -1,889 |
| Net cash acquired with the subsidiary (included in cash flows from investing activities) | 19 |
| **Net cash flow on acquisition** | **-1,870** |

**Contingent consideration**
As part of the purchase agreement with the previous owners of Centre B.V., a contingent consideration has been agreed. There will be additional cash payments to the previous owners of Centre B.V. of maximum €2.4 million, depending on the achieved levels of revenues and gross margin in FY15 and FY16.

The fair value at the acquisition date 3 November 2014 was €1.1 million, which has been adjusted as at 30 June 2015 to €0.3 million for changes in underlying assumptions.

**Acquisitions in 2013/2014**
There were no acquisitions in the financial year 2013/2014.

## 6 Revenue

EYNL is not required to disclose segment information.

### 6.1 RENDERING OF SERVICES

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

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Assurance services | 296,845 | 289,478 |
| Tax services | 207,760 | 202,362 |
| Advisory services | 97,278 | 88,583 |
| Transaction advisory services | 36,447 | 30,237 |
| | **638,330** | **610,660** |

### 6.2 OTHER INCOME

Other income was as follows:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Services to other entities within the EY network | 23,935 | 22,794 |
| Other | 236 | 1,821 |
| | **24,171** | **24,615** |

# 7 Operating expenses

### 7.1 SERVICES PROVIDED BY FOREIGN EY MEMBER FIRMS AND THIRD PARTIES

These are services and expenses directly attributable to assignments.

### 7.2 EMPLOYEE BENEFITS EXPENSES

The breakdown is as follows:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Salaries and bonuses | 190,977 | 178,105 |
| Social security charges | 26,105 | 25,458 |
| Pension contribution | 24,482 | 24,364 |
| Mobility expenses | 30,947 | 27,735 |
| Other staff expenses | 7,701 | 7,749 |
| | **280,212** | **263,411** |

Salaries and bonuses include vacation allowance.

Mobility expenses includes lease payments recognized as operating lease expenses of €17.1 million (2013/2014: €13.6 million).

The average number of staff (excluding members) in full time equivalents (FTE) during the year was:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | FTE | FTE |
| Client serving staff | 2,836 | 2,635 |
| Support staff | 506 | 510 |
| | **3,342** | **3,145** |

### 7.3 OTHER OPERATING EXPENSES

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Premises expenses | 25,667 | 24,676 |
| Other staff expenses | 14,515 | 13,240 |
| Office expenses | 12,323 | 13,450 |
| IT expenses | 20,938 | 19,039 |
| International EY charges | 46,590 | 44,346 |
| Net foreign exchange gains and losses | -666 | -617 |
| Other expenses | 29,537 | 34,558 |
| | **148,904** | **148,692** |

Premises expenses includes lease payments recognized as operating lease expense of €19.9 million (2013/2014: €19.5 million).

IT expenses includes lease payments recognized as operating lease expense of €1.2 million (2013/2014: €1.5 million).

Auditors' remuneration of €206,400 (2013/2014: €229,400) is included in other expenses. Of these amounts, €181,000 (2013/2014: €180,000) was charged in respect of the audit of the financial statements of all entities and an amount of €25,400 (2013/2014: €49,400) for various other audit services.

## 8 Finance income and expenses

### 8.1 FINANCE INCOME

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Interest on bank balances and deposits | 81 | 354 |
| Interest income on loans and receivables | 64 | 6 |
| | **145** | **360** |

### 8.2 FINANCE EXPENSES

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| Interest on loans granted by current and retired members | | 2,103 | 1,913 |
| Interest on current and retired members' current account balances | | 1,586 | 1,988 |
| Total interest paid to current and retired members | | 3,689 | 3,901 |
| Finance charges payable under finance leases | | 183 | 298 |
| Interest on bank loans and borrowings (including amortized cost of loans and borrowings) | | 625 | 1,091 |
| Unwinding of discount on provisions and loans | 17,18,19,20 | 1,802 | 2,747 |
| Other interest and similar expense | | 341 | 279 |
| | | **6,640** | **8,316** |

## 9 Income tax expense

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Income tax: current financial year | **-42** | **-47** |

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 recognized or unrecognized losses available for relief.

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

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Profit before tax | 138,893 | 132,078 |
| Tax at 25% (2013/2014: 25%) | -34,723 | -33,020 |
| Tax on partnership profits attributable to the members | 34,670 | 32,973 |
| Taxes receivable for previous year | 11 | - |
| Taxes payable by subsidiaries | **-42** | **-47** |

## 10 Property, plant and equipment

The movements were as follows:

| | notes | Capital expenditure in rented properties | Cars | Fixtures and fittings, computers | Total |
|---|---|---|---|---|---|
| | | €000 | €000 | €000 | €000 |
| At 1 July 2013 | | 16,436 | 6,943 | 5,884 | 29,263 |
| Additions | | 2,185 | - | 1,171 | 3,356 |
| Disposals | | - | -1,804 | -60 | -1,864 |
| Depreciation | | -3,680 | -1,304 | -2,457 | -7,441 |
| **At 30 June 2014** | | **14,941** | **3,835** | **4,538** | **23,314** |
| Acquisition of a subsidiary | 5 | 41 | - | 20 | 61 |
| Additions | | 3,376 | - | 1,645 | 5,021 |
| Disposals | | -53 | -958 | -90 | -1,101 |
| Depreciation | | -3,037 | -798 | -2,049 | -5,884 |
| **At 30 June 2015** | | **15,268** | **2,079** | **4,064** | **21,411** |
| Cost | | 57,358 | 12,338 | 38,302 | 107,998 |
| Accumulated depreciation and impairments | | -40,922 | -5,395 | -32,418 | -78,735 |
| **At 1 July 2013** | | **16,436** | **6,943** | **5,884** | **29,263** |
| Cost | | 51,483 | 7,480 | 31,049 | 90,012 |
| Accumulated depreciation and impairments | | -36,542 | -3,645 | -26,511 | -66,698 |
| **At 30 June 2014** | | **14,941** | **3,835** | **4,538** | **23,314** |
| Cost | | 54,114 | 4,897 | 30,214 | 89,225 |
| Accumulated depreciation and impairments | | -38,846 | -2,818 | -26,150 | -67,814 |
| **At 30 June 2015** | | **15,268** | **2,079** | **4,064** | **21,411** |

Contractual obligations for purchasing property, plant and equipment, with the exception of the refurbishment of the Rotterdam office (€0.6 million for capital expenditure), were negligible at 30 June 2015 and 30 June 2014.

Until 31 December 2011, EYNL ran all significant risks and enjoyed all significant rewards inherent in the ownership of the cars and, accordingly, they were recognized as finance leases. Effective 1 January 2012, EYNL entered into a contract with a single car lease company. Under this contract, the cars are recognized as operating lease.

The existing contracts with the other car lease companies remain unchanged and continue to be classified as finance leases.

All other property, plant and equipment is at the free disposal of EYNL (i.e. it has not been pledged as security).

## 11 Intangible assets

| | notes | Customer relationships/ Brand names | Goodwill | Software | Total |
|---|---|---|---|---|---|
| | | €000 | €000 | €000 | €000 |
| At 1 July 2013 | | 2,195 | 4,663 | 16 | 6,874 |
| Additions / Purchases | | 40 | - | - | 40 |
| Amortization | | -300 | - | -14 | -314 |
| **At 30 June 2014** | | **1,935** | **4,663** | **2** | **6,600** |
| Acquisition of a subsidiary | 5 | 1,256 | 2,991 | 11 | 4,258 |
| Additions / Purchases | | - | - | - | - |
| Amortization | | -360 | - | -9 | -369 |
| **At 30 June 2015** | | **2,831** | **7,654** | **4** | **10,489** |
| Cost | | 2,600 | 4,663 | 722 | 7,985 |
| Accumulated amortization | | -405 | - | -706 | -1,111 |
| **At 1 July 2013** | | **2,195** | **4,663** | **16** | **6,874** |
| Cost | | 2,640 | 4,663 | 197 | 7,500 |
| Accumulated amortization | | -705 | - | -195 | -900 |
| **At 30 June 2014** | | **1,935** | **4,663** | **2** | **6,600** |
| Cost | | 3,896 | 7,654 | 281 | 11,831 |
| Accumulated amortization | | -1,065 | - | -277 | -1,342 |
| **At 30 June 2015** | | **2,831** | **7,654** | **4** | **10,489** |

**Acquisition during the year**

Further details of the acquired intangible assets are included in Note 5.

**Purchases during 2013/2014**

In November 2013 Ernst & Young Accountants LLP has acquired the brand names of the bankrupt firm Nolan, Norton & Co. In January 2014 Ernst & Young Accountants LLP has acquired the client list of the bankrupt firm Acestes Nederland B.V.

**Impairment testing of goodwill**

Goodwill acquired through business combinations has been allocated to the CGU's below, which are also operating segments for impairment testing:

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Advisory services | 2,776 | 2,776 |
| Assurance services | 1,411 | 1,411 |
| Transaction advisory services | 476 | 476 |
| Performance Improvement | 2,991 | - |
| | **7,654** | **4,663** |

**Key assumptions used in value in use calculations**

The calculation of value in use is most sensitive to the following assumptions: discount rate, budgeted revenue, budgeted gross margin and budgeted operating income.

The value in use calculation is based on cash flow projections from the most recent financial budgets, the discount rates are derived from the CGU's weighted average cost of capital. The indefinite growth rate used is 0.0%.

**Sensitivity to changes in assumptions**

With regard to the assessment of value in use, management assessed that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed their recoverable amount.

As a result of analysis, management did not identify an impairment as at 30 June 2015 and 30 June 2014.

