Financial Statements

For the year ended 30 June 2021

Ernst & Young Nederland LLP

Building a better working world

Our mission

At EY, our purpose is *Building a better working world*. The insights and quality services we provide help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients, and for our communities.

We believe a better working world is one where economic growth is sustainable and inclusive. We work continuously to improve the quality of all our services, investing in our people and innovation. And we are proud to work with others – from our clients to wider stakeholders – to use our knowledge, skills, and experience to help fulfill our purpose and create positive change.

For more information about our service lines, please visit the 'What we do' section of our corporate website.

Contents

Members' report of Ernst & Young Nederland LLP

The members (i.e. partners) present their report and financial statements for the year ended 30 June 2021.

Principal activity

Ernst & Young Nederland LLP (EYNL) provides assistance and coordinating leadership to Ernst & Young Accountants LLP (EYA), EY Advisory Netherlands LLP (EYAN) and Ernst & Young Belastingadviseurs LLP (EYB) and other EY entities primarily active in the Netherlands in order to optimize their shared course of business and practices and promote their joint strategy. EYNL carries out its operations primarily in the Netherlands but does not provide services to clients.
The individual entities consolidated in these accounts as of 30 June 2021 are detailed in Note 26 of the Financial Statements.

Board of Directors

For the period under approval (1 July 2020 - 30 June 2021), the Board of Directors was led by Coen Boogaart, Chairman of EYNL. Coen Boogaart resigned at 30 June 2021.
The Board of Directors furthermore comprised of:

- Jeroen Davidson
- Stephan Lauers
- Rob Lelieveld (resigned 30 June 2021)
- Saskia van der Zande (appointed 1 April 2021)
- Nico Pul (resigned 1 February 2021)
- Mirjam Sijmons (resigned 8 January 2021).

As of 1 July 2021, the Board of Directors is led by Jeroen Davidson, Chairman of EYNL. As of that date, the Board of Directors furthermore comprises of:

- Stephan Lauers
- Saskia van der Zande
- Patrick Gabriëls (appointed 1 July 2021)
- Danny Oosterhof (appointed 1 July 2021).

The members of the Board of Directors (with exception of former board member Mirjam Sijmons) are - through their private limited liability companies (B.V.) - members of EYNL.

The Chairman of EYNL and the other members of the Board of Directors are appointed by EY Europe SCRL (EY Europe), 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 2021 were:

- Drs. C.B. Boogaart B.V. (resigned 30 June 2021)
- Mr. J.L. Davidson B.V.
- Drs. S. Lauers B.V.
- R.J.W. Lelieveld B.V. (resigned 30 June 2021)
- Drs. S.M.M. van der Zande Belastingadviseurs B.V. (appointed 1 April 2021)
- N.M. Pul B.V. (resigned 1 February 2021)

Designated members of EYNL as of 1 July 2021 are:

- Mr. J.L. Davidson B.V.
- Drs. S. Lauers B.V.
- Drs. S.M.M. van der Zande Belastingadviseurs B.V.
- Drs. P.J.A. Gabriëls B.V. (appointed 1 July 2021)
- Mr. H.D. Oosterhoff Belastingadviseurs B.V. (appointed 1 July 2021)

Supervisory Board

The Supervisory Board is led by Pauline van der Meer Mohr. For the year ended 30 June 2021 and the period up until approval of the financial statements, the Supervisory Board furthermore comprised of:

- Richard van Zwol (appointed 1 February 2021)
- Steven van Eijck (resigned 1 February 2021)
- Monique Maarsen
- Tanja Nagel
- Patrick Rottiers.

EY Europe appoints the members of the Supervisory Board, after binding nomination by the Supervisory Board.

The overarching task and responsibility of the Supervisory Board is to supervise the policy of the Board of Directors and the general state of affairs of EYNL where such policy and state of affairs could influence or have an impact (i) on the audit activities and organization associated with EYNL as performed by EYA and (ii) on other activities and organizations associated with EYNL, if such influence or impact on other activities and organizations in turn influences or has an impact on the quality of the audits, the manner in which the audit activities and audit organization guarantee the public interest and the process to comply with the independence rules and other rules of conduct within EYNL. Therefore, in performing its role, the Supervisory Board is to pay attention to organization-wide aspects where such aspects may impact the quality of the audits performed by the auditors of EYA which extends to independence, integrity and the interests of external stakeholders with audits, in each case with due respect for and recognition of the independence of other professionals associated with EYNL that are not responsible for performing statutory audits and who, in as far as relevant, are subject to their own rules and regulations which are based on applicable law or which have been issued by their own professional associations.
The Supervisory Board's Charter describes its duties and powers.

