Financial statements

for the year ended 30 June 2016
Ernst & Young Nederland LLP

Building a better working world

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Members' report

The members (i.e. partners) present their report and financial statements for the year ended 30 June 2016.

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 2016 are detailed in Note 25 to the accounts.

Board of Directors

The Board of Directors was led by Marcel van Loo, Chairman of EYNL. For the period under approval (1 July 2015 – 30 June 2016) of the financial statements, the Board of Directors furthermore comprised of:

- Jeroen Davidson
- Michèle Hagers.

As of 1 July 2016, the Board of Directors is led by Coen Boogaart, the new Chairman of EYNL. As of that date, the Board of Directors furthermore comprises of:

- Jeroen Davidson
- Michèle Hagers.

All members of the Board of Directors 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, after a binding nomination by the Supervisory Board. The other members of the Board of Directors are appointed by the EOE, after a binding nomination by the Supervisory Board.

The Board of Directors 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 2016 were:

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

Designated members of EYNL as of 1 July 2016 are:

- Drs. C.B. Boogaart B.V.
- Mr. J.L. Davidson Belastingadviseur B.V.
- Drs. M. Hagers B.V.

Supervisory Board

EYNL has a Supervisory Board as from 1 July 2015. The Supervisory Board is led by Pauline van der Meer Mohr. For the period under approval (1 July 2015 – 30 June 2016) of the financial statements, the Supervisory Board furthermore comprised of:

- Steven van Eijck
- Monique Maarsen
- Jean-Yves Jégourel

The Supervisory Board currently has one vacant position.

Members' report

The EOE appoints the members of the Supervisory Board, after a nomination by the Supervisory Board.

The duties of the Supervisory Board are the supervision of the policies pursued by the Board of Directors and the general affairs of EYNL and its affiliated professional practices in the Netherlands. The supervision of the Board of Directors with regard to the policies and the general affairs of professional practices other than EYA is one of the Supervisory Board's duties only to the extent that such policies and general affairs affect audit quality, the way in which the audit firm safeguards the public interest and compliance with independence rules and other codes of conducts. The Supervisory Board has adopted a Charter describing its duties and powers.

Auditor
BDO LLP was appointed auditor to EYNL for the year ended 30 June 2016.

Statement of members' responsibilities

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 ('LLP Regulations') require the members to prepare financial statements for each financial 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 EYNL and entities under control of EYNL as listed in Note 25 (hereafter: the Group) and EYNL and of the profit or loss of the Group and EYNL for that period. The members have elected to prepare financial statements for the Group and EYNL in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs).

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;
- 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 Group and EYNL's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that EYNL will continue in business.

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 to prevent and detect fraud and other irregularities. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 were aware of that information.

The Group and EYNL, which are part of the EY global network, have considerable financial resources, contracts with a large number of clients across different industries and geographies and have talented and motivated partners 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 the Group and 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 & Young Nederland LLP for the year ended 30 June 2016 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 (IFRSs) as adopted by the European Union.

This report is made solely to the Limited Liability Partnership’s members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Limited Liability Partnership and the Limited Liability Partnership’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the statement of members’ responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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 limited liability partnership’s affairs as at 30 June 2016 and of the group’s and limited liability partnership’s profit for the period then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Opinion on other matters

In our opinion the information given in the Members' report for the year ended 30 June 2016 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Matthew White (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom
Date: 28 September 2016

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 2016)

	notes	2015/2016	2014/2015
		€000	€000
Revenue			
Rendering of services	6.1	648,958	638,330
Other income	6.2	32,204	24,171
		681,162	**662,501**
Operating expenses			
Services provided by foreign EY member firms and third parties	7.1	84,036	81,744
Employee benefits expenses	7.2	300,335	280,212
Depreciation and impairment of property, plant and equipment	10	4,660	5,884
Amortization and impairment of intangible assets	11	536	369
Other operating expenses	7.3	159,063	148,904
		548,630	**517,113**
Operating profit		**132,532**	**145,388**
Finance income	8.1	102	145
Finance expenses	8.2	-5,615	-6,640
Profit before tax		**127,019**	**138,893**
Income tax expense	9	-12	-42
Profit for the financial year		**127,007**	**138,851**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and (losses) on defined benefit plans	20.2	430	146
Other comprehensive income for the year, net of tax		**430**	**146**
Total comprehensive income for the year, net of tax		**127,437**	**138,997**
Profit attributable to members of EYNL		**127,007**	**138,851**
Total comprehensive income for the year attributable to members of EYNL		**127,437**	**138,997**

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 2016)

	notes	30 June 2016	30 June 2015
Assets		€000	€000
Non-current assets			
Property, plant and equipment	10	19,463	21,411
Intangible assets	11	16,165	10,489
Other non-current financial assets	12	6,015	6,015
		41,643	37,915
Current assets			
Trade and other receivables	13	239,373	213,777
Prepayments	14	95,918	77,646
Other current financial assets	12	24	20
Cash and cash equivalents	15	32,462	60,713
		367,777	352,156
Total assets		**409,420**	**390,071**
Equity and liabilities			
Current liabilities			
Trade and other payables[3]	16	203,579	190,231
Interest-bearing loans and borrowings	17	12,944	26,244
Provisions	19	4,939	5,413
Employee benefits	20	22,373	21,901
Income tax payable		713	226
		244,548	244,015
Non-current liabilities			
Interest-bearing loans and borrowings	17	49,549	38,883
Other non-current financial liabilities[3]	18	10,627	4,688
Provisions	19	8,777	16,867
Employee benefits	20	16,850	16,242
		85,803	76,680
Total liabilities		330,351	320,695
Equity			
Members' capital[3]	21	81,533	76,545
Reserves	22	-2,464	-7,169
Total equity		79,069	69,376
Total equity and liabilities		**409,420**	**390,071**

These financial statements were signed by C.B. Boogaart on behalf of Drs. C.B. Boogaart 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).

3) Reclassification in 2014/2015 for comparative purposes.

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 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[4]	6,363	-	-	-	6,363
Repayment on retirement	-3,045	-	-	-	-3,045
At 30 June 2015	**76,545**	**123,399**	**-130,568**	**-7,169**	**69,376**
Profit for the financial year	-	114,907	12,100	127,007	127,007
Other comprehensive income	-	430	-	430	430
Total comprehensive income	-	115,337	12,100	127,437	127,437
Profit distribution 2014/2015	-	-123,399	667	-122,732	-122,732
Contributions of capital from members	8,611	-	-	-	8,611
Repayment on retirement	-3,623	-	-	-	-3,623
At 30 June 2016	**81,533**	**115,337**	**-117,801**	**-2,464**	**79,069**

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.

4) *Reclassification in 2014/2015 for comparative purposes.*

Consolidated statement of cash flows of Ernst & Young Nederland LLP

(for the year ended 30 June 2016)

	notes	2015/2016	2014/2015
		€000	€000
Operating activities			
Profit for the financial year		127,007	138,851
Adjustment for:			
Depreciation and impairment of property, plant and equipment	10	4,660	5,884
Amortization and impairment of intangible assets	11	536	369
Finance income and expenses	8	5,513	6,495
Increase in employee benefits provision	20	1,412	1,352
Decrease in provisions	19	-9,139	-6,571
		129,998	146,380
Working capital adjustments:			
(Increase)/decrease in trade and other receivables and prepayments		-37,469	8,357
Increase in trade and other payables		12,967	8,305
Income tax received		170	275
Net cash flows from operating activities		**105,666**	**163,317**
Investing activities			
Purchase of property, plant and equipment		-3,926	-5,021
Disposal of property, plant and equipment		269	143
Purchase of intangible assets		-389	-
Advances/additions to other non-current financial assets/loans		-4	-1,621
Repayment/disposal of other non-current financial assets/loans		0	11
Acquisition of a subsidiary, net of cash acquired	5	-6,327	-1,870
Interest received		102	145
Net cash flows used in investing activities		**-10,275**	**-8,213**

Consolidated statement of cash flows of Ernst & Young Nederland LLP

(for the year ended 30 June 2016)

	notes	2015/2016	2014/2015
		€000	€000
Financing activities			
Payment from members (current account)		4,805	8,706
Prepayments to current members	14	-56,222	-52,694
Payment of profit distribution 2014/2015 (2013/2014)		-70,038	-63,212
Contributions of capital from members	21	8,611	6,363
Repayment of capital contributions on retirement	21	-3,623	-3,045
Repayment of financing related to drawing rights		-	-14,847
Payment of finance lease liabilities		-309	-798
Proceeds from interest-bearing loans and borrowings	17	13,790	23,130
Repayment of interest-bearing loans and borrowings	17	-15,140	-24,165
Proceeds from other non-current financial liabilities	18	-979	-160
Interest paid		-4,537	-4,723
Net cash flows used in financing activities		**-123,642**	**-125,445**
Net cash flow		**-28,251**	**29,659**
Net cash and cash equivalents at 1 July	15	60,713	31,054
Net cash flow		-28,251	29,659
Net cash and cash equivalents 30 June	15	**32,462**	**60,713**

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.
EYGI	EYGI B.V.