## 12 Other non-current and current financial assets

| | Effective interest rate | Maturity (financial year) | 30 June 2015 | 30 June 2014 |
|---|---|---|---|---|
| | % | | €000 | €000 |
| **Non-current** | | | | |
| Available-for-sale (AFS) investment – unquoted equity shares | n/a | n/a | 5,997 | 4,376 |
| Loans granted to current members | n/a | n/a | 18 | 18 |
| | | | **6,015** | **4,394** |
| **Current** | | | | |
| Loans granted to current members | 5.5% | n/a | - | 11 |
| Loans granted to employees | n/a | 2016 | 20 | 20 |
| | | | **20** | **31** |

As at 30 June 2015 and 30 June 2014, there were no past-due amounts.

**Available-for-sale (AFS) investment – unquoted equity shares**

EYNL holds non-controlling interests in EYGI B.V. (5.86%), EY Holdings Ltd (19.68%) and EY Global Finance, Inc. (4%; 30 June 4.57%). The fair value of the investments in equity instruments cannot be estimated reliably and, accordingly, they are measured at cost.

During 2014/2015 an amount of €1.6 million was paid to EY Global Finance for the issue of new shares.

## 13 Trade and other receivables

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Unbilled receivables | 85,984 | 88,309 |
| Trade receivables[4] | 118,622 | 110,533 |
| Other receivables[4] | 9,171 | 11,954 |
| | **213,777** | **210,796** |

### 13.1 UNBILLED RECEIVABLES

Payments on account in excess of the relevant amount of revenue are included in trade and other payables.

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

Amounts are not yet billed and measured at expected realisable value and therefore neither past due nor impaired.

4) *Reclassification in 2013/2014 for comparative purposes: non-trade related receivables of related parties are now classified as Other receivables.*

### 13.2 TRADE RECEIVABLES[5]

Trade receivables are generally payable 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 as at 30 June 2015 for these receivables is €6.4 million (30 June 2014: €5.0 million). The movement in the provision for impairment was as follows:

| | **Total** |
|---|---|
| | €000 |
| At 1 July 2013 | -3,202 |
| Charge for the year | -2,495 |
| Release of unused amounts | 705 |
| Written off | -4 |
| **At 30 June 2014** | **-4,996** |
| Charge for the year | -2,620 |
| Release of unused amounts | 1,275 |
| Written off | -93 |
| **At 30 June 2015** | **-6,434** |

*5) Reclassification in 2013/2014 for comparative purposes: non-trade related receivables of related parties are now classified as Other receivables.*

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

| | Total | Neither past due nor impaired | Past due but not impaired <30 days | 30-90 days | 90-180 days | 180-365 days | >365 days |
|---|---|---|---|---|---|---|---|
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| 30 June 2015 | 118,622 | 56,316 | 39,628 | 15,166 | 4,311 | 1,904 | 1,297 |
| 30 June 2014 | 110,533 | 46,261 | 38,480 | 17,643 | 4,503 | 2,807 | 839 |

See Note 23.1 on how EYNL manages credit risk.

Receivables from related parties are included in trade receivables for an amount of €17.7 million (30 June 2014: €12.2 million). For further information regarding related parties reference is made to Note 25.

**13.3 OTHER RECEIVABLES[6]**

Other receivables are shown net of impairment. The total amount of impairment as at 30 June 2015 for these receivables is €0.3 million (30 June 2014: €0.5 million). The movement in the provision for impairment was as follows:

| | Total |
|---|---|
| | €000 |
| At 1 July 2013 | -95 |
| Charge for the year | -520 |
| Release of unused amounts | 78 |
| Written off | 5 |
| **At 30 June 2014** | **-532** |
| Charge for the year | - |
| Release of unused amounts | 230 |
| Written off | 2 |
| **At 30 June 2015** | **-300** |

*6) Reclassification in 2013/2014 for comparative purposes: non-trade related receivables of related parties are now classified as Other receivables.*

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

| | Total | Neither past due nor impaired | Past due but not impaired | | | | |
|---|---|---|---|---|---|---|---|
| | | | <30 days | 30-90 days | 90-180 days | 180-365 days | >365 days |
| | €000 | €000 | €000 | €000 | €000 | €000 | €000 |
| 30 June 2015 | 9,171 | 6,538 | 1,375 | 783 | 242 | 87 | 146 |
| 30 June 2014 | 11,954 | 9,780 | 76 | 1,438 | 507 | 63 | 90 |

Receivables from related parties are included in other receivables for an amount of €5.5 million (30 June 2014: €4.9 million). For further information regarding related parties reference is made to Note 25.

## 14 Prepayments

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Profit-share advances paid to current members | 52,694 | 53,612 |
| Prepaid pension contributions | 6,311 | 6,033 |
| Other prepayments | 18,641 | 28,817 |
| | **77,646** | **88,462** |

## 15 Cash and cash equivalents

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Cash at bank and in hand | **60,713** | **31,054** |

During 2014/2015, EYNL had a revolving credit facility at ABN AMRO Bank N.V. for the finance of its operational activities. EYNL has not drawn funds from this credit facility during the fiscal year. This credit facility is terminated from 1 September 2015.

## 16 Trade and other payables

| | notes | 30 June 2015 | 30 June 2014 |
|---|---|---|---|
| | | €000 | €000 |
| Amounts due to current and retired members | | 53,999 | 44,833 |
| Trade payables | | 30,514 | 23,922 |
| Taxes and social security | | 35,473 | 32,330 |
| Amounts received in advance from clients | | 56,130 | 52,594 |
| Other financial liabilities at amortized cost | 18 | 979 | 159 |
| Other payables | | 16,997 | 20,064 |
| | | **194,092** | **173,902** |

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.

Payables from related parties are included in trade payables and other payables. For further information regarding related parties reference is made to Note 25.

## 17 Interest-bearing loans and borrowings

| | notes | Effective interest rate | Maturity (financial year) | 30 June 2015 | 30 June 2014 |
|---|---|---|---|---|---|
| | | % | | €000 | €000 |
| **Current** | | | | | |
| Loans granted by current and retired members | | 4.9% | 2016 | 6,975 | 9,615 |
| Bank loan to finance settlement of drawing rights | | 4.5% | 2016 | 7,500 | 12,500 |
| Private facility drawing | | 2.9% | 2016 | 10,000 | - |
| Private loan to finance settlement of drawing rights | | 5.0% | 2016 | - | 14,133 |
| Car lease obligations | 26 | 3.0% | 2016 | 1,769 | 1,665 |
| | | | | **26,244** | **37,913** |
| **Non-current** | | | | | |
| Loans granted by current and retired members | | 4.9% | 2017-2020 | 31,040 | 26,935 |
| Bank loan to finance settlement of drawing rights | | 4.5% | - | - | 7,500 |
| Private loan to finance settlement of drawing rights | | 5.0% | Up to 2049 | 7,533 | 7,174 |
| Car lease obligations | 26 | 3.0% | 2017 | 310 | 2,170 |
| | | | | **38,883** | **43,779** |

**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 repayable according to the following schedule:

| Unsubordinated loans | Interest rate | In €000 |
|---|---|---|
| 31 December 2015 | 3.00% | 300 |
| 30 June 2016 | 5.00% | 6,675 |
| 1 February 2017 | Variable | 1,950 |
| 30 June 2017 | 4.00% | 575 |
| 31 December 2017 | 3.75% | 1,750 |
| 31 December 2018 | 5.00% | 12,710 |
| 31 December 2019 | 5.00% | 11,480 |

| Subordinated loans | Interest rate | In €000 |
|---|---|---|
| 1 February 2019 | 6.25% | 2,575 |

**Bank loan to finance settlement of drawing rights**

This loan was obtained from Van Lanschot Bankiers N.V. 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 expires on 31 March 2017. The interest on the loan is 4.5% per year.
It is possible to repay an additional 10% of the original sum each year without penalty.

**Private facility drawing**

EYNL has a facility agreement with EYGF dated 18 December 2013 under which it can draw an amount of €10 million on an as need basis. At year end, an amount of €10 million has been drawn until 1 May 2016 with an interest rate of 2.871%.

**Private loan to finance settlement of drawing rights**

On behalf of EY Europe, EYGS 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.
On 27 June 2012, these loans were transferred to EYGF.

The loans are interest-free and were measured on receipt at the fair value of the future cash flows using a discount rate of 5%. For the financial year 2014/2015 the interest charge due to application of the amortized cost method amounts to €1.1 million (2013/2014 €1.7 million).

An amount of €14.8 million was repaid in June 2015 (June 2014: €14.8 million).

The amortized cost of the loan with a face value of €39.5 million will be assessed annually based on current information on future cash flows (and, if necessary, revising the amortized cost).

**Car lease obligations**

This is the obligation under the finance lease contracts for cars.

## 18 Other financial liabilities

| | notes | 30 June 2015 | 30 June 2014 |
|---|---|---|---|
| | | €000 | €000 |
| **Financial liabilities at fair value through profit or loss** | | | |
| Contingent consideration | 5 | 267 | - |
| **Other financial liabilities at amortized cost** | | | |
| Other considerations | 5 | 1,766 | - |
| Other payables | | 233 | 388 |
| **Total other financial liabilities** | | **2,266** | **388** |
| With a term < 1 year | 16 | 979 | 159 |
| With a term > 1 year | | 1,287 | 229 |
| | | **2,266** | **388** |

**Contingent consideration**
As part of the purchase agreement with the previous owners of Centre B.V. contingent consideration has been agreed (see Note 5).

Besides the fixed deferred considerations, there will be additional cash payments to the previous owners of Centre B.V., based on the achieved levels of revenues and gross margin in FY15 and FY16.

As at 30 June 2015, it was concluded that the earn out levels for Centre for FY15 were not met and at 30 June 2015 it is the expectation that the levels for FY16 will be partly met.

Accordingly, the fair value of the contingent consideration has been adjusted for changes in underlying assumptions. The fair value of the earn out at the acquisition date 3 November 2014 was €1.1 million, which has been adjusted as of 30 June 2015 to €0.3 million.

**Other considerations**
The other considerations consists of the fixed deferred considerations for Centre B.V., according to the share purchase agreement payable in the next two years. For these payments the present value is calculated using a discount rate based on a risk free rate.
The amount to be paid in the next financial year is included in the Trade and other payables - Other payables (Note 16).