Auditor
BDO LLP was appointed as auditor to EYNL for the year ended 30 June 2021.

UK energy use and carbon emissions
EYNL has limited activities in the UK, as a result EYNL has no material emissions made and energy consumed within the UK. Therefore the thresholds as stated in the Streamlined Energy and Carbon Reporting requirements are not met.

On behalf of Mr. J.L. Davidson B.V.

J.L. Davidson

27 September 2021

Statement of members' responsibilities of Ernst & Young Nederland LLP

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 26 (hereafter: the Group) 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 in conformity with the Companies Act 2006 (IFRS).

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

- properly select and apply accounting policies consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 and 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 member firms of the EY global network of independent member firms, 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 24 and 25 to the financial statements.

Impact of COVID-19 and going concern

The designated members have considered the impact of COVID-19 on the Group and EYNL. At the onset of the pandemic, at the end of 2019/2020, measures were taken to protect the health and safety of our employees and clients, to redeploy resources to areas where our clients needed the most support and to reduce costs of the Group and EYNL. These measures helped mitigate the initial impact the COVID-19 outbreak had on the business of the Group and EYNL. In 2020/2021 the measures taken proved to be effective both from the perspective of the health and safety of our employees and the performance of the Group and EYNL as the impact of COVID-19 was negligible. One of the steps taken at the start of the pandemic was the execution of a capital call to the current members, resulting in an increase of members' capital of €30.8 million and a (subordinated) loan held by Stichting Confidentia on behalf of the members of €11.3 million. Furthermore, extended funding arrangements were agreed with banks (additional facility of €25 million, unused per year-end 2020/2021) in order to ensure sufficient financial resources are available to meet its operational needs, even in a worst case scenario which the designated members consider unlikely. Apart from the measures taken, monitoring of the unbilled receivables, accounts receivable and cash balances was more strict as of the start of COVID-19. The effects from this can be seen in these working capital balances, which have improved significantly despite the pandemic. All measures taken were extended during 2020/2021 and remain in effect.

Furthermore, as a consequence of the COVID-19 pandemic, the Group has started to develop new initiatives under the FitForFuture@WORK program, which aims to introduce a new way of working after the pandemic. These initiatives focuses on the well-being of our employees and creating a flexible work environment. As a result of this program's initiatives the Group has implemented measures that have resulted in impairment losses recognized in relation to Right-of-Use assets and Property, plant & equipment.

The designated members have performed a going concern assessment, taking into account COVID-19. When reviewing 2020/2021 performance against original budgets, no material impact has been noted. In addition to the regular budgeting process, a scenario analysis was conducted to assess the expected impact COVID-19 will have on the performance and liquidity position until December 2022 of the Group and EYNL.

The three scenarios were based on market information regarding expected recoverability from the COVID-19 outbreak and mainly differ in the length and severity of the COVID-19 impact during the assessment period.

- Scenario 1 – Swift relaxation of containment measures with resolution of health crisis by early 2022
- Scenario 2 – More successful roll-out of vaccines with phasing out containment measures by end 2021
- Scenario 3 – Strong intensification of the pandemic with containment measures until mid-2023

The scenarios deal with the uncertainties that the designated members deem to be most relevant for its primary activities. These uncertainties forecast revenues, gross margins and operating income, in relation to the expected recovery from the COVID-19 outbreak. The three scenarios are based on market information about the potential ongoing impact of COVID-19 and the impact of the different scenarios has then been modelled using forecasts of Real GDP issued by the ECB in June 2021.

The scenarios include a cash-flow forecast until December 2022. None of the scenarios identified a threat to applying the going concern assumption. Although future projections are inherently uncertain, the Group and EYNL do not anticipate significant changes in its activities after the period used for the scenario analyses.

Thus, the designated members have a reasonable expectation that the financial resources available to the Group and EYNL are adequate to meet its operational needs for the foreseeable future. Consequently, the going concern basis has been adopted in preparing the financial statements.