1 Corporate information

1.1 DATE OF PREPARATION

EYNL's consolidated financial statements for the year ended 30 June 2016 were approved by the Supervisory Board and EY Europe on 28 September 2016 and signed on behalf of the members by the designated members on 28 September 2016.

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 6 More London Place, London SE1 2DA, 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 2015/2016 started on 4 July 2015 (2014/2015: 28 June 2014) and ended on 1 July 2016 (2014/2015: 3 July 2015). Accordingly, references to 30 June 2016 must be read as references to 1 July 2016 and those to 30 June 2015 must be read as references to 3 July 2015.

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. 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 voting control in EYNL on 31 March 2009 although the arrangements do not meet the definition of control under IFRS 10 as described in Note 25. 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 Directors and therefore the funds provided by members are classified as equity instruments.

In the situation that the Board of Directors 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.

For comparative purposes the following restatements were made in the figures of 2014/2015. The non-current part of the lease incentives regarding office leases has been reclassified from Trade and other payables to Other non-current financial liabilities (€3.4 million). The partner capital not yet paid-up is now classified as Members' capital instead of Amounts due to current and retired members (Trade and other payables) (€0.5 million).
These reclassifications do not have any impact on the profit or the net assets for neither the periods nor the balance sheet at the beginning of the comparative period. Therefore it is considered appropriate not to present a statement of financial position at the beginning of the comparative period.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of EYNL and its subsidiaries as at 30 June 2016. 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 results 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(s) 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:

- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- 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

None of these changes had an impact on the accounting policies applied, nor has there been a significant impact on the disclosures.

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, which is 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.

Any contingent consideration to be transferred by EYNL 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 the changes in fair value recognized in the statement of profit or loss.

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 (CGUs) 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

Initially, financial instruments are measured at fair value. Subsequently, the financial instruments are measured at fair value or amortized cost, depending on the classification of the financial instruments.

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 at fair value 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 received. 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. 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 practice companies. 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 consolidated financial statements including the determination of the distributable profits are adopted by the Board of Directors following the approval of EY Europe and the Supervisory Board. This approval is made after balance sheet date and therefore the result for the financial year is recognized as part of equity. Distribution of profits will only take place in the situation that the Board of Directors has made use of its discretionary powers to pay interest allowance of members' capital to current or retired members and/or repay members' capital to 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 10.5 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.

Of the profit to be distributed to members that are subject to the clawback regulation, an average of one-sixth of these members total profit share will be withheld unless such members have opted to allot alternative financial means to the clawback fund, all in accordance with the terms of the clawback regulation.

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 are 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 10-12 years
‣ Cars (average lease term)	2016: 5.0 years; 2015: 4.9 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
‣ Brand Names	2-3 years
‣ Customer relationships	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 (at financial year end) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU 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 (EIR) 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 (group of) financial asset(s) 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 financial liabilities at fair value through profit and loss, loans and borrowings or as 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.

Financial liabilities at fair value through profit and loss relates to the contingent considerations in a business combination.

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.

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 adoption of the financial statements by the Board of Directors and the approval by EY Europe and the Supervisory Board 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 will only take place in the situation that the Board of Directors has made use of its discretionary powers and has decided to pay interest allowance of members' capital to current or retired members and/or repay members' capital to 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.

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. None of the endorsed amendments have been early adopted.

- IFRS 9 *Financial Instruments*[5], effective 1 January 2018
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception[5], effective 1 January 2016
- Amendments to IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- IFRS 15 *Revenue from Contracts with Customers*, including amendments to IFRS 15: Effective date of IFRS 15[5], effective 1 January 2018
- IFRS 16 *Leases*[5], effective 1 January 2019
- Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative[5], effective 1 January 2017
- Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealised Losses[5], effective 1 January 2017
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* – Bearer Plants, effective 1 January 2016
- Amendments to IAS 27 *Separate Financial Statements* – Equity Method in Separate Financial Statements, effective 1 January 2016
- Annual Improvements to IFRSs 2012-2014 Cycle (Issued September 2014), effective 1 January 2016

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[5]

IFRS 15 establishes a five-step model to account for 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 new revenue standard will supersede all current revenue recognition requirements under IFRS. EYNL is assessing the impact of this standard.

IFRS 16 Leases[5]

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17 with recognition exemptions for leases of 'low-value' assets and short-term leases. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. EYNL will assess the impact of IFRS 16.

5) *Not yet endorsed by the EU as at September 2016.*

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 2016, EYNL entered into new contracts with three car lease companies. Under these contracts, the cars are recognized as operating leases. The previously existing contracts with the other car lease companies remain unchanged and continue to be classified either as operating lease or 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 plan, the agreements with the pension fund, transparent communication on employees' entitlements and the insurance contract with 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 to the financial years 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 CGU 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 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.

Contingent consideration from business combinations
Contingent considerations, resulting from business combinations, are valued at fair value at the acquisition date as part of the business combination. When the contingent considerations 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 to Notes 5 and 18 for details).

The deferred considerations subject to the retention of the former shareholders of the acquired entities in 2015/2016, payable in the next financial year are accounted for as Employee benefits provision (see Note 5 and 20). The long term deferred considerations are further explained under Commitments and contingencies (Note 26).

5 Business combinations

Acquisitions in 2015/2016

During 2015/2016 Ernst & Young Participaties B.V. acquired 100% of the shares of the following entities:

- Integrc Netherlands B.V. (hereafter: Integrc) - 3 August 2015
- Intelligence in Information B.V. (hereafter: EY i3) – 1 March 2016. After acquisition the name has been changed to EY Intelligence in Information B.V.
- Montesquieu Finance B.V. and Montesquieu Institutional Risk Management B.V. (hereafter: EY Montesquieu) – 2 May 2016. After acquisition the names have been changed to EY Montesquieu Finance B.V. and EY Montesquieu Institutional Risk Management B.V.

Integrc is a leading provider of governance, risk and compliance (GRC) services to companies that run SAP. The acquisition will help to strengthen EY's position as an industry leader in SAP GRC services by further enhancing its end-to-end offering — from strategy to technology implementation.

EY i3 provides services in the field of business intelligence, data analytics and predictive analytics, and is one of the leading players in the market. EY i3 provides consultation services for al large number of notable companies. The field of business intelligence and data analytics constitutes a global growth market. This acquisition will enable us to meet the requirements of our customers more effectively when it comes to providing specialised advice in these areas.

EY Montesquieu is a leading consultancy firm in the field of financing and risk management. Based in Maastricht, EY Montesquieu advises businesses, institutions and institutional investors throughout the Netherlands on issues of financing, as well as on how to gain insight into and manage financial risks, including currency and interest rate risks.

Assets acquired and liabilities assumed

The total fair value of the identifiable assets and liabilities of the acquired entities as at the dates of acquisition were:

	notes	Fair value recognized on acquisition
		€000
Assets		
Intangible assets identified at acquisition date		1,520
Intangible fixed assets		35
Property, plant and equipment		406
Trade and other receivables		2,871
Cash and cash equivalents		231
		5,063
Liabilities		
Trade and other payables		2,287
Total identifiable net assets at fair value		**2,776**
Goodwill arising on acquisition	11	5,146
Purchase consideration transferred		**7,922**

The fair value of the trade receivables amounts to €2.2 million. The gross amount of trade receivables is €2.2 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

At acquisition date, intangible assets of €1.5 million were recognized, comprising of customer relationships, brand name and software.