**Other payables**
Other payables as at 30 June 2015 consist of the remainder of an advanced payment of €0.4 million which EYNL received in 2012/2013 from a supplier as a guarantee for deliverance of services. The amount to be repaid in the next financial year is included in the Trade and other payables (Note 16).

## 19 Provisions

| | Professional indemnity | Premises | Drawing rights of current members | Total |
|---|---|---|---|---|
| | €000 | €000 | €000 | €000 |
| At 1 July 2013 | 1,024 | 21,019 | 11,856 | 33,899 |
| Additions | 422 | 61 | - | 483 |
| Payments | -129 | -4,465 | -1,755 | -6,349 |
| Amounts released | - | -718 | -57 | -775 |
| Unwinding of discount | - | 434 | 511 | 945 |
| **At 30 June 2014** | **1,317** | **16,331** | **10,555** | **28,203** |
| Additions | 676 | 1,830 | - | 2,506 |
| Payments | -1,145 | -3,679 | -2,328 | -7,152 |
| Amounts released | -198 | -1,443 | -284 | -1,925 |
| Unwinding of discount | - | 227 | 421 | 648 |
| **At 30 June 2015** | **650** | **13,266** | **8,364** | **22,280** |
| with a term < 1 year | 1,317 | 3,692 | 2,293 | 7,302 |
| with a term > 1 year | - | 12,639 | 8,262 | 20,901 |
| **At 30 June 2014** | **1,317** | **16,331** | **10,555** | **28,203** |
| with a term < 1 year | 150 | 4,272 | 991 | 5,413 |
| with a term > 1 year | 500 | 8,994 | 7,373 | 16,867 |
| **At 30 June 2015** | **650** | **13,266** | **8,364** | **22,280** |

**Professional indemnity**
Professional indemnity claims, other than the policy excess, are insured under the EY International insurance program. 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, entities 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 EY 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 may take longer to resolve. Contingent liabilities arise where payments resulting from a claim are not probable or where it is not possible to reliably estimate the financial effect of a claim.

**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 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 dilapidation costs are calculated at present value using a discount rate of 1.1% for lease contracts ending within 6 years (30 June 2014: 1.3%) and of 1.5% for lease contract with a term of 6 years or longer (30 June 2014: 1.6%).

**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 dates.
The obligation is recognized 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 2014: 5.0%).

## 20 Employee benefits

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| **Current liabilities** | | |
| Payments to be made to staff | 20,124 | 18,365 |
| Salary payments during absence | 1,352 | 2,919 |
| Provision for long-service awards | 425 | 338 |
| Annuities regarding retired members | - | 4 |
| | **21,901** | **21,626** |
| **Non-current liabilities** | | |
| Payments to be made to staff | 11,788 | 10,879 |
| Defined benefit pension plan | 1,751 | 1,833 |
| Salary payments during absence | 298 | 329 |
| Provision for long-service awards | 2,405 | 2,109 |
| Annuities regarding retired members | - | 13 |
| | **16,242** | **15,163** |

Payments to be made to staff relates to amounts to be paid for holidays, overtime and bonuses.

### 20.1 DEFINED CONTRIBUTION PENSION PLAN

EYNL has a defined contribution pension plan, which is administered by a pension fund (Stichting Pensioenfonds Ernst & Young). The pension fund has reinsured its obligations and actuarial risks through an insurance company. EYNL is only required to pay the agreed contributions 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 statement of profit or loss and other comprehensive income. Contributions payable and prepaid contributions are included under current liabilities and current assets, respectively.
The total amount of the defined contribution plan charged to profit or loss during the financial year was €24.0 million (2013/2014: €24.1 million).

### 20.2 DEFINED BENEFIT PENSION PLAN

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 based 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 recognized in other comprehensive income and permanently excluded from profit and loss.

Considering the relative small size of this obligation, disclosures are limited to those below.

| **Defined Benefit Obligation** | **2014/2015** | **2013/2014** |
|---|---|---|
| | €000 | €000 |
| At 1 July | 1,833 | 2,256 |
| Interest cost | 64 | 68 |
| Current service cost | - | - |
| Benefits paid | - | - |
| Actuarial (gains)/losses on obligation | -146 | -491 |
| **At 30 June** | **1,751** | **1,833** |

| | **30 June 2015** | **30 June 2014** |
|---|---|---|
| | €000 | €000 |
| With a term < 1 year | - | - |
| With a term > 1 year | 1,751 | 1,833 |
| | **1,751** | **1,833** |

The principal assumptions used are:

| | **30 June 2015** | **30 June 2014** |
|---|---|---|
| | % | % |
| Discount rate | 1.9 | 3.5 |
| General salary increase | 0.0 | 0.0 |
| Inflation | 0.3 | 0.3 |
| Mortality rates | 2014 Forecast tables of the Dutch Actuarial Association | 2012-2062 Forecast tables of the Dutch Actuarial Association |

The total amount of defined benefit obligation charged to profit or loss during the financial year was €0.1 million (2013/2014: €0.1 million). The actuarial gain of the current year of €0.1 million (2013/2014: €0.5 million) is recognized in other comprehensive income.

**20.3 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 Dutch Work and Income Act (WIA).

The movements in the provision were as follows:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| At 1 July | 3,248 | 8,168 |
| Additions | 3,247 | 4,090 |
| Payments | -3,420 | -5,855 |
| Released | -1,436 | -3,168 |
| Unwinding of discount | 11 | 13 |
| **At 30 June** | **1,650** | **3,248** |

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| With a term < 1 year | 1,352 | 2,919 |
| With a term > 1 year | 298 | 329 |
| | **1,650** | **3,248** |

The principal assumptions used for the provision for supplementary disability benefits under the WIA are:

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | % | % |
| Discount rate | 2.0 | 3.0 |
| Probability rate | Kazo 2000 | Kazo 2000 |
| Mortality rates | 2014 Forecast tables of the Dutch Actuarial Association | 2012-2062 Forecast tables of the Dutch Actuarial Association |

**20.4 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.

The movements in the provision were as follows:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| At 1 July | 2,447 | 2,636 |
| Additions | 787 | 232 |
| Payments | -477 | -500 |
| Released | - | - |
| Unwinding of discount | 73 | 79 |
| **At 30 June** | **2,830** | **2,447** |

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| With a term < 1 year | 425 | 338 |
| With a term > 1 year | 2,405 | 2,109 |
| | **2,830** | **2,447** |

The principal assumptions used are:

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | % | % |
| Discount rate | 2.0 | 3.0 |
| Factor for attrition, mortality and disability | 19.7 | 20.1 |
| Future salary increase | 3.0 | 3.6 |

## 21 Members' capital

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Contractual capital contribution by members | **76,085** | **73,227** |

The movements were as follows:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| At 1 July | 73,227 | 72,193 |
| Contributions | 5,903 | 6,004 |
| Repayment on retirement | -3,045 | -4,970 |
| **At 30 June** | **76,085** | **73,227** |

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

| | 30 June 2015 | | 30 June 2014 | |
|---|---|---|---|---|
| | Number of members | Capital contribution (in € million) | Number of members | Capital contribution (in € million) |
| EYA | 144 | 50.1 | 136 | 47.9 |
| EYB | 74 | 26.0 | 72 | 25.3 |
| EYNL | 218 | 76.1 | 208 | 73.2 |
| Members retired in financial year | 6 | | 11 | |
| Number of profit-sharing partners | **224** | | **219** | |

Each member is required to make a capital contribution according to a capital-contribution method that is equal for all members.

## 22 Reserves

#### 22.1 RESULT FOR THE FINANCIAL YEAR

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

#### 22.2 RETAINED EARNINGS

This reserve relates mainly to the settlement of drawing rights in the 2006/2007 and 2008/2009 financial years to former members and partners, which will be settled in annual instalments in the period to 2026 (11.5 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 EYGS on behalf of EY Europe is deducted from the reserve.

As of 2013/2014, actuarial gains and losses arising on defined benefit pension plans are recorded in retained earnings.

#### 22.3 MOVEMENTS

Reference is made to the consolidated statement of changes in equity.

## 23 Financial instruments

#### 23.1 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 activities, 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 2015 and 30 June 2014 is the carrying amounts presented in Notes 13 and 15. Due to the nature of the receivables presented in Note 12 (members, employees and EY member firms) no or very limited risk applies.

EYNL maintains procedures to minimize 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. During the financial year, the impairment of trade debtors is based on ageing. Per year end, the requirement for an impairment is analysed on an individual basis.

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 recovered from the current year's profit distribution or otherwise contractually reclaimed from the members.

Cash deposits are placed with creditworthy banks only. Deposits of surplus funds are made with approved counterparties only and within limits assigned to each counterparty. The limits are set to adhere to professional independence rules, to minimize the concentration of risks and, therefore, to mitigate financial loss from a potential counterparty failure.

**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 ongoing financial obligations of EYNL, 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 working capital balance. 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 EYNL's financial liabilities at year end, is as follows (the amounts disclosed are the gross undiscounted cash flows):

| Year ended 30 June 2015 | < 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 | 26,244 | 2,835 | 28,515 | 40,000 | 97,594 |
| - Interest payments | 2,244 | 1,504 | 2,676 | - | 6,424 |
| Trade and other payables | 194,092 | - | - | - | 194,092 |
| | **222,580** | **4,339** | **31,191** | **40,000** | **298,110** |

| Year ended 30 June 2014 | | | | | |
|---|---|---|---|---|---|
| Interest-bearing loans and borrowings: | | | | | |
| - Contractual payments | 38,780 | 16,508 | 20,098 | 40,000 | 115,386 |
| - Interest payments | 2,831 | 1,469 | 2,195 | - | 6,495 |
| Trade and other payables | 173,902 | - | - | - | 173,902 |
| | **215,513** | **17,977** | **22,293** | **40,000** | **295,783** |

The financing requirements of EYNL vary during the year, primarily as a result of the incidence of major payments. Capital expenditure on cars is funded by both finance leases and operating leases; reference is made to Note 10. 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 financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises primarily from 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.