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Limited Liability Partnership's affairs as at 30 June 2021 and of the Group's and the Limited Liability Partnership's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards in conformity with the Companies Act 2006 ("IFRS"); and
- have been prepared in accordance with the requirements of the Companies Act 2006 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

We have audited the financial statements of Ernst & Young Nederland LLP ("the Limited Liability Partnership or EYNL") and its subsidiaries ("the Group") for the year ended 30 June 2021 which comprise the consolidated and EYNL statement of profit or loss, the consolidated and EYNL statement of other comprehensive income, the consolidated and EYNL statement of financial position, the consolidated and EYNL statement of changes in equity, the consolidated and EYNL statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards in conformity with the Companies Act 2006 ("IFRS").

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting as applied to limited liability partnerships

We have nothing to report in respect of the following matters in relation to which 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

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, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the entity and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations relevant to specific assertions in the financial statements are those applicable to the reporting framework (International Financial Reporting Standards in conformity with the Companies Act 2006). We also identified Dutch corporate income, payroll and sales tax laws, anti-money laundering regulations, the Dutch Civil Code, the Netherlands Authority for the Financial Markets (AFM), employment and contract law, and data protection law and we considered the extent to which non-compliance might have a material effect on the financial statements. In addition, we considered those laws and regulations specific to the industry in which EYNL operates that have a direct impact on the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements which we believe are linked with the key performance indicators, specifically revenue and profit available for member distribution (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The engagement team used this risk assessment to develop the audit procedures performed as follows:
- Discussions with those charged with governance, internal audit, legal and risk management teams covering how compliance with the above regulations is met and corroboration through board minute and legal cost reviews;
- Consideration of known or suspected instances of potential non-compliance with laws and regulations and fraud and where applicable obtaining details of this non-compliance and assessing the potential impact on the financial statements;
- As an audit team, we considered potential fraud drivers for management and how incentives, pressures and opportunities may result in fraudulent activity. We considered the controls in place in the Group that deter and detect fraud and whether the lack of such controls would increase the susceptibility of the financial statements to fraud. In those areas that we assessed risk to be higher we performed audit testing, these procedures included identifying and testing journal entries, in particular material journals, any revenue or cash journal entries posted with unusual account combinations, journals posted by senior management and journals with specific key words identified as being higher risk.
- We challenged assumptions made by management on significant and material accounting estimates in particular in relation to recognition and measurement of revenue around the year end and amounts to be billed, valuation and impairment of trade receivables, assumptions in relation to pension schemes, provisions for professional indemnity claims and impairment testing of goodwill and intangible assets.
- We communicated the fraud risks to the engagement team, emphasised the importance of staying alert to potential fraudulent activity or non-compliance with laws and regulations, and highlighted the importance of remaining professionally sceptical throughout the audit.

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

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

Use of our report

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by 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 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.

Diane Campbell (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date: 27 September 2021

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

Consolidated statement of profit or loss of Ernst & Young Nederland LLP

for the year ended 30 June 2021| In thousands of euros

	Notes	2020/2021	2019/2020
Revenue			
Rendering of services	6.1	819,211	821,947
Other income	7	35,846	37,817
		855,057	**859,764**
Operating expenses			
Services provided by foreign EY member firms and third parties	8.1	112,459	123,225
Employee benefits expenses	8.2	374,245	380,411
Amortization of intangible assets	11	999	1,434
Depreciation and impairment of property, plant and equipment	12	6,775	4,854
Depreciation and impairment of right-of-use assets	13	32,691	28,513
Other operating expenses	8.3	160,238	173,061
		687,407	**711,498**
Operating profit		**167,650**	**148,266**
Finance income	9.1	4	1
Finance expenses	9.2	-6,340	-3,958
Profit before tax		**161,314**	**144,309**
Income tax expense	10	-508	-751
Profit for the financial year		**160,806**	**143,558**
Profit attributable to members of EYNL		**160,806**	**143,558**

Consolidated statement of other comprehensive income of Ernst & Young Nederland LLP

for the year ended 30 June 2021 | In thousands of euros

	Notes	2020/2021	2019/2020
Profit for the financial year		**160,806**	**143,558**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net loss on equity instruments designated at fair value through other comprehensive income		-312	-
Actuarial gains and (losses) on defined benefit plans	21.2	65	68
Other comprehensive income for the year, net of tax		**-247**	**68**
Total comprehensive income for the year, net of tax		**160,559**	**143,626**
Total comprehensive income for the year attributable to members of EYNL		**160,559**	**143,626**