The goodwill of €5.1 million comprises of the value of expected synergies arising from the acquisitions, the value of the assembled workforce which cannot be separately recognized and the expected growth of the profitability, to be realised by new costumers.
Goodwill is assessed on the level of EYA. None of the goodwill recognized is expected to be deductible for corporate income tax purposes.

From the dates of acquisition, the acquired entities have contributed €4.4 million of revenue and €0.2 million to the gross margin of EYNL.
If all the acquisitions had taken place at the beginning of the financial year, revenue from continuing operations would have been further increased with €5.6 million and the gross margin would have been increased with €1.1 million.

Purchase consideration

	€000
Cash paid	6,558
Employee retention consideration	1,364
Total consideration	**7,922**

Analysis of cash flows on acquisition:

	€000
Cash paid	-6,558
Net cash acquired with the subsidiary (included in cash flows from investing activities)	231
Net cash flow on acquisition	**-6,327**

Employee retention consideration
As part of the purchase agreements there will be conditional cash payments to the previous owners of the acquired entities of a total amount of €1.4 million. The first instalments are payable one year after the dates of completion and the second two years after the dates of completion.

Shareholders retention consideration and earn out consideration
As part of the purchase agreements with the previous owners of Integrc and EY Montesquieu, earn out considerations have been agreed. Subject to the retention of the former ultimate shareholders, there will be additional cash payments of maximum €6.0 million, based on three annual payments depending on the achieved levels of revenues.

With the previous owners of EY i3, a shareholders retention consideration has been agreed. There will be additional cash payments for a total amount of €0.6 million, depending on the retention of the ultimate shareholders. The first instalment is payable one year after the date of completion and the second two years after the date of completion.

The above considerations explicitly focusses on the tenure of the selling shareholders. Therefore these payments are considered as remuneration for post-combination services (employee benefits) and are not included in the total consideration for the shares.
For the current financial year an amount of €0.6 million is included in the employee benefit expenses.

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.

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	11	2,113
Purchase consideration transferred		**3,786**

During 2015/2016 the deferred consideration of Centre B.V. was reassessed. Part of the deferred consideration is now accounted for as employee benefits expense, resulting in a goodwill adjustment of €0.9 million.

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.

At acquisition date, customer relationships of €1.3 million were separately recognized.
The goodwill of €2.1 million comprises the value of the assembled workforce which cannot be separately recognized.

Goodwill is assessed on the level of EYA. 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 to 30 June 2015, 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 2014/2015, revenue from continuing operations for the year 2014/2015 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	845
Contingent consideration – earn out	1,052
Total consideration	**3,786**

Analysis of cash flows on acquisition:

	€000
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 was agreed, depending on the achieved levels of revenues and gross margin in FY15 and FY16. The contingent consideration liability was due for final measurement on 30 June 2016. As the conditions were not met, it was remeasured to nil (30 June 2015: €0.3 million).

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:

	2015/2016	2014/2015
	€000	€000
Assurance services	302,745	296,845
Tax services	208,298	207,760
Advisory services	98,873	97,278
Transaction advisory services	39,042	36,447
	648,958	**638,330**

6.2 OTHER INCOME

Other income was as follows:

	2015/2016	2014/2015
	€000	€000
Services to other entities within the EY network	31,726	23,935
Other	478	236
	32,204	**24,171**

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:

	2015/2016	2014/2015
	€000	€000
Salaries and bonuses	207,684	190,977
Social security charges	28,171	26,105
Pension contribution	25,122	24,482
Mobility expenses	33,040	30,947
Other staff expenses	6,318	7,701
	300,335	**280,212**

Salaries and bonuses include vacation allowance.

Mobility expenses includes car lease payments recognized as operating lease expenses of €19.8 million (2014/2015: €17.1 million).

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

	2015/2016	2014/2015
	FTE	FTE
Client serving staff	3,115	2,836
Support staff	511	506
	3,626	**3,342**

7.3 OTHER OPERATING EXPENSES

	2015/2016	2014/2015
	€000	€000
Premises expenses	29,033	25,667
Other staff expenses	16,383	14,515
Office expenses	11,171	12,323
IT expenses	23,443	20,938
International EY charges	45,963	46,590
Net foreign exchange gains and losses	721	-666
Other expenses	32,349	29,537
	159,063	**148,904**

Premises expenses includes lease payments recognized as operating lease expense of €18.6 million (2014/2015: €19.9 million).

IT expenses includes lease payments recognized as operating lease expense of €1.3 million (2014/2015: €1.2 million).

Auditors' remuneration of €222,300 (2014/2015: €217,200) is included in other expenses. Of these amounts, €185,800 (2014/2015: €181,500) was charged in respect of the audit of the financial statements of all entities and an amount of €36,500 (2014/2015: €35,700) for various other audit services.

8 Finance income and expenses

8.1 FINANCE INCOME

	2015/2016	2014/2015
	€000	€000
Interest on bank balances and deposits	35	81
Interest income on loans and receivables	67	64
	102	**145**

8.2 FINANCE EXPENSES

	notes	2015/2016	2014/2015
		€000	€000
Interest on loans granted by current and retired members		2,178	2,103
Interest on current and retired members' current account balances		1,750	1,586
Total interest paid to current and retired members		3,928	3,689
Finance charges payable under finance leases		75	183
Interest on bank loans and borrowings (including amortized cost of loans and borrowings)		169	625
Unwinding of discount on provisions and loans	17,18,19,20	1,011	1,802
Other interest and similar expense		432	341
		5,615	**6,640**

9 Income tax expense

	2015/2016	2014/2015
	€000	€000
Income tax: current financial year	**-12**	**-42**

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:

	2015/2016	2014/2015
	€000	€000
Profit before tax	127,019	138,893
Tax at 25% (2014/2015: 25%)	-31,755	-34,723
Tax on partnership profits attributable to the members	31,743	34,670
Taxes receivable for previous year	-	11
Taxes payable by subsidiaries	**-12**	**-42**

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 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**
Acquisition of a subsidiary	5	284	-	122	406
Additions		2,533	-	1,393	3,926
Disposals		-219	-1,351	-50	-1,620
Depreciation		-2,936	-310	-1,414	-4,660
At 30 June 2016		**14,930**	**418**	**4,115**	**19,463**
Cost		51,483	7,480	31,049	90,012
Accumulated depreciation and impairments		-36,542	-3,645	-26,511	-66,698
At 1 July 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**
Cost		48,609	1,158	29,725	79,492
Accumulated depreciation and impairments		-33,679	-740	-25,610	-60,029
At 30 June 2016		**14,930**	**418**	**4,115**	**19,463**

Contractual obligations for purchasing property, plant and equipment, with the exception of the refurbishment of the Amsterdam office (€4.5 million) for capital expenditure, were negligible at 30 June 2016. Per June 2015 there were contractual obligations for an amount of €0.6 million for the refurbishment of the Rotterdam office.

Besides the operating lease contracts for cars, EYNL has some lease contracts maturing next year under which the cars are recognized as finance lease.

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 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**
Acquisition of a subsidiary	5	1,369	5,146	186	6,701
Additions / Purchases		325	-	64	389
Adjustments	5	-	-878	-	-878
Amortization		-473	-	-63	-536
At 30 June 2016		**4,052**	**11,922**	**191**	**16,165**
Cost		2,640	4,663	197	7,500
Accumulated amortization		-705	-	-195	-900
At 1 July 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**
Cost		5,590	11,922	531	18,043
Accumulated amortization		-1,538	-	-340	-1,878
At 30 June 2016		**4,052**	**11,922**	**191**	**16,165**

Acquisition during the year

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

Purchases during the year
On 4 July 2015 EYB acquired a client list.

Adjustments
Further details of the adjustment of goodwill are included in Note 5.

Impairment testing of goodwill
Goodwill acquired through business combinations has been allocated to EYA, which is also the CGU for impairment testing.

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 2016 and 30 June 2015.