A fixed rate of interest is paid on long-term loans granted by current and retired members. A variable rate of interest is only paid on one loan granted by current and retired members. The interest on current account liabilities to current and retired members is assessed and set quarterly.

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

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 basis points | €000 |
| **2014/2015** | | |
| Euro | +15 | 91 |
| Euro | -15 | -91 |
| **2013/2014** | | |
| Euro | +15 | 47 |
| Euro | -15 | -47 |

**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 income and expenses of EYNL 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 means for future payments in currencies other than euros.

If the US dollar exchange rate were to change by 10%, the impact on profit or loss would be €1.3 million (2013/2014: €1.7 million) as a result of changes in the carrying amount of US dollar-denominated cash and amounts receivable/payable. If the pound sterling exchange rate were to change by 10%, the impact on profit or loss would be €0.04 million (2013/2014: €0.01 million) as a result of changes in the carrying amount of pound sterling-denominated cash and amounts receivable/payable.

### 23.2 OTHER NOTES

**Reconciliation of classes and categories**
All presented groups of financial assets, except other non-current financial assets, are part of the loans and receivables category measured at amortized cost. The financial assets in other non-current financial assets are in the available-for-sale (AFS) category and are measured at fair value, if they can be measured reliably, or otherwise at cost.

All presented groups of financial liabilities are part of the loans and borrowings category, measured at amortized cost. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination and is subsequently remeasured to fair value at each reporting date.

**Fair values**
EYNL measures financial instruments, as available-for-sale (AFS) assets, at fair value at each balance sheet date. If the fair value of the available-for-sale (AFS) assets cannot be established reliably, these investments are measured at cost.

As at 30 June 2015 and 30 June 2014, EYNL did not hold financial instruments measured at fair value.

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:

- EYNL assessed, based on a discounted cash flow (DCF) model, that cash, 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 recognize expected losses on these receivables. At 30 June 2015 and 30 June 2014, the carrying amounts of these receivables approximated their fair value.
- The fair value of fixed-rate borrowings and obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. At 30 June 2015 and 30 June 2014, the carrying amounts of these payables approximated their fair value.

Fair value assessment of financial assets and liabilities is of a level 2-type.

## 24 Capital management

EYNL's objective when managing capital is to safeguard its ability to continue as a going concern. Partly in view of its professional 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 in such a manner that in principle no other external bank needs to be called upon and no 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 EYGF have been drawn.

## 25 Related-party disclosures

**Ultimate parent**

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

**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 2015** | **30 June 2014** |
| 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 Actuarissen B.V. | The Netherlands | 100% | 100% |
| Partake Consulting B.V. in liquidation | The Netherlands | - | 100% |
| Partake Consulting Nederland B.V. in liquidation | The Netherlands | - | 100% |
| Ernst & Young CertifyPoint B.V. | The Netherlands | 100% | 100% |
| GS Participation Ltd | United Kingdom | 100% | 100% |
| Ernst & Young Real Estate Advisory Services B.V. | The Netherlands | 100% | 100% |
| BECO Groep B.V. | The Netherlands | 100% | 100% |
| Ernst & Young CA B.V. | The Netherlands | 100% | 100% |
| Centre B.V. | The Netherlands | 100% | - |

On 3 November 2014 Ernst & Young Participaties B.V. acquired 100% of the shares of Centre B.V.

The following entities were liquidated during 2014/2015:
- Partake Consulting Nederland B.V. in liquidation – 16 June 2015
- Partake Consulting B.V. in liquidation – 16 June 2015

EYB has a strategic alliance with HVG.

**Transactions and balances**

The following table provides the total amounts for which transactions were entered into during the relevant financial years and the outstanding balances at 30 June 2015 and 30 June 2014.

| | | Sales to related parties | Purchases from related parties | Current amounts owed by related parties* | Current amounts owed to related parties |
|---|---|---|---|---|---|
| | | €000 | €000 | €000 | €000 |
| Entity with control and/or significant influence over EYNL: | | | | | |
| EY Europe | 2014/2015 | - | - | - | - |
| | 2013/2014 | - | - | - | - |
| Entities under common control | 2014/2015 | 35,972 | 27,096 | 6,351 | 3,375 |
| | 2013/2014 | 36,619 | 29,740 | 6,955 | 5,112 |
| Entities under significant influence by EY Europe: | | | | | |
| EYGS Group | 2014/2015 | 45,488 | 59,806 | 16,745 | 7,962 |
| | 2013/2014 | 31,293 | 79,935 | 9,988 | 2,189 |
| Strategic Alliances: | | | | | |
| HVG | 2014/2015 | 8,522 | 6,907 | 112 | 414 |
| | 2013/2014 | 8,523 | 5,485 | 76 | 1,153 |

** Gross amounts*

Entities under common control comprise entities controlled by EYNL's parent undertaking, EY Europe, and therefore represent a related-party relationship.

EY Europe is able to exert significant influence over EYGF and EYGS, which means that it, and its subsidiaries, are parties related to EYNL. At the period end, loans of €98.9 million were provided by EYGF, these loans are not included in the above table. These loans are interest-free (see Note 17 and Note 26).

**Terms and conditions of transactions with related parties**

Services provided to and received from related parties are generally settled at prices applicable under normal market circumstances.
Outstanding balances at year-end are unsecured and interest-free, and settlement occurs in cash. No guarantees were provided or received for any related-party receivable or payable.
For the year ended 30 June 2015 EYNL did not record any impairment of related-party receivables (30 June 2014: 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 personnel are the designated members of EYNL, EYA and EYB during the financial year. These members do receive their remuneration through their professional corporations, being a total of €3,151,000 (2013/2014: €3,196,000).

## 26 Commitments and contingencies

**Operating lease commitments**

EYNL has entered into long-term leases for office premises and operating leases for personal computers, mobile phones, copiers/printers and cars. These leases have an average life between 1 and 10 years and may contain renewal options. Future minimum rentals payable are as follows:

| | IT related contracts | Cars | Office leases | Total |
|---|---|---|---|---|
| **Year ended 30 June 2015** | €000 | €000 | €000 | €000 |
| Within 1 year | 2,487 | 14,671 | 23,178 | 40,336 |
| Between 1 and 5 years | 2,215 | 21,535 | 88,955 | 112,705 |
| More than 5 years | - | - | 40,352 | 40,352 |
| | **4,702** | **36,206** | **152,485** | **193,393** |
| **Year ended 30 June 2014** | €000 | €000 | €000 | €000 |
| Within 1 year | 1,791 | 12,964 | 25,508 | 40,263 |
| Between 1 and 5 years | 1,023 | 20,369 | 84,894 | 106,286 |
| More than 5 years | 426 | - | 37,238 | 37,664 |
| | **3,240** | **33,333** | **147,640** | **184,213** |

The lease commitments relate only to the actual commitments at year end, excluding any service or other charges. Future rent increases were disregarded, except for those contracts which have been indexed (assumed to be 1.5%). Guarantees totalling some €1.1 million (2013/2014: €1.1 million) have been issued for lease commitments.

Effective 1 January 2012, EYNL entered into a contract with a single car lease company. Under this contract, the cars are recognized as operating leases.

**Finance lease commitments**

Until 31 December 2011, EYNL had entered into several finance lease contracts to finance the fleet of cars, with an average term of five years at fixed lease rates.

As mentioned above, effective 1 January 2012, EYNL entered into a contract with a single car lease company. Under this contract, the cars are recognized as operating leases.

The existing contracts with the other car lease companies remain unchanged and continue to be classified as finance leases.

Finance lease charges for the financial year amount to €2.1 million (2013/2014: €2.8 million).

Future minimum lease payments under finance leases and the present value of the net minimum lease payments are as follows:

| | Minimum payments | 2015 Present value of payments (Note 17) | Minimum payments | 2014 Present value of payments (Note 17) |
|---|---|---|---|---|
| | €000 | €000 | €000 | €000 |
| Within 1 year | 2,110 | 2,017 | 2,512 | 2,250 |
| Between 1 and 5 years | 331 | 326 | 2,570 | 2,461 |
| After 5 years | - | - | - | - |
| Total minimum lease payments | 2,441 | 2,343 | 5,082 | 4,711 |
| Lease charges still to be incurred (incl. fuel) | -276 | -264 | -957 | -876 |
| Total minimum lease commitment | 2,165 | 2,079 | 4,125 | 3,835 |
| Less: amounts representing finance charges | -86 | - | -290 | - |
| Present value of minimum lease commitment | **2,079** | **2,079** | **3,835** | **3,835** |

The leases for cars have a remaining average term of 0.5 years (2013/2014: 1.3 years). Leased assets are pledged as security for the related finance lease.

**Contingent assets**

In connection with the representation of VGAN[7] with effect from 1 March 1999 and the termination of the joint operating agreement with EYB, an amount is conditionally payable by HVG which will be recognized as income when received.

An expense of €1.5 million (2013/2014: income of €1.4 million) has been taken to the 2014/2015 statement of profit or loss and other comprehensive income within this context (Other operating expenses respective Other income).

*7) VGAN is the legal predecessor of HVG.*

**Proceedings and claims**

Disciplinary and civil law proceedings and claims have been brought against entities pursuant to alleged professional negligence and other claims. Forceful defence is put up against such proceedings and claims, which sometimes involve substantial amounts. In many cases it is exceedingly difficult to estimate the risks involved due to many uncertainties regarding facts, the legal position of all parties involved and other legal issues.

Insurance cover is carried in respect of professional indemnity. Cover is principally written through captive insurance companies 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 may 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 recoveries where such disclosure might seriously prejudice the position of the entity.

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

*Authority Financial Markets (AFM)*

Following the inspection regarding the 2012 audits (AFM report dated September 25, 2014), recently the AFM has taken next steps regarding the enforcement process as a consequence of the findings mentioned in the aforementioned report. Currently, this process is in the preparatory phase which means that the so-called ‘penalty officer’ (*boetefunctionaris*) prepares a proposal to the Board of the AFM. Then, the Board shall take the final enforcement decision. EY can object and -if rejected- appeal against mentioned decision.

At the time of the preparation of the financial statements, the ‘penalty officer’ is in the process of preparing the proposal to the Board. It is yet neither known what the proposal to the board of the AFM shall be nor what the final decision of the Board shall be. We feel that beginning calendar year 2016 this process continues. In accordance with IAS 37.92 we provide no further detailed information.

**Deferred balance – member firms**

EY member firms, including EYNL, have entered into an agreement under which certain expenses of, and investments in, the global network are charged to the member firms. An annual charge is levied on each member firm existing at the time based on a percentage of the member firm's revenues for that period. These charges are recognized as an expense in the period in which the revenues are earned. No liability is recognized in respect of potential future charges because no current obligation is considered to arise at year-end.

**Funding of settlement of drawing rights**

Contributions totalling €217.9 million were obtained from EYGS on behalf of EY Europe to fund the settlement of drawing rights:

- On behalf of EY Europe, EYGS has committed a total of €98.9 million in loans to finance the settlement of drawing rights in 2008/2009. On 27 June 2012, this loan was transferred to EYGF. The final instalment of €14.8 million is paid in 2015. Repayment of €39.5 million will be determined based on future cash flows.
- A contribution of €74.1 million has to be repaid under the following circumstances only.
  - Bankruptcy or suspension of payments, failure to meet the loan terms and conditions, or appointment of a receiver or administrator.
  - Termination 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 recognized as a contribution to the withdrawals paid (net amount recognized in equity, see Note 22).

## 27 Events after the reporting period

After the reporting date the following occurrence arose:

On 3 August 2015, Ernst & Young Participaties B.V. acquired 100% of the shares of Integrc Netherlands B.V.
Integrc Netherlands B.V. is a leading supplier of SAP governance, risk and compliance services.
At the moment, the initial business combination accounting is not yet completed, therefore no further information can be given.

# Ernst & Young Nederland LLP

## Separate financial statements for the year ended 30 June 2015

# Statement of profit or loss and other comprehensive income of Ernst & Young Nederland LLP

**(for the year ended 30 June 2015)**

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| **Revenue** | | | |
| Rendering of services | 32 | 1,223 | 648 |
| Other income | 32 | 123,490 | 121,973 |
| | | **124,713** | **122,621** |
| **Operating expenses** | | | |
| Services provided by foreign EY member Firms | | 4,690 | 2,526 |
| Employee benefits expenses | 33.1 | 40,335 | 39,284 |
| Depreciation and impairment of property, plant and equipment | 36 | 5,876 | 7,271 |
| Amortization of intangible assets | 37 | 2 | 14 |
| Other operating expenses | 33.2 | 65,723 | 67,996 |
| | | **116,626** | **117,091** |
| **Operating profit/(loss)** | | **8,087** | **5,530** |
| Finance income | 34.1 | 7,288 | 7,799 |
| Finance expenses | 34.2 | -7,586 | -8,165 |
| Share of profit from subsidiaries | 38 | 127,656 | 129,668 |
| **Profit before tax** | | **135,445** | **134,832** |
| Income tax expense | 35 | - | - |
| **Profit for the financial year** | | **135,445** | **134,832** |
| *Other comprehensive income not to be reclassified to profit or loss in subsequent periods* | | | |
| Actuarial gains and (losses) on defined benefit plans | 46.2 | 146 | 491 |
| **Other comprehensive income for the year, net of tax** | | 146 | 491 |
| **Total comprehensive income for the year, net of tax** | | **135,591** | **135,323** |
| **Profit attributable to members of EYNL** | | **135,455** | **134,832** |
| **Total comprehensive income for the year attributable to members of EYNL** | | **135,591** | **135,323** |

# Statement of financial position of Ernst & Young Nederland LLP

**(as at 30 June 2015)**

| | notes | 30 June 2015 | 30 June 2014 |
|---|---|---|---|
| **Assets** | | €000 | €000 |
| *Non-current assets* | | | |
| Property, plant and equipment | 36 | 21,358 | 23,281 |
| Intangible assets | 37 | - | 2 |
| Investment in subsidiaries | 38 | 21,990 | 1 |
| Other non-current financial assets | 39 | 608 | 760 |
| | | 43,956 | 24,044 |
| *Current assets* | | | |
| Other receivables | 40 | 80,128 | 113,853 |
| Prepayments | 41 | 76,649 | 87,727 |
| Other current financial assets | 39 | 152 | - |
| Cash and cash equivalents | 42 | 44,392 | 20,560 |
| | | 201,321 | 222,140 |
| **Total assets** | | **245,277** | **246,184** |
| **Equity and liabilities** | | | |
| *Current liabilities* | | | |
| Trade and other payables | 43 | 85,857 | 83,550 |
| Interest-bearing loans and borrowings | 44 | 26,244 | 37,913 |
| Provisions | 45 | 5,263 | 5,888 |
| Employee benefits | 46 | 2,899 | 3,404 |
| Income tax payable | | - | - |
| | | 120,263 | 130,755 |
| *Non-current liabilities* | | | |
| Interest-bearing loans and borrowings | 44 | 38,883 | 43,779 |
| Other non-current financial liabilities | | 153 | 229 |
| Provisions | 45 | 16,367 | 20,635 |
| Employee benefits | 46 | 4,101 | 4,100 |
| | | 59,504 | 68,743 |
| Total liabilities | | 179,767 | 199,498 |
| *Equity* | | | |
| Members' capital | 47 | 76,085 | 73,227 |
| Reserves | 48 | -10,575 | -26,541 |
| Total equity | | 65,510 | 46,686 |
| **Total equity and liabilities** | | **245,277** | **246,184** |

These financial statements were approved by Ernst & Young Europe LLP on 28 September 2015 and signed by M.A. van Loo on behalf of Drs. M.A. van Loo B.V.

# Statement of changes in equity of Ernst & Young Nederland LLP

| | Members' capital | Profit available for distribution | Retained earnings | Total reserves | Total equity |
|---|---|---|---|---|---|
| | €000 | €000 | €000 | €000 | €000 |
| At 1 July 2013 | 72,193 | 95,706 | -138,422 | -42,716 | 29,477 |
| Profit for the financial year | - | 119,134 | 15,698 | 134,832 | 134,832 |
| Other comprehensive income | - | - | 491 | 491 | 491 |
| Total comprehensive income | - | 119,134 | 16,189 | 135,323 | 135,323 |
| Profit distribution 2012/2013 | - | -95,706 | -23,442 | -119,148 | -119,148 |
| Contributions of capital from members | 6,004 | - | - | - | 6,004 |
| Repayment on retirement through equity | -4,970 | - | - | - | -4,970 |
| **At 30 June 2014** | **73,227** | **119,134** | **-145,675** | **-26,541** | **46,686** |
| Profit for the financial year | - | 119,847 | 15,598 | 135,445 | 135,445 |
| Other comprehensive income | - | 146 | - | 146 | 146 |
| Total comprehensive income | - | 119,993 | 15,598 | 135,591 | 135,591 |
| Profit distribution 2013/2014 | - | -119,134 | -491 | -119,625 | -119,625 |
| Contributions of capital from members | 5,903 | - | - | - | 5,903 |
| Repayment on retirement through equity | -3,045 | - | - | - | -3,045 |
| **At 30 June 2015** | **76,085** | **119,993** | **130,568** | **-10,575** | **65,510** |

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 EYNL will be able to continue distribution of its profits.

# Statement of cash flows of Ernst & Young Nederland LLP

**(for the year ended 30 June 2015)**

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| **Operating activities** | | | |
| Profit for the financial year | | 135,445 | 134,832 |
| Share of profit from subsidiaries | 38 | -127,656 | -129,668 |
| | | 7,789 | 5,164 |
| Adjustment for: | | | |
| Depreciation and impairment of property, plant and equipment | 36 | 5,876 | 7,271 |
| Amortization of intangible assets | 37 | 2 | 14 |
| Finance income and expenses | 34 | 298 | 366 |
| Decrease in employee benefits provision | 46 | -439 | -3,111 |
| Decrease in provisions | 45 | -5,541 | -7,151 |
| | | 7,985 | 2,553 |
| Working capital adjustments: | | | |
| Decrease/(increase) in other receivables and prepayments | | 41,873 | -39,335 |
| (Decrease)/increase in trade and other payables | | -6,779 | 947 |
| **Net cash flows from operating activities** | | **43,079** | **-35,835** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | | -5,054 | -3,323 |
| Disposal of property, plant and equipment | | 143 | 40 |
| Investment in subsidiary | | -21,989 | - |
| Interest received | | 7,288 | 7,799 |
| **Net cash flows used in investing activities** | | **-19,612** | **4,516** |

# Statement of cash flows of Ernst & Young Nederland LLP

(for the year ended 30 June 2015)

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| **Financing activities** | | | |
| Payment from members (current account) | | 138,834 | 117,863 |
| Prepayment to current members | 41 | -52,694 | -53,612 |
| Payment of profit distribution 2013/2014 (2012/2013) | | -66,013 | -73,564 |
| Contributions of capital from members | 47 | 5,903 | 6,004 |
| Repayment of capital contributions on retirement | 47 | -3,045 | -4,970 |
| Repayment of financing related to drawing rights | | -14,847 | -14,840 |
| Payment of finance lease liabilities | | -798 | -1,303 |
| Proceeds from interest-bearing loans and borrowings | 44 | 23,130 | 13,735 |
| Repayment of interest-bearing loans and borrowings | 44 | -24,165 | -18,735 |
| Repayment of other non-current financial liabilities | | -160 | - |
| Interest paid | | -5,780 | -5,421 |
| **Net cash flows used in financing activities** | | **365** | **-34,843** |
| **Net cash flow** | | **23,832** | **-66,162** |
| Net cash and cash equivalents at 1 July | 42 | 20,560 | 86,722 |
| Net cash flow | | 23,832 | -66,162 |
| **Net cash and cash equivalents 30 June** | **42** | **44,392** | **20,560** |

# Notes to the separate financial statements

## 28 Financial year

A financial year consists of 52 or 53 weeks and therefore the year-end date differs from year to year. The financial year 2014/2015 started on 28 June 2014 (2013/2014: 29 June 2013) and ended on 3 July 2015 (2013/2014: 27 June 2014). Accordingly, references to 30 June 2015 must be read as references to 3 July 2015 and those to 30 June 2014 must be read as references to 27 June 2014.