12 Other non-current and current financial assets

	Effective interest rate	Maturity (financial year)	30 June 2016	30 June 2015
	%		€000	€000
Non-current				
Available-for-sale (AFS) investment – unquoted equity shares	n/a	n/a	5,997	5,997
Loans granted to current members	n/a	n/a	18	18
			6,015	**6,015**
Current				
Loans granted to employees	n/a	2016	24	20
			24	**20**

As at 30 June 2016 and 30 June 2015, 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%). 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 2016	30 June 2015
	€000	€000
Unbilled receivables	89,062	85,984
Trade receivables	135,660	118,622
Other receivables	14,651	9,171
	239,373	**213,777**

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.

13.2 TRADE RECEIVABLES

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 2016 for these receivables is €7.1 million (30 June 2015: €6.4 million). The movement in the provision for impairment was as follows:

	Total
	€000
At 1 July 2014	-4,996
Charge for the year	-2,620
Release of unused amounts	1,275
Written off	-93
At 30 June 2015	**-6,434**
Charge for the year	-627
Release of unused amounts	14
Written off	-68
At 30 June 2016	**-7,115**

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 2016	135,660	62,991	48,090	15,334	5,285	2,729	1,231
30 June 2015	118,622	56,316	39,628	15,166	4,311	1,904	1,297

See Note 23.1 on how EYNL manages credit risk.

Receivables from related parties are included in trade receivables for an amount of €0.1 million (30 June 2015: €17.7 million). For further information regarding related parties reference is made to Note 25.

13.3 OTHER RECEIVABLES

Other receivables are shown net of impairment. The total amount of impairment as at 30 June 2016 for these receivables is €0.9 million (30 June 2015: €0.3 million). The movement in the provision for impairment was as follows:

	Total
	€000
At 1 July 2014	-532
Charge for the year	-
Release of unused amounts	230
Written off	2
At 30 June 2015	**-300**
Charge for the year	-646
Release of unused amounts	-
Written off	-
At 30 June 2016	**-946**

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 2016	14,651	11,310	1,876	335	400	203	527
30 June 2015	9,171	6,538	1,375	783	242	87	146

Receivables from related parties are included in other receivables for an amount of nil (30 June 2015: €5.5 million). For further information regarding related parties reference is made to Note 25.

14 Prepayments

	30 June 2016	30 June 2015
	€000	€000
Profit-share advances paid to current members	56,222	52,694
Prepaid pension contributions	6,846	6,311
Other prepayments	32,850	18,641
	95,918	**77,646**

15 Cash and cash equivalents

	30 June 2016	30 June 2015
	€000	€000
Cash at bank and in hand	**32,462**	**60,713**

16 Trade and other payables

	notes	30 June 2016	30 June 2015
		€000	€000
Amounts due to current and retired members[6]		58,344	53,539
Trade payables		31,759	30,514
Taxes and social security		37,065	35,473
Payments on account		61,109	56,130
Other financial liabilities[6]	18	4,098	1,780
Other payables[6]		11,204	12,795
		203,579	**190,231**

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.

6) *Reclassification in 2014/2015 for comparative purposes.*

17 Interest-bearing loans and borrowings

	notes	Effective interest rate	Maturity (financial year)	30 June 2016	30 June 2015
		%		€000	€000
Current					
Loans granted by current and retired members		3.2%	2017	2,525	6,975
Bank loan to finance settlement of drawing rights		4.5%	n/a	-	7,500
Private facility drawing		2.7%	2017	10,000	10,000
Car lease obligations	26	1.2%	2017	419	1,769
				12,944	**26,244**
Non-current					
Loans granted by current and retired members		4.7%	2018-2021	41,640	31,040
Private loan to finance settlement of drawing rights		5.0%	Up to 2049	7,909	7,533
Car lease obligations	26	1.2%	2017	-	310
				49,549	**38,883**

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
1 February 2017	Variable	1,950
30 June 2017	4.00%	575
31 December 2017	3.75%	1,750
31 December 2018	5.00%	12,460
31 December 2019	5.00%	11,265
31 December 2020	4.00%	13,790

Subordinated loans	Interest rate	In €000
1 February 2019	6.25%	2,375

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. During 2015/2016 the loan is fully repaid. The interest on the loan was 4.5% per year.

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 30 November 2016 with an interest rate of 2.65% (Per 30 June 2016 a facility of €10 million was 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 two loans to finance the settlement of drawing rights in 2008/2009.
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 2015/2016 the interest charge due to application of the amortized cost method amounts to €0.4 million (2014/2015 €1.1 million).

In June 2015, a final repayment of €14.8 million was made on the first loan.

The amortized cost of the remaining second 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 2016	30 June 2015
		€000	€000
Financial liabilities at fair value through profit or loss			
Contingent consideration - earn outs	5	-	267
Other considerations	5	2,266	1,766
Other financial liabilities at amortized cost			
Other payables[7]		12,459	4,435
Total other financial liabilities		**14,725**	**6,468**
With a term < 1 year	16	4,098	1,780
With a term > 1 year		10,627	4,688
		14,725	**6,468**

Contingent consideration - earn outs

As part of the purchase agreement with the previous owners of Centre B.V. contingent consideration was been agreed (see Note 5). As at 30 June 2016, it was concluded that, as in previous year, the earn out levels for FY16 were not met. Accordingly, the fair value of the contingent consideration has been adjusted to nihil (30 June 2015: €0.3 million.)

Other considerations

The other considerations consists of the considerations for Centre B.V., Integrc Netherlands B.V., EY Intelligence in Information B.V., EY Montesquieu Finance B.V. and EY Montesquieu Institutional Risk Management B.V. Please refer to Note 5 for further information.

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 2016 mainly relates to the lease incentives regarding office leases. The amount to be repaid in the next financial year is included in the Trade and other payables (Note 16).

7) *Reclassification in 2014/2015 for comparative purposes.*

19 Provisions

	Professional indemnity	Premises	Drawing rights of current members	Total
	€000	€000	€000	€000
At 1 July 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**
Additions	806	542	-	1,348
Payments	-519	-4,567	-991	-6,077
Amounts released	-	-4,143	-267	-4,410
Unwinding of discount	-	197	378	575
At 30 June 2016	**937**	**5,295**	**7,484**	**13,716**
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**
with a term < 1 year	937	2,998	1,004	4,939
with a term > 1 year	-	2,297	6,480	8,777
At 30 June 2016	**937**	**5,295**	**7,484**	**13,716**

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 0.4% for lease contracts ending within 6 years (30 June 2015: 1.1%) and of 0.7% for lease contract with a term of 6 years or longer (30 June 2015: 1.5%).

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 2015: 5.0%).

20 Employee benefits

	30 June 2016	30 June 2015
	€000	€000
Current liabilities		
Payments to be made to staff	20,690	20,124
Salary payments during absence	759	1,352
Provision for long-service awards	339	425
Renumeration liability acquisitions	585	-
	22,373	**21,901**
Non-current liabilities		
Payments to be made to staff	12,562	11,788
Defined benefit pension plan	1,354	1,751
Salary payments during absence	191	298
Provision for long-service awards	2,743	2,405
	16,850	**16,242**

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

Remuneration liability acquisitions relates to the amount to be paid within one year for the earn out considerations of Integrc Netherlands B.V., EY Montesquieu Finance B.V. and EY Montesquieu Institutional Risk Management B.V. and the retention consideration of EY Intelligence in Information B.V.. As mentioned in Note 5 these are considered as remuneration for post-combination services.

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 €24.7 million (2014/2015: €24.0 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	**2015/2016**	**2014/2015**
	€000	€000
At 1 July	1,751	1,833
Interest cost	33	64
Current service cost	-	-
Benefits paid	-	-
Actuarial (gains)/losses on obligation	-430	-146
At 30 June	**1,354**	**1,751**

	30 June 2016	**30 June 2015**
	€000	€000
With a term < 1 year	-	-
With a term > 1 year	1,354	1,751
	1,354	**1,751**

The principal assumptions used are:

	30 June 2016	30 June 2015
	%	%
Discount rate	2.3	1.9
General salary increase	0.0	0.0
Inflation	0.3	0.3
Mortality rates	2014 Forecast tables of the Dutch Actuarial Association	2014 Forecast tables of the Dutch Actuarial Association

The total amount of defined benefit obligation charged to profit or loss during the financial year was €0.03 million (2014/2015: €0.1 million). The actuarial gain of the current year of €0.4 million (2014/2015: €0.1 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:

	2015/2016	2014/2015
	€000	€000
At 1 July	1,650	3,248
Additions	2,824	3,247
Payments	-1,895	-3,420
Released	-1,635	-1,436
Unwinding of discount	6	11
At 30 June	**950**	**1,650**

	30 June 2016	30 June 2015
	€000	€000
With a term < 1 year	759	1,352
With a term > 1 year	191	298
	950	**1,650**

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

	30 June 2016	30 June 2015
	%	%
Discount rate	1.8	2.0
Probability rate	Kazo 2000	Kazo 2000
Mortality rates	2014 Forecast tables of the Dutch Actuarial Association	2014 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:

	2015/2016	2014/2015
	€000	€000
At 1 July	2,830	2,447
Additions	766	787
Payments	-564	-477
Released	-	-
Unwinding of discount	50	73
At 30 June	**3,082**	**2,830**

	30 June 2016	30 June 2015
	€000	€000
With a term < 1 year	339	425
With a term > 1 year	2,743	2,405
	3,082	**2,830**

The principal assumptions used are:

	30 June 2016	30 June 2015
	%	%
Discount rate	1.8	2.0
Factor for attrition, mortality and disability	18.9	19.7
Future salary increase	3.0	3.0

21 Members' capital[8]

	30 June 2016	30 June 2015
	€000	€000
Contractual capital contribution by members	**81,553**	**76,545**

The movements were as follows:

	2015/2016	2014/2015
	€000	€000
At 1 July	76,545	73,227
Contributions	8,611	6,363
Repayment on retirement	-3,623	-3,045
At 30 June	**81,533**	**76,545**

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

	30 June 2016		30 June 2015	
	Number of members	Capital contribution (in € million)	Number of members	Capital contribution (in € million)
EYA	158	54.9	145	50.5
EYB	77	26.6	75	26.0
EYNL	235	81.5	220	76.5
Members retired in financial year	8		4	
Number of profit-sharing partners	**243**		**224**	

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

8) *Reclassification in 2014/2015 for comparative purposes.*

22 Reserves

22.1 RESULT FOR THE FINANCIAL YEAR

The consolidated financial statements are adopted by the Board of Directors following the approval of EY Europe and the Supervisory Board. The consolidated result for the financial year is shown in these financial statements

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 (10.5 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.

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 2016 and 30 June 2015 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.

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.
Per year end, the requirement for an impairment of trade debtors is analysed on an individual basis.

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):

	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Year ended 30 June 2016	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings:					
- Contractual payments	12,944	1,750	39,890	40,000	94,584
- Interest payments	2,063	1,919	2,622	-	6,604
Trade and other payables	203,579	-	-	-	203,579
	218,586	**3,669**	**42,512**	**40,000**	**304,767**
Year ended 30 June 2015	€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	190,231	-	-	-	190,231
	218,719	**4,339**	**31,191**	**40,000**	**294,249**

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.

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. This credit facility is terminated from 1 September 2015.

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 in basis points	**Effect on profit before tax** €000
2015/2016		
Euro	+15	49
Euro	-15	-49
2014/2015		
Euro	+15	91
Euro	-15	-91

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 €0.6 million (2014/2015: €1.3 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 €0.1 million (2014/2015: €0.04 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
Initially, financial instruments are measured at fair value. Subsequently, the financial instruments are measured at fair value or amortized cost, depending on the classification of the financial instruments. 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 2016 and 30 June 2015, contingent considerations resulting from business combinations are measured at fair value, EYNL did not hold other 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 2016 and 30 June 2015, 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 2016 and 30 June 2015, the carrying amounts of these payables approximated their fair value.

Fair value assessment of the above mentioned 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

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 2016**	**30 June 2015**
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%
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%
Centre B.V.	The Netherlands	100%	100%
Parthenon-EY B.V.	The Netherlands	100%	100%
Integrc Netherlands B.V.	The Netherlands	100%	-
EY Intelligence in Information B.V.	The Netherlands	100%	-
EY Montesquieu Finance B.V.	The Netherlands	100%	-
EY Montesquieu Institutional Risk Management B.V.	The Netherlands	100%	-

During 2015/2016 the following entities were acquired by Ernst & Young Participaties B.V.:

- 100% of the shares of Integrc Netherlands B.V. - 3 August 2015
- 100% of the shares of Intelligence in Information B.V. – 1 March 2016, after acquisition the name has been changed to EY Intelligence in Information B.V.
- 100% of the shares of Montesquieu Finance B.V. and Montesquieu Institutional Risk Management B.V. – 2 May 2016, after acquisition the names have been changed to EY Montesquieu Finance B.V. and EY Montesquieu Institutional Risk Management B.V.

BECO Groep B.V. was liquidated during 2015/2016. The liquidation was finalised on 12 April 2016.

In June 2016 the name Ernst & Young CA B.V. was changed in Parthenon-EY B.V.

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

EYB has a strategic alliance with HVG.

Transactions and balances

Under IFRS 10, 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. The Board of EY Europe has continued to review the arrangements between EY Europe and EYNL as required by IFRS 10, and now consider that EY Europe's own exposure to variable returns from EYNL arising from those arrangements is not sufficient to meet the definition of control, despite having power over EYNL. The arrangements do give EY Europe significant influence over EYNL, so EYNL is therefore an associate of EY Europe.

Entities under common control in 2014/2015 comprise entities controlled by EYNL's then parent undertaking, EY Europe, and therefore represented related party relationships.

EY Europe is also able to exert significant influence over the EYGS group and the EYGI group meaning that in 2014/2015 they were associates of EYNL. Transactions and balances at the 2014/2015 year end with these related parties are stated below. As a member of the EY global network, EYNL has committed to provide services to and receive services from EYGS.

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 2016 and 30 June 2015.

		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	2015/2016	-	-	-	-
	2014/2015	-	-	-	-
Entities under common control	2015/2016	-	-	-	-
	2014/2015	35,972	27,096	6,351	3,375
Entities under significant influence by EY Europe:					
EYGS Group	2015/2016	-	-	-	-
	2014/2015	45,488	59,806	16,745	7,962
EYGI Group	2015/2016	-	-	-	-
	2014/2015	148	2,063	8	154
Strategic Alliances:					
HVG	2015/2016	9,350	7,467	91	1,479
	2014/2015	8,522	6,907	112	414

** Gross amounts*

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 2016 EYNL did not record any impairment of related-party receivables (30 June 2015: 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 and the members of the Supervisory Board of EYNL during the financial year. The designated members do receive their remuneration through their professional corporations, being a total of €3.2 million (2014/2015: €3.2 million).

From 1 July 2015, EYNL has a Supervisory Board. The remuneration of the Supervisory Board members for 2015/2016 is a total amount of €0.2 million.

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 2016	€000	€000	€000	€000
Within 1 year	1,696	15,725	20,684	38,105
Between 1 and 5 years	736	22,032	68,636	91,404
More than 5 years	-	-	20,329	20,329
	2,432	**37,757**	**109,649**	**149,838**
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**

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 €0.8 million (2014/2015: €1.1 million) have been issued for lease commitments.

Effective 1 January 2016, EYNL entered into new contracts with three car lease companies. Under these contracts, the cars are recognized as operating leases. The previously existing contracts with the other car lease companies remain unchanged.

Finance lease commitments

Finance lease charges for the financial year amount to €1.1 million (2014/2015: €2.1 million).

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

	2016		2015	
	Minimum payments	Present value of payments (Note 17)	Minimum payments	Present value of payments (Note 17)
	€000	€000	€000	€000
Within 1 year	435	431	2,110	2,017
Between 1 and 5 years	-	-	331	326
After 5 years	-	-	-	-
Total minimum lease payments	435	431	2,441	2,343
Lease charges still to be incurred (incl. fuel)	-12	-12	-276	-264
Total minimum lease commitment	423	419	2,165	2,079
Less: amounts representing finance charges	-4	-	-86	-
Present value of minimum lease commitment	**419**	**419**	**2,079**	**2,079**

The leases for cars have a remaining average term of 0.01 year (2014/2015: 0.5 year). Leased assets are pledged as security for the related finance lease.

Contingent assets
In connection with the representation of VGAN[9] 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 income of €1.4 million (2014/2015: expense of €1.5 million) has been taken to the 2015/2016 statement of profit or loss and other comprehensive income within this context (Other income respective Other operating expenses).