## 29 Accounting policies

### 29.1 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. EYNL's objective is to safeguard its status as a going concern; 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 where indicated otherwise.

### 29.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Reference is made to Note 2.3 of the consolidated financial statements.

### 29.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reference is made to 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 in specific professional matters. EYA and EYB have no capital and, under contractual arrangements, distribute their entire result for the financial year to EYNL. Accordingly, the cost and/or net-asset value of both EYA and EYB are nil.

## 30 Standards issued but not yet effective

Reference is made to Note 3 of the consolidated financial statements.

## 31 Significant accounting judgments, estimates and assumptions

Reference is made to Note 4 of the consolidated financial statements.

## 32 Revenue

EYNL does not report segment information.

**Other income**
Other income relates to expenses charged to EYA, EYB, other subsidiaries and HVG. These expenses include employee expenses, premises, office expenses, IT expenses, International EY charges, finance income and expenses and other expenses.

## 33 Operating expenses

### 33.1 EMPLOYEE BENEFITS EXPENSES

The breakdown is as follows:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Salaries and bonuses | 28,132 | 27,469 |
| Social security costs | 3,880 | 3,974 |
| Pension contributions | 4,140 | 4,306 |
| Mobility expenses | 3,212 | 3,305 |
| Other staff expenses | 971 | 230 |
| | **40,335** | **39,284** |

Salaries and bonuses include vacation allowance.

The average number of staff (excluding members) in full time equivalents (FTE's) during the year was:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | FTE | FTE |
| Client serving staff | 4 | 1 |
| Support staff | 484 | 488 |
| | **488** | **489** |

### 33.2 OTHER OPERATING EXPENSES

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Premises expenses | 27,062 | 26,630 |
| Office expenses | 8,613 | 10,144 |
| IT expenses | 18,733 | 15,093 |
| Other staff expense | 2,073 | 2,020 |
| International EY charges | 1,364 | 3,223 |
| Fees charged to subsidiaries | -1,500 | -1,500 |
| Other expenses | 9,378 | 12,386 |
| | **65,723** | **67,996** |

Premises expenses includes lease payments recognized as operating lease expense of €19.9 million (2013/2014: €19.5 million).

IT expenses includes lease payments recognized as operating lease expenses for 2014/2015 amounting to €1.2 million (2013/2014: €1.5 million).

Auditors' remuneration of €166,400 (2013/2014: €189,400) is included in Other expenses. Of this amount, €141,000 (2013/2014: €140,000) was charged in respect of the partnership and the consolidated financial statements and €25,400 (2013/2014: €49,400) for various other audit services.

## 34 Finance income and expenses

### 34.1 FINANCE INCOME

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| Interest on bank balances and deposits | 173 | 823 |
| Interest on (un)billed receivables held by subsidiaries | 6,757 | 6,513 |
| Other interest and similar income | 358 | 463 |
| | **7,288** | **7,799** |

### 34.2 FINANCE EXPENSES

| | notes | 2014/2015 | 2013/2014 |
|---|---|---|---|
| | | €000 | €000 |
| Interest on loans granted by current and retired members | | 2,103 | 1,913 |
| Interest on current and retired members' current account balances | | 1,586 | 1,988 |
| Total interest paid to current and retired members | | 3,689 | 3,901 |
| Finance charges payable under finance leases | | 183 | 298 |
| Interest on bank loans and borrowings (including amortized cost of loans and borrowings) | | 625 | 1,091 |
| Unwinding of discount on provisions and loans | 44,45,46 | 1,735 | 2,675 |
| Interest on current account subsidiaries | | 1,104 | - |
| Other interest and similar expense | | 250 | 200 |
| | | **7,586** | **8,165** |

## 35 Income tax expense

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 recognized or unrecognized losses available for relief.

## 36 Property, plant and equipment

The movements were as follows:

| | Capital expenditure in rented properties | Cars | Fixtures and fittings, computers | Total |
|---|---|---|---|---|
| | €000 | €000 | €000 | €000 |
| At 1 July 2013 | 16,289 | 6,943 | 5,842 | 29,074 |
| Additions | 2,152 | - | 1,171 | 3,323 |
| Disposals | - | -1,804 | -41 | -1,845 |
| Depreciation | -3,530 | -1,304 | -2,437 | -7,271 |
| **At 30 June 2014** | **14,911** | **3,835** | **4,535** | **23,281** |
| Additions | 3,406 | - | 1,648 | 5,054 |
| Disposals | -53 | -958 | -90 | -1,101 |
| Depreciation | -3,032 | -798 | -2,046 | -5,876 |
| **At 30 June 2015** | **15,232** | **2,079** | **4,047** | **21,358** |
| Cost | 57,197 | 12,338 | 38,244 | 107,779 |
| Accumulated depreciation and impairment | -40,908 | -5,395 | -32,402 | -78,705 |
| **At 1 July 2013** | **16,289** | **6,943** | **5,842** | **29,074** |
| Cost | 51,289 | 7,480 | 31,040 | 89,809 |
| Accumulated depreciation and impairment | -36,378 | -3,645 | -26,505 | -66,528 |
| **At 30 June 2014** | **14,911** | **3,835** | **4,535** | **23,281** |
| Cost | 54,014 | 4,897 | 30,103 | 89,014 |
| Accumulated depreciation and impairment | -38,782 | -2,818 | -26,056 | -67,656 |
| **At 30 June 2015** | **15,232** | **2,079** | **4,047** | **21,358** |

Contractual obligations for purchasing property, plant and equipment were, with the exception of the refurbishment of the Rotterdam office, negligible at 30 June 2015 and 30 June 2014.

Until 31 December 2011, EYNL ran all significant risks and enjoyed all significant rewards inherent in the ownership of the cars and, accordingly, they were recognized as finance leases. Effective 1 January 2012, EYNL entered into a contract with a single car lease company. Under this contract, the cars are recognized as operating leases.
The existing contracts with the other car lease companies remain unchanged and continue to be classified as finance leases.

All other property, plant and equipment is at the free disposal of EYNL (i.e. it has not been pledged as security).

## 37 Intangible assets

| | Software |
|---|---|
| | €000 |
| At 1 July 2013 | 16 |
| Additions | - |
| Amortization | -14 |
| **At 30 June 2014** | **2** |
| Additions | - |
| Amortization | -2 |
| **At 30 June 2015** | **-** |
| Cost | 722 |
| Accumulated amortization | -706 |
| **At 1 July 2013** | **16** |
| Cost | 197 |
| Accumulated amortization | -195 |
| **At 30 June 2014** | **2** |
| Cost | 197 |
| Accumulated amortization | -197 |
| **At 30 June 2015** | **-** |

## 38 Investments in subsidiaries

| Name | Country of incorporation | Principal country of business | % Equity interest 30 June 2015 | % Equity interest 30 June 2014 |
|---|---|---|---|---|
| Ernst & Young Accountants LLP | United Kingdom | The Netherlands | 100% | 100% |
| Ernst & Young Belastingadviseurs LLP | United Kingdom | The Netherlands | 100% | 100% |
| Ernst & Young Participaties Coöperatief U.A. | The Netherlands | The Netherlands | 99.99% | 33.33% |

EYNL also owns the remaining 0.01% (30 June 2014: 66.67%) of Ernst & Young Participaties Coöperatief U.A. through indirect share holdings. Ernst & Young Participaties Coöperatief U.A. has three members. The members have equal voting rights.

During 2014/2015, a capital payment of €11 million was made to Ernst & Young Participaties Coöperatief U.A. by EYNL. Besides the current account liability of Ernst & Young Participaties Coöperatief U.A. to EYNL was turned into capital (€11 million).

The share of profit from investments is as follows:

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Ernst & Young Accountants LLP | 67,048 | 72,320 |
| Ernst & Young Belastingadviseurs LLP | 60,608 | 57,348 |
| | **127,656** | **129,668** |

## 39 Other non-current and current financial assets

| | Effective interest rate | Maturity (financial year) | 30 June 2015 | 30 June 2014 |
|---|---|---|---|---|
| | % | | €000 | €000 |
| **Non-current** | | | | |
| Loans granted to subsidiaries | 5.0% | 2020 | **608** | **760** |
| **Current** | | | | |
| Loans granted to subsidiaries | 5.0% | 2016 | **152** | **-** |

**Loans granted to subsidiaries**

The loans granted to subsidiaries are as follows:

| Subsidiary | Nominal amount | Interest rate | Maturity (financial year) | 30 June 2015 | 30 June 2014 |
|---|---|---|---|---|---|
| | €000 | % | | €000 | €000 |
| Ernst & Young Actuarissen B.V. | 760 | 5% | 2020 | **760** | **760** |

## 40 Other receivables

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Other receivables | 75,449 | 109,156 |
| Tax receivables | 4,679 | 4,697 |
| | **80,128** | **113,853** |

### 40.1 OTHER RECEIVABLES

Other receivables are shown net of impairment. The total amount of impairment as at 30 June 2015 is €0.1 million (30 June 2014: €0.2 million). The movement in the provision for impairment was as follows:

| | Totaal |
|---|---:|
| | €000 |
| At 1 July 2013 | -32 |
| Charge for the year | -123 |
| Release of unused amounts | - |
| Written off | - |
| **At 30 June 2014** | **-155** |
| Charge for the year | |
| Release of unused amounts | 106 |
| Written off | 2 |
| **At 30 June 2015** | **-47** |

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 2015 | 75,449 | 74,365 | 263 | 789 | 11 | 7 | 14 |
| 30 June 2014 | 109,156 | 108,721 | 76 | 329 | 25 | 4 | 1 |

Receivables from related parties are included in other receivables. For further information regarding related parties reference is made to Note 50.