Contingent liabilities
As part of the purchase agreements with the previous owners of the during 2015/2016 acquired entities, deferred considerations has been agreed. Payments of these considerations are subject to the retention of the former ultimate shareholders.

There will be additional cash payments to the previous owners of these acquired entities, if still employed by EY, of maximum €6.6 million, based on three annual payments of €2.2 million depending on the achieved levels of revenues in the three years after completion of the acquisitions.

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)
On March 16, 2016 the AFM imposed an administrative fine of €2.2 million on EYA for violation of its duty of care. This fine followed the inspection regarding the 2012 audits (AFM report dated 25 September 2014).
EYA filed an objection.
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.

9) VGAN is the legal predecessor of HVG.

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:

A clawback regulation was adopted and came into effect from the financial year 2015/2016. Of the profit to be distributed to members that are subject to the clawback regulation, an average of one-sixth of these members total profit share will be withheld unless such members have opted to allot alternative financial means to the clawback fund, all in accordance with the terms of the clawback regulation. Since this will be effected in the financial year 2016/2017, this will be reflected for the first time in the financial statements of 2016/2017 and the financial impact cannot be given at this moment.

On 1 September 2016 Parthenon-EY B.V. acquired certain assets and liabilities from the partnership OC&C Strategy Consultants Benelux.
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 2016

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

(for the year ended 30 June 2016)

	notes	2015/2016	2014/2015
		€000	€000
Revenue			
Rendering of services	32	2,212	1,223
Other income	32	124,727	123,490
		126,939	**124,713**
Operating expenses			
Services provided by foreign EY member firms and third parties		7,514	4,690
Employee benefits expenses	33.1	40,566	40,335
Depreciation and impairment of property, plant and equipment	36	4,612	5,876
Amortization of intangible assets		-	2
Other operating expenses	33.2	74,804	65,723
		127,496	**116,626**
Operating loss/profit		**-557**	**8,087**
Finance income	34.1	7,371	7,288
Finance expenses	34.2	-5,525	-7,586
Share of profit from subsidiaries	37	127,326	127,656
Profit before tax		**128,615**	**135,445**
Income tax expense	35	-	-
Profit for the financial year		**128,615**	**135,445**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial gains and (losses) on defined benefit plans	46.2	430	146
Other comprehensive income for the year, net of tax		**430**	**146**
Total comprehensive income for the year, net of tax		**129,045**	**135,591**
Profit attributable to members of EYNL		**128,615**	**135,455**
Total comprehensive income for the year attributable to members of EYNL		**129,045**	**135,591**

Statement of financial position of Ernst & Young Nederland LLP

(as at 30 June 2016)

	notes	30 June 2016	30 June 2015
Assets		€000	€000
Non-current assets			
Property, plant and equipment	36	19,054	21,358
Investment in subsidiaries	37	21,990	21,990
Other non-current financial assets	38	456	608
		41,500	43,956
Current assets			
Other receivables	39	102,544	80,128
Prepayments	40	94,572	76,649
Other current financial assets	38	152	152
Cash and cash equivalents	41	22,782	44,392
		220,050	201,321
Total assets		**261,550**	**245,277**
Equity and liabilities			
Current liabilities			
Trade and other payables[10]	42	89,627	81,995
Interest-bearing loans and borrowings	43	12,944	26,244
Provisions	45	3,933	5,263
Employee benefits	46	2,320	2,899
		108,824	116,401
Non-current liabilities			
Interest-bearing loans and borrowings	43	49,549	38,883
Other non-current financial liabilities[10]	44	9,946	3,555
Provisions	45	8,777	16,367
Employee benefits	46	3,777	4,101
		72,049	62,906
Total liabilities		180,873	179,307
Equity			
Members' capital	47	81,533	76,545
Reserves	48	-856	-10,575
Total equity		80,677	65,970
Total equity and liabilities		**261,550**	**245,277**

These financial statements were signed by C.B. Boogaart on behalf of Drs. C.B. Boogaart B.V.

10) Reclassification in 2014/2015 for comparative purposes.

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 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[11]	6,363	-	-	-	6,363
Repayment on retirement	-3,045	-	-	-	-3,045
At 30 June 2015	**76,545**	**119,993**	**-130,568**	**-10,575**	**65,970**
Profit for the financial year	-	116,515	12,100	128,615	128,615
Other comprehensive income	-	430	-	430	430
Total comprehensive income	-	116,945	12,100	129,045	129,045
Profit distribution 2014/2015	-	-119,993	667	-119,326	-119,326
Contributions of capital from members	8,611	-	-	-	8,611
Repayment on retirement	-3,623	-	-	-	-3,623
At 30 June 2016	**81,533**	**116,945**	**-117,801**	**-856**	**80,677**

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.

11) Reclassification in 2014/2015 for comparative purposes.

Statement of cash flows of Ernst & Young Nederland LLP

(for the year ended 30 June 2016)

	notes	2015/2016	2014/2015
		€000	€000
Operating activities			
Profit for the financial year		128,615	135,445
Share of profit from subsidiaries	37	-127,326	-127,656
		1,289	7,789
Adjustment for:			
Depreciation and impairment of property, plant and equipment	36	4,612	5,876
Amortization of intangible assets		-	2
Finance income and expenses	34	-1,846	298
Decrease in employee benefits provision	46	-517	-439
Decrease in provisions	45	-9,495	-5,541
		-5,957	7,985
Working capital adjustments:			
(Increase)/Decrease in other receivables and prepayments		-37,944	41,873
Increase/(Decrease) in trade and other payables		9,373	-6,779
Net cash flows from operating activities		**-34,528**	**43,079**
Investing activities			
Purchase of property, plant and equipment		-3,927	-5,054
Disposal of property, plant and equipment		268	143
Repayment of other financial assets/loan		152	-
Investment in subsidiary		-	-21,989
Interest received		7,371	7,288
Net cash flows used in investing activities		**3,864**	**-19,612**

Statement of cash flows of Ernst & Young Nederland LLP

(for the year ended 30 June 2016)

	notes	2015/2016	2014/2015
		€000	€000
Financing activities			
Payment from members (current account)		133,264	138,374
Prepayment to current members	40	-56,222	-52,694
Payment of profit distribution 2014/2015 (2013/2014)		-66,632	-66,013
Contributions of capital from members	47	8,611	6,363
Repayment of capital contributions on retirement	47	-3,623	-3,045
Repayment of financing related to drawing rights		-	-14,847
Payment of finance lease liabilities		-309	-798
Proceeds from interest-bearing loans and borrowings	43	13,790	23,130
Repayment of interest-bearing loans and borrowings	43	-15,140	-24,165
Repayment of other non-current financial liabilities		-159	-160
Interest paid		-4,526	-5,780
Net cash flows used in financing activities		**9,054**	**365**
Net cash flow		**-21,610**	**23,832**
Net cash and cash equivalents at 1 July	41	44,392	20,560
Net cash flow		-21,610	23,832
Net cash and cash equivalents 30 June	**41**	**22,782**	**44,392**

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 2015/2016 started on 4 July 2015 (2014/2015: 28 June 2014) and ended on 1 July 2016 (2014/2015: 3 July 2015). Accordingly, references to 30 June 2016 must be read as references to 1 July 2016 and those to 30 June 2015 must be read as references to 3 July 2015.

29 Accounting policies

29.1 BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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:

	2015/2016	2014/2015
	€000	€000
Salaries and bonuses	28,641	28,132
Social security charges	3,902	3,880
Pension contributions	4,140	4,140
Mobility expenses	3,274	3,212
Other staff expenses	609	971
	40,566	**40,335**

Salaries and bonuses include vacation allowance.

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

	2015/2016	2014/2015
	FTE	FTE
Client serving staff	1	4
Support staff	484	484
	485	**488**

33.2 OTHER OPERATING EXPENSES

	2015/2016	2014/2015
	€000	€000
Premises expenses	30,520	27,062
Other staff expenses	1,905	2,073
Office expenses	7,895	8,613
IT expenses	19,992	18,733
International EY charges	2,302	1,364
Fees charged to subsidiaries	-1,500	-1,500
Other expenses	13,690	9,378
	74,804	**65,723**

Premises expenses includes lease payments recognized as operating lease expense of €18.6 million (2014/2015: €19.9 million).

IT expenses includes lease payments recognized as operating lease expenses of €1.3 million (2014/2015: €1.2 million).

Auditors' remuneration of €182,300 (2014/2015: €177,200) is included in other expenses. Of this amount, €145,800 (2014/2015: €141,500) was charged in respect of the partnership and the consolidated financial statements and €36,500 (2014/2015: €35,700) for various other audit services.

34 Finance income and expenses

34.1 FINANCE INCOME

	2015/2016	2014/2015
	€000	€000
Interest on bank balances and deposits	420	173
Interest on (un)billed receivables held by subsidiaries	6,737	6,757
Other interest and similar income	214	358
	7,371	**7,288**

34.2 FINANCE EXPENSES

	notes	2015/2016	2014/2015
		€000	€000
Interest on loans granted by current and retired members		2,178	2,103
Interest on current and retired members' current account balances		1,750	1,586
Total interest paid to current and retired members		3,928	3,689
Finance charges payable under finance leases		75	183
Interest on bank loans and borrowings (including amortized cost of loans and borrowings)		169	625
Unwinding of discount on provisions and loans	43,45,46	966	1,735
Interest on current account subsidiaries		28	1,104
Other interest and similar expense		359	250
		5,525	**7,586**

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 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**
Additions	2,533	-	1,394	3,927
Disposals	-219	-1,351	-49	-1,619
Depreciation	-2,923	-310	-1,379	-4,612
At 30 June 2016	**14,623**	**418**	**4,013**	**19,054**
Cost	51,289	7,480	31,040	89,809
Accumulated depreciation and impairment	-36,378	-3,645	-26,505	-66,528
At 1 July 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**
Cost	48,016	1,158	29,061	78,280
Accumulated depreciation and impairment	-33,438	-740	-25,048	-59,226
At 30 June 2016	**14,623**	**418**	**4,013**	**19,054**

Contractual obligations for purchasing property, plant and equipment, with the exception of the refurbishment of the Amsterdam office (€4.5 million) for capital expenditure, were negligible at 30 June 2016. Per June 2015 there were contractual obligations for an amount of €0.6 million for the refurbishment of the Rotterdam office.

Besides the operating lease contracts for cars, EYNL has some lease contracts maturing next year under which the cars are recognized as finance lease.

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

37 Investments in subsidiaries

Name	Country of incorporation	Principal country of business	% Equity interest 30 June 2016	% Equity interest 30 June 2015
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%	99.99%

EYNL also owns the remaining 0.01 % (30 June 2015: 0.01%) 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 €11.0 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 (€11.0 million).

The share of profit from investments is as follows:

	2015/2016	2014/2015
	€000	€000
Ernst & Young Accountants LLP	62,459	67,048
Ernst & Young Belastingadviseurs LLP	64,867	60,608
	127,326	**127,656**

38 Other non-current and current financial assets

	Effective interest rate	Maturity (financial year)	30 June 2016	30 June 2015
	%		€000	€000
Non-current				
Loans granted to subsidiaries	5.0%	2020	**456**	**608**
Current				
Loans granted to subsidiaries	5.0%	2017	**152**	**152**

Loans granted to subsidiaries

The loans granted to subsidiaries are as follows:

Subsidiary	Principal amount	Interest rate	Maturity (financial year)	30 June 2016	30 June 2015
	€000	%		€000	€000
Ernst & Young Actuarissen B.V.	760	5.0%	2020	**608**	**760**

39 Other receivables

	30 June 2016	30 June 2015
	€000	€000
Other receivables	98,235	75,449
Tax receivables	4,309	4,679
	102,544	**80,128**

39.1 OTHER RECEIVABLES

Other receivables are shown net of impairment. The movement in the provision for impairment was as follows:

	Totaal
	€000
At 1 July 2014	-155
Charge for the year	-
Release of unused amounts	106
Written off	2
At 30 June 2015	**-47**
Charge for the year	-
Release of unused amounts	14
Written off	-
At 30 June 2016	**-33**

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 2016	98,235	96,186	1.658	179	161	28	23
30 June 2015	75,449	74,365	263	789	11	7	14

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

40 Prepayments

	30 June 2016	30 June 2015
	€000	€000
Profit-share advances paid to current members	56,222	52,694
Prepaid pension contributions	6,758	6,311
Other prepayments	31,592	17,644
	94,572	**76,649**

41 Cash and cash equivalents

	30 June 2016	30 June 2015
	€000	€000
Cash at bank and in hand	**22,782**	**44,392**

42 Trade and other payables

	notes	30 June 2016	30 June 2015
		€000	€000
Amounts due to current and retired members		58,344	53,539
Trade payables		20,918	17,284
Taxes and social security		1,141	1,340
Other financial liabilities[12]	44	2,513	880
Other payables[12]		6,711	8,952
		89,627	**81,995**

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.

43 Interest-bearing loans and borrowings

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

12) Reclassification in 2014/2015 for comparative purposes.

44 Other financial liabilities[13]

	notes	30 June 2016	30 June 2015
		€000	€000
Other financial liabilities at amortized cost			
Other payables		12,459	4,435
Total other financial liabilities		**12,459**	**4,435**
With a term < 1 year	42	2,513	880
With a term > 1 year		9,946	3,555
		12,459	**4,435**

Other payables

Other payables as at 30 June 2016 mainly relates to the lease incentives regarding office leases. The amount to be repaid in the next financial year is included in the Trade and other payables (Note 42).

13) *Reclassification in 2014/2015 for comparative purposes.*

45 Provisions

	Premises	Drawing rights of current members	Total
	€000	€000	€000
At 1 July 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**
Additions	473	-	473
Payments	-4,567	-991	-5,558
Amounts released	-4,143	-267	-4,410
Unwinding of discount	197	378	575
At 30 June 2016	**5,226**	**7,484**	**12,710**
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**
with a term < 1 year	2,929	1,004	3,933
with a term > 1 year	2,297	6,480	8,777
At 30 June 2016	**5,226**	**7,484**	**12,710**

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 0.4% for lease contracts ending within 6 years (30 June 2015: 1.1%) and 0.7 % for lease contracts with a term of 6 years or longer (30 June 2015: 1.5%).

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 2015: 5.0%).

46 Employee benefits

	30 June 2016	30 June 2015
	€000	€000
Current liabilities		
Payments to be made to staff	2,101	2,279
Salary payments during absence	154	509
Provision for long-services awards	65	111
	2,320	**2,899**
Non-current liabilities		
Payments to be made to staff	1,950	1,862
Defined benefit pension plan	1,354	1,751
Salary payments during absence	22	108
Provision for long-service awards	451	380
	3,777	**4,101**

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 (2014/2015: €4.1 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	**2015/2016**	**2014/2015**
	€000	€000
At 1 July	1,751	1,833
Interest cost	33	64
Current service cost	-	-
Benefits paid	-	-
Actuarial (gains)/losses on obligation	-430	-146
At 30 June	**1,354**	**1,751**

	30 June 2016	**30 June 2015**
	€000	€000
With a term < 1 year	-	-
With a term > 1 year	1,354	1,751
	1,354	**1,751**

The principal assumptions used are:

	30 June 2016	30 June 2015
	%	%
Discount rate	2.3	1.9
General salary increase	0.0	0.0
Inflation	0.3	0.3
Mortality rates	2014 Forecast tables of the Dutch Actuarial Association	2014 Forecast tables of the Dutch Actuarial Association

The total amount of defined benefit obligation charged to profit or loss during the financial year was €0,03 million (2014/2015: €0.1 million). The actuarial gain of the current year of €0.4 million (2014/2015: €0.1 million) is recognized in other comprehensive income.