## 41 Prepayments

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Profit-share advances paid to current members | 52,694 | 53,612 |
| Prepaid pension contributions | 6,311 | 6,033 |
| Other prepayments | 17,644 | 28,082 |
| | **76,649** | **87,727** |

## 42 Cash and cash equivalents

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Cash at bank and in hand | **44,392** | **20,560** |

During 2014/2015, EYNL had  a revolving credit facility at ABN AMRO Bank N.V. for the finance of its operational activities. EYNL has not drawn funds from this credit facility during the fiscal year. This credit facility is terminated from 1 September 2015.

## 43 Trade and other payables

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| Amounts due to current and retired members | 53,999 | 44,833 |
| Trade payables | 17,284 | 22,255 |
| Taxes and social security | 1,340 | 1,211 |
| Other financial liabilities at amortized cost | - | 159 |
| Other payables | 13,234 | 15,092 |
| | **85,857** | **83,550** |

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.

Payables from related parties are included in trade payables. For further information regarding related parties reference is made to Note 50.

## 44 Interest-bearing loans and borrowings

Reference is made to Note 17 of the consolidated financial statements.

## 45 Provisions

| | Premises | Drawing rights of current members | Total |
|---|---|---|---|
| | €000 | €000 | €000 |
| At 1 July 2013 | 20,873 | 11,856 | 32,729 |
| Additions | 61 | - | 61 |
| Payments | -4,356 | -1,755 | -6,111 |
| Amounts released | -1,044 | -57 | -1,101 |
| Unwinding of discount | 434 | 511 | 945 |
| **At 30 June 2014** | **15,968** | **10,555** | **26,523** |
| Additions | 2,193 | - | 2,193 |
| Payments | -3,679 | -2,328 | -6,007 |
| Amounts released | -1,443 | -284 | -1,727 |
| Unwinding of discount | 227 | 421 | 648 |
| **At 30 June 2015** | **13,266** | **8,364** | **21,630** |
| with a term < 1 year | 3,595 | 2,293 | 5,888 |
| with a term > 1 year | 12,373 | 8,262 | 20,635 |
| **At 30 June 2014** | **15,968** | **10,555** | **26,523** |
| with a term < 1 year | 4,272 | 991 | 5,263 |
| with a term > 1 year | 8,994 | 7,373 | 16,367 |
| **At 30 June 2015** | **13,266** | **8,364** | **21,630** |

**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 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 dilapidation costs are calculated at present value using a discount rate of 1.1% for lease contracts ending within 6 years (30 June 2014: 1.3%) and 1.5% for lease contracts with a term of 6 years or longer (30 June 2014: 1.6%).

**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 dates.

The provision is recognized 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 2014: 5.0%).

## 46 Employee benefits

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| **Current liabilities** | | |
| Payments to be made to staff | 2,279 | 2,507 |
| Provision for long-services awards | 111 | 100 |
| Salary payments during absence | 509 | 797 |
| | **2,899** | **3,404** |
| **Non-current liabilities** | | |
| Payments to be made to staff | 1,862 | 1,815 |
| Defined benefit pension plan | 1,751 | 1,833 |
| Provision for long-services awards | 380 | 342 |
| Salary payments during absence | 108 | 110 |
| | **4,101** | **4,100** |

Payments to be made to staff relates to amounts to be paid for holidays, overtime and bonuses.

### 46.1 DEFINED CONTRIBUTION PLAN

EYNL has a defined contribution pension plan which is administered by a pension fund (Stichting Pensioenfonds Ernst & Young). The pension fund has reinsured its obligations and actuarial risks through an insurance company. EYNL is only required to pay the agreed contributions 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 statement of profit or loss and other comprehensive income. Contributions payable and prepaid contributions are included under current liabilities and current assets, respectively.

The total amount of the defined contribution plan charged to profit or loss during the financial year was €4.1 million (2013/2014: €4.3 million).

**46.2 DEFINED BENEFIT PENSION PLAN**

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 based on the projected unit credit method using a discount rate derived from the interest rate on high-quality corporate bonds. The plan covers former staff who were previously employed by the legal predecessors of EYNL, EYA and EYB. These obligations have been recognized in full in the separate financial statements of EYNL.

Actuarial gains and losses are recognized in other comprehensive income and permanently excluded from profit and loss.
Considering the relative small size of this obligation, disclosures are limited to those below.

| **Defined Benefit Obligation** | **2014/2015** | **2013/2014** |
|---|---|---|
| | €000 | €000 |
| At 1 July | 1,833 | 2,256 |
| Interest cost | 64 | 68 |
| Current service cost | - | - |
| Benefits paid | - | - |
| Actuarial (gains)/losses on obligation | -146 | -491 |
| **At 30 June** | **1,751** | **1,833** |

| | **30 June 2015** | **30 June 2014** |
|---|---|---|
| | €000 | €000 |
| With a term < 1 year | - | - |
| With a term > 1 year | 1,751 | 1,833 |
| | **1,751** | **1,833** |

The principal assumptions used are:

| | **30 June 2015** | **30 June 2014** |
|---|---|---|
| | % | % |
| Discount rate | 1.9 | 3.5 |
| General salary increase | 0.0 | 0.0 |
| Inflation | 0.3 | 0.3 |
| Mortality rates | 2014 Forecast tables of the Dutch Actuarial Association | 2012-2062 Forecast tables of the Dutch Actuarial Association |

The total amount of defined benefit obligation charged to profit or loss during the financial year was €0.1 million (2013/2014: €0.1 million). The actuarial gain of the current year of €0.1 million (2013/2014: €0.5 million) is recognized in other comprehensive income.

### 46.3 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:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| At 1 July | 442 | 531 |
| Additions | 172 | - |
| Payments | -136 | -105 |
| Released | - | - |
| Unwinding of discount | 13 | 16 |
| **At 30 June** | **491** | **442** |

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| With a term < 1 year | 111 | 100 |
| With a term > 1 year | 380 | 342 |
| | **491** | **442** |

The principal assumptions used are:

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | % | % |
| Discount rate | 2.0 | 3.0 |
| Factor for attrition, mortality and disability | 19.7 | 20.1 |
| Future salary increase | 3.0 | 3.6 |

#### 46.4 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 Dutch Work and Income Act (WIA).

The movements in the provision were as follows:

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| At 1 July | 907 | 3,908 |
| Additions | 760 | 884 |
| Payments | -1,048 | -2,026 |
| Released | -6 | -1,863 |
| Unwinding of discount | 4 | 4 |
| **At 30 June** | **617** | **907** |

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | €000 | €000 |
| With a term < 1 year | 509 | 797 |
| With a term > 1 year | 108 | 110 |
| | **617** | **907** |

# Notes to the separate financial statements

The principal assumptions used for the provision for supplementary disability benefits under the WIA are:

| | 30 June 2015 | 30 June 2014 |
|---|---|---|
| | % | % |
| Discount rate | 2.0 | 3.0 |
| Probability rate | Kazo 2000 | Kazo 2000 |
| Mortality rates | 2014 Forecast tables of the Dutch Actuarial Association | 2012-2062 Forecast tables of the Dutch Actuarial Association |

## 47 Members' capital

Reference is made to Note 21 of the consolidated financial statements.

## 48 Reserves

### 48.1 RESULT FOR THE FINANCIAL YEAR

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

### 48.2 RETAINED EARNINGS

This reserve relates mainly to the settlement of drawing rights in the 2006/2007 and 2008/2009 financial years to former members and partners, which will be settled in annual instalments in the period to 2026 (11.5 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 EYGS on behalf of EY Europe is deducted from the reserve.

As of 2013/2014, actuarial gains and losses arising on defined benefit pension plans are recorded in retained earnings.

### 48.3 MOVEMENTS

Reference is made to the statement of changes in equity.

## 49 Financial instruments

### 49.1 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 activities 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 2015 and 30 June 2014 is the carrying amounts presented in Notes 40 and 42. Due to the nature of the receivables presented in Note 39 (members, employees and member firms) no or very limited risk applies.

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

Amounts due from members are recovered from the current year's profit distribution or otherwise contractually reclaimed from the members.

Cash deposits are placed with creditworthy banks only. Deposits of surplus funds are made with approved counterparties only and within limits assigned to each counterparty. The limits are set to adhere to professional independence rules, to minimize the concentration of risks and, therefore, to mitigate financial loss from a potential counterparty failure.

**Liquidity risk**

Liquidity risk is the risk that EYNL is unable to meet its financial obligations on the due date. Liquidity risk arises from EYNL'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 working capital balance. 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 EYNL's financial liabilities at year end, is as follows (the amounts disclosed are the gross undiscounted cash flows):

| Year ended 30 June 2015 | < 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 | 26,244 | 2,835 | 28,515 | 40,000 | 97,594 |
| - Interest payments | 2,244 | 1,504 | 2,676 | - | 6,424 |
| Trade and other payables | 85,857 | - | - | - | 85,857 |
| | **114,345** | **4,339** | **31,191** | **40,000** | **189,875** |
| **Year ended 30 June 2014** | | | | | |
| Interest-bearing loans and borrowings: | | | | | |
| - Contractual payments | 38,780 | 16,508 | 20,098 | 40,000 | 115,386 |
| - Interest payments | 2,831 | 1,469 | 2,195 | - | 6,495 |
| Trade and other payables | 83,550 | - | - | - | 83,550 |
| | **125,161** | **17,977** | **22,293** | **40,000** | **205,431** |

The financing requirements of EYNL vary during the year, primarily as a result of the incidence of major payments. Capital expenditure on cars is funded by both finance leases and operating leases; reference is made to Note 36. 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 financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises primarily from 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.