46.3 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:

Defined Benefit Obligation	**2015/2016**	**2014/2015**
	€000	€000
At 1 July	617	907
Additions	750	760
Payments	-494	-1,048
Released	-699	-6
Unwinding of discount	2	4
At 30 June	**176**	**617**

	30 June 2016	**30 June 2015**
	€000	€000
With a term < 1 year	154	509
With a term > 1 year	22	108
	176	**617**

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

	30 June 2016	**30 June 2015**
	%	%
Discount rate	1.8	2.0
Probability rate	Kazo 2000	Kazo 2000
Mortality rates	2014 Forecast tables of the Dutch Actuarial Association	2014 Forecast tables of the Dutch Actuarial Association

46.4 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:

	2015/2016	2014/2015
	€000	€000
At 1 July	491	442
Additions	162	172
Payments	-146	-136
Released	-	-
Unwinding of discount	9	13
At 30 June	**516**	**491**

	30 June 2016	30 June 2015
	€000	€000
With a term < 1 year	65	111
With a term > 1 year	451	380
	516	**491**

The principal assumptions used are:

	30 June 2016	30 June 2015
	%	%
Discount rate	1.8	2.0
Factor for attrition, mortality and disability	18.9	19.7
Future salary increase	3.0	3.0

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 (10.5 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.

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 2016 and 30 June 2015 is the carrying amounts presented in Notes 39 and 41. Due to the nature of the receivables presented in Note 38 (subsidiaries) 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):

	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Year ended 30 June 2016	€000	€000	€000	€000	€000
Interest-bearing loans and borrowings:					
- Contractual payments	12,944	1,750	39,890	40,000	94,584
- Interest payments	2,063	1,919	2,622	-	6,604
Trade and other payables	89,627	-	-	-	89,627
	104,634	**3,669**	**42,512**	**40,000**	**190,815**
Year ended 30 June 2015	€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	81,995	-	-	-	81,955
	110,483	**4,339**	**31,191**	**40,000**	**186,013**

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.

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.

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
2015/2016		
Euro	+15	34
Euro	-15	-34
2014/2015		
Euro	+15	67
Euro	-15	-67

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 €0.7 million (2014/2015: €1.4 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 € 0.01 million (2014/2015: €0.04 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

Initially, financial instruments are measured at fair value. Subsequently, the financial instruments are measured at fair value or amortized cost, depending on the classification of the financial instruments. 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 2016 and 30 June 2015, 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 2016 and 30 June 2015, 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 2016 and 30 June 2015, the carrying amounts of these payables approximated their fair value.

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

50 Related party disclosures

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 2016	% Equity interest 30 June 2015
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%

Indirect through subsidiaries

Name	Country of incorporation	% Equity interest 30 June 2016	% Equity interest 30 June 2015
Ernst & Young Participaties Coöperatief U.A.	The Netherlands	-	-
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%
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%
Parthenon-EY B.V.	The Netherlands	100%	100%
Centre B.V.	The Netherlands	100%	100%
Integrc Netherlands B.V.	The Netherlands	100%	-
EY Intelligence in Information B.V.	The Netherlands	100%	-
EY Montesquieu Finance B.V.	The Netherlands	100%	-
EY Montesquieu Institutional Risk Management B.V.	The Netherlands	100%	-

During 2015/2016 the following entities were acquired by Ernst & Young Participaties B.V.:

- 100% of the shares of Integrc Netherlands B.V. - 3 August 2015
- 100% of the shares of Intelligence in Information B.V. – 1 March 2016, after acquisition the name has been adjusted to EY Intelligence in Information B.V.
- 100% of the shares of Montesquieu Finance B.V. and Montesquieu Institutional Risk Management B.V. – 2 May 2016, after acquisition the names have been adjusted to EY Montesquieu Finance B.V. and EY Montesquieu Institutional Risk Management B.V.

BECO Groep B.V. was liquidated during 2015-2016. The liquidation was finalised on 12 April 2016.

In June 2016 the name Ernst & Young CA B.V. was changed in Parthenon-EY B.V.

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

EYB has a strategic alliance with HVG.

Transactions and balances

Under IFRS 10, 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. The Board of EY Europe has continued to review the arrangements between EY Europe and EYNL as required by IFRS 10, and now consider that EY Europe's own exposure to variable returns from EYNL arising from those arrangements is not sufficient to meet the definition of control, despite having power over EYNL. The arrangements do give EY Europe significant influence over EYNL, so EYNL is therefore an associate of EY Europe LLP.

Entities under common control in 2014/2015 comprise entities controlled by EYNL's then parent undertaking, EY Europe, and therefore represented related party relationships.

EY Europe is also able to exert significant influence over the EYGS group and the EYGI group meaning that in 2014/2015 they were associates of EYNL. Transactions and balances at the 2014/2015 year end with these related parties are stated below. As a member of the EY global network, EYNL has committed to provide services to and receive services from EYGS LLP.

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 2016 and 30 June 2015.

		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	2015/2016	-	-	-	-
	2014/2015	-	-	-	-
Entities under common control	2015/2016	-	-	-	-
	2014/2015	506	1,028	53	128
Subsidiaries of EYNL	2015/2016	-	346	83,937	-
	2014/2015	-	296	66,964	4,016
Entities under significant influence by EY Europe:					
EYGS Group	2015/2016	-	-	-	-
	2014/2015	22,873	50,314	7,975	6,546
EYGI Group	2015/2016	-	-	-	-
	2014/2015	136	2,036	3	154
Strategic Alliances:					
HVG	2015/2016	-	1,435	-	162
	2014/2015	8,024	850	-	-

** Gross amounts*

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 2016 EYNL did not record any impairment of related-party receivables (30 June 2015: 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 and the members of the Supervisory Board of EYNL during the financial year.
The designated members do receive their remuneration through their professional corporations, being a total of €3.2 million (2014/2015: €3.2 million).
From 1 July 2015, EYNL has a Supervisory Board. The remuneration of the Supervisory Board members for 2015/2016 is a total amount of €0.2 million.

51 Commitments and contingencies

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

52 Events after the reporting period

A clawback regulation was adopted and came into effect from the financial year 2015/2016. Of the profit to be distributed to members that are subject to the clawback regulation, an average of one-sixth of these members total profit share will be withheld unless such members have opted to allot alternative financial means to the clawback fund, all in accordance with the terms of the clawback regulation. Since this will be effected in the financial year 2016/2017, this will be reflected for the first time in the financial statements of 2016/2017 and the financial impact cannot be given at this moment.

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[14]

(for the year ended 30 June 2016)

	2015/2016	2014/2015
	€000	€000
Revenue		
Rendering of services	695,051	683,967
Other income	32,204	25,919
	727,255	**709,886**
Operating expenses		
Services provided by foreign EY member firms and third parties	88,244	85,767
Employee benefits expenses	321,707	301,145
Depreciation and impairment of property, plant and equipment	4,660	5,884
Amortization and impairment of intangible assets	536	369
Other operating expenses	171,305	163,194
	586,452	**556,359**
Operating profit	**140,803**	**153,527**
Finance income	156	243
Finance expenses	-5,911	-6,870
Profit before tax from continuing operations	**135,048**	**146,900**
Income tax expense	-198	-247
Profit for the financial year	**134,850**	**146,653**
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains and (losses) on defined benefit plans	430	146
Other comprehensive income for the year, net of tax	**430**	**146**
Total comprehensive income for the year, net of tax	**135,280**	**146,799**

14) 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 accounts 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[15]

(as at 30 June 2015)

	30 June 2016	30 June 2015
	€000	€000
Assets		
Non-current assets		
Property, plant and equipment	19,611	21,559
Intangible assets	16,165	10,489
Other non-current financial assets	6,015	6,015
	41,791	38,063
Current assets		
Trade and other receivables	251,898	227,304
Prepayments	102,089	82,558
Other current financial assets	24	20
Cash and cash equivalents	38,855	67,108
	392,866	376,990
Total assets	**434,657**	**415,053**
Equity and liabilities		
Current liabilities		
Trade and other payables[16]	213,103	199,776
Interest-bearing loans and borrowings	14,120	27,199
Provisions	5,000	5,543
Employee benefits	24,235	23,773
Income tax payable	713	226
	257,171	256,517
Non-current liabilities		
Interest-bearing loans and borrowings	49,735	39,696
Other non-current financial liabilities[16]	10,627	4,688
Provisions	9,719	17,706
Employee benefits	17,004	16,382
	87,085	78,472
Total liabilities	344,256	334,989
Equity		
Members' capital[16]	87,133	81,760
Reserves	3,256	-1,708
Non-controlling interest	12	12
Total equity	90,401	80,064
Total equity and liabilities	**434,657**	**415,053**

15) *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.*

16) *Reclassification in 2014/2015 for comparative purposes.*

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