A fixed rate of interest is paid on long-term loans granted by current and retired members. A variable rate of interest is only paid on one loan granted by current and retired members. The interest on current account liabilities to current and retired members is assessed and set quarterly.

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

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 basis points | €000 |
| **2014/2015** | | |
| Euro | +15 | 67 |
| Euro | -15 | -67 |
| **2013/2014** | | |
| Euro | +15 | 47 |
| Euro | -15 | -47 |

**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 income and expenses of EYNL 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 means for future payments in other currencies than euros.

If the US dollar exchange rate were to change by 10%, the impact on profit or loss would be €1.4 million (2013/2014: €0.5 million) as a result of changes in the carrying amount of US dollar-denominated cash and amounts receivable/payable. If the pound sterling exchange rate were to change by 10%, the impact on profit or loss would be €0.04 million (2013/2014: €0.18 million) as a result of changes in the carrying amount of pound sterling-denominated cash and amounts receivable/payable.

### 49.2 OTHER NOTES

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

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

**Fair values**

EYNL measures financial instruments, as available-for-sale (AFS) assets, at fair value at each balance sheet date. If the fair value of the available-for-sale (AFS) assets cannot be established reliably, these investments are measured at cost.

As at 30 June 2015 and 30 June 2014, EYNL did not hold financial instruments measured at fair value.

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:

- EYNL assessed, based on a discounted cash flow (DCF) model, that cash, 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 recognize expected losses on these receivables. At 30 June 2015 and 30 June 2014, the carrying amounts of these receivables approximated their fair value.
- The fair value of fixed-rate borrowings and obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. At 30 June 2015 and 30 June 2014, the carrying amounts of these payables approximated their fair value.

Fair value assessment of financial assets and liabilities is of a level 2-type.

## 50 Related party disclosures

**Ultimate parent**

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

**Other related parties**

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

**Direct subsidiaries**

| Name | Country of incorporation | % Equity interest 30 June 2015 | % Equity interest 30 June 2014 |
|---|---|---|---|
| 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% | - |

**Indirect through subsidiaries**

| Name | Country of incorporation | % Equity interest 30 June 2015 | % Equity interest 30 June 2014 |
|---|---|---|---|
| Ernst & Young Participaties Coöperatief U.A. | The Netherlands | - | 100% |
| Ernst & Young Participaties B.V. | The Netherlands | 100% | 100% |
| Ernst & Young VAT Rep B.V. | The Netherlands | 100% | 100% |
| Ernst & Young Actuarissen B.V. | The Netherlands | 100% | 100% |
| Partake Consulting B.V. in liquidation | The Netherlands | - | 100% |
| Partake Consulting Nederland B.V. in liquidation | The Netherlands | - | 100% |
| Ernst & Young CertifyPoint B.V. | The Netherlands | 100% | 100% |
| GS Participation Ltd | United Kingdom | 100% | 100% |
| Ernst & Young Real Estate Advisory Services B.V. | The Netherlands | 100% | 100% |
| BECO Groep B.V. | The Netherlands | 100% | 100% |
| Ernst & Young CA B.V. | The Netherlands | 100% | 100% |
| Centre B.V. | The Netherlands | 100% | - |

On 3 November 2014 Ernst & Young Participaties B.V. acquired 100% of the shares of Centre B.V.

The following entities were liquidated during 2014/2015:

- Partake Consulting Nederland B.V. in liquidation – 16 June 2015
- Partake Consulting B.V. in liquidation – 16 June 2015

EYB has a strategic alliance with HVG.

**Transactions and balances**

The following table provides the total amounts for which transactions were entered into during the relevant financial years and the outstanding balances at 30 June 2015 and 30 June 2014.

| | | Sales to related parties | Purchases from related parties | Current amounts owed by related parties* | Current amounts owed to related parties |
|---|---|---|---|---|---|
| | | €000 | €000 | €000 | €000 |
| Entity with control and/or significant influence over EYNL: | | | | | |
| EY Europe | 2014/2015 | - | - | - | - |
| | 2013/2014 | - | - | - | - |
| Entities under common control | 2014/2015 | 506 | 1,028 | 53 | 128 |
| | 2013/2014 | 408 | 599 | 41 | 836 |
| Subsidiaries of EYNL | 2014/2015 | - | 296 | 66,964 | 4,016 |
| | 2013/2014 | - | 105 | 102,982 | 4,560 |
| Entities under significant influence by EY Europe: | | | | | |
| EYGS Group | 2014/2015 | 22,873 | 50,314 | 7,975 | 6,546 |
| | 2013/2014 | 17,976 | 78,189 | 4,813 | 2,028 |
| Strategic Alliances: | | | | | |
| HVG | 2014/2015 | 8,024 | 850 | - | - |
| | 2013/2014 | 7,916 | 730 | - | 2,342 |

** Gross amounts*

Entities under common control comprise entities controlled by EYNL's parent undertaking, EY Europe, and therefore represent a related-party relationship.

EY Europe is able to exert significant influence over EYGF and EYGS, which means that it, and its subsidiaries, are parties related to EYNL. At the period end, loans of €98.9 million were provided by EYGF, these loans are not included in the above table. These loans are interest-free (see Note 17 and Note 26 of the consolidated financial statements).

**Terms and conditions of transactions with related parties**
Services provided to and received from related parties are generally settled at prices applicable under normal market circumstances.
Outstanding balances at year-end are unsecured and interest-free and settlement occurs in cash. No guarantees were provided or received for any related-party receivable or payable.
For the year ended 30 June 2015 EYNL did not record any impairment of related-party receivables (30 June 2014: nil). An assessment is undertaken each financial year by examining the financial position of the related party and the market in which it operates.

**Compensation of key management personnel of EYNL**
Key management personnel are the designated members of EYNL.
These members do receive their remuneration through their professional corporations, being a total of €3,151,000 (2013/2014: €3,196,000).

## 51 Commitments and contingencies

Reference is made to Note 26 of the consolidated financial statements.

## 52 Events after the reporting period

After the reporting date no events occurred that need to be reported.

# Appendices

# Combined statement of profit or loss and other comprehensive income (unaudited) of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP[8]

**(for the year ended 30 June 2015)**

| | 2014/2015 | 2013/2014 |
|---|---|---|
| | €000 | €000 |
| **Revenue** | | |
| Rendering of services | 683,967 | 649,456 |
| Other income | 25,919 | 24,615 |
| | **709,886** | **674,071** |
| **Operating expenses** | | |
| Services provided by foreign EY member firms and third parties | 85,767 | 78,304 |
| Employee benefits expenses | 301,145 | 282,150 |
| Depreciation and impairment of property, plant and equipment | 5,884 | 7,441 |
| Amortization and impairment of intangible assets | 369 | 314 |
| Other operating expenses | 163,194 | 159,314 |
| | **556,359** | **527,523** |
| **Operating profit** | **153,527** | **146,548** |
| Finance income | 243 | 437 |
| Finance expenses (including interest on members' capital) | -6,870 | -8,574 |
| **Profit before tax from continuing operations** | **146,900** | **138,411** |
| Income tax expense | -247 | -147 |
| **Profit for the financial year** | **146,653** | **138,264** |
| *Items not to be reclassified to profit or loss in subsequent periods:* | | |
| Actuarial gains and (losses) on defined benefit plans | 146 | 491 |
| **Other comprehensive income for the year, net of tax** | **146** | **491** |
| **Total comprehensive income for the year, net of tax** | **146,799** | **138,755** |

8) *Basis of preparation of the combined statement of profit or loss and other comprehensive income: Aggregation of the consolidated statements of profit or loss and other comprehensive income of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP without elimination of any transactions between the two groups and taken into account the proper classification of the items.*

# Combined statement of financial position (unaudited) of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP[9]

**(as at 30 June 2015)**

| | **30 June 2015** | **30 June 2014** |
|---|---|---|
| | €000 | €000 |
| **Assets** | | |
| *Non-current assets* | | |
| Property, plant and equipment | 21,559 | 23,462 |
| Intangible assets | 10,489 | 6,600 |
| Other non-current financial assets | 6,015 | 4,394 |
| | 38,063 | 34,456 |
| *Current assets* | | |
| Trade and other receivables | 227,304 | 223,171 |
| Prepayments | 82,558 | 93,708 |
| Other current financial assets | 20 | 31 |
| Income tax receivable | - | 49 |
| Cash and cash equivalents | 67,108 | 37,763 |
| | 376,990 | 354,722 |
| **Total assets** | **415,053** | **389,178** |
| **Equity and liabilities** | | |
| *Current liabilities* | | |
| Trade and other payables | 203,637 | 184,533 |
| Interest-bearing loans and borrowings | 27,199 | 40,036 |
| Provisions | 5,543 | 7,602 |
| Employee benefits | 23,773 | 23,297 |
| Income tax payable | 226 | - |
| | 260,378 | 255,468 |
| *Non-current liabilities* | | |
| Interest-bearing loans and borrowings | 39,696 | 44,239 |
| Other non-current financial liabilities | 1,287 | 229 |
| Provisions | 17,706 | 21,743 |
| Employee benefits | 16,382 | 15,259 |
| | 75,071 | 81,470 |
| Total liabilities | 335,449 | 336,938 |
| *Equity* | | |
| Members' capital | 81,300 | 78,092 |
| Reserves | -1,708 | -25,864 |
| Non-controlling interest | 12 | 12 |
| Total equity | 79,604 | 52,240 |
| **Total equity and liabilities** | **415,053** | **389,178** |

9) *Basis of preparation of the combined statement of financial position: Aggregation of the consolidated statements 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 and taken into account the proper classification of the items.*

**EY** | Assurance | Tax | Transactions | Advisory

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