Consolidated statement of financial position of Ernst & Young Nederland LLP

as at 30 June 2021 | In thousands of euros

	Notes	30 June 2021	30 June 2020
Assets			
Non-current assets			
Intangible assets	11	23,630	24,536
Property, plant and equipment	12	20,258	22,271
Right-of-use assets	13	101,831	123,479
Other non-current financial assets	14	6,625	6,926
		152,344	**177,212**
Current assets			
Trade and other receivables	15	260,526	252,853
Prepayments	16	85,378	87,443
Other current financial assets	14	140	131
Cash and cash equivalents		170,442	82,882
		516,486	**423,309**
Total assets		**668,830**	**600,521**
Equity and liabilities			
Current liabilities			
Trade and other payables	17	203,263	154,542
Interest-bearing loans and borrowings	18	32,249	36,438
Provisions	20	923	1,106
Employee benefits	21	44,227	28,515
Income tax payable		1,341	1,712
		282,003	**222,313**
Non-current liabilities			
Interest-bearing loans and borrowings	18	150,999	167,482
Other non-current financial liabilities	19	250	731
Provisions	20	2,280	3,410
Employee benefits	21	23,390	24,448
		176,919	**196,071**
Total liabilities		**458,922**	**418,384**
Equity			
Members' capital	22	107,628	112,038
Reserves	23	102,280	70,099
Total equity		**209,908**	**182,137**
Total equity and liabilities		**668,830**	**600,521**

The financial statements of Ernst & Young Nederland LLP, registered no. OC335595, were signed on 27 September 2021 by J.L. Davidson on behalf of Mr. J.L. Davidson B.V.

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

for the year ended 30 June 2021 | In thousands of euros

	Members' capital	Profit available for distribution	Retained earnings	Total reserves	Total equity
At 1 July 2019	84,407	131,877	-72,965	58,912	143,319
Profit for the financial year	-	128,087	15,471	143,558	143,558
Other comprehensive income	-	68	-	68	68
Total comprehensive income	**-**	**128,155**	**15,471**	**143,626**	**143,626**
Profit distribution 2018/2019	-	-131,877	-562	-132,439	-132,439
Contribution of capital from current members	35,598	-	-	-	35,598
Repayment on retirement	-7,967	-	-	-	-7,967
At 30 June 2020	**112,038**	**128,155**	**-58,056**	**70,099**	**182,137**
Profit for the financial year	-	146,353	14,453	160,806	160,806
Other comprehensive income	-	-247	-	-247	-247
Total comprehensive income	**-**	**146,106**	**14,453**	**160,559**	**160,559**
Profit distribution 2019/2020	-	-128,155	-223	-128,378	-128,378
Contribution of capital from current members	3,230	-	-	-	3,230
Repayment on retirement	-7,640	-	-	-	-7,640
At 30 June 2021	**107,628**	**146,106**	**-43,826**	**102,280**	**209,908**

Negative retained earnings are mainly a result of settlement of drawing rights in 2006/2007 and 2008/2009 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. Also the future cash flow will not be significantly negatively influenced as a result of the settlement of the drawing rights. For these reasons EYNL will be able to continue distribution of its profits.

Consolidated statement of cash flows of Ernst & Young Nederland LLP

for the year ended 30 June 2021 | In thousands of euros

	Notes	2020/2021	2019/2020
Operating activities			
Profit for the financial year		160,806	143,558
Adjustment for:			
Amortization of intangible assets	11	999	1,434
Depreciation and impairment of property, plant and equipment	12	6,775	4,854
Depreciation and impairment of right-of-use assets	13	32,691	28,513
Finance income and expenses	9	6,336	3,957
Losses/(gains) on leases and the sale of assets		520	-257
Increase in employee benefits	21	14,679	1,988
Decrease in provisions	20	-1,408	-2,973
Income tax charge for the year	10	508	-
		221,906	**181,074**
Working capital adjustments:			
(Increase)/decrease in trade and other receivables and prepayments		-9,727	34,505
Increase/(Decrease) in trade and other payables		24,566	-20,479
Income tax paid		-810	680
Net cash flow from operating activities		**235,935**	**195,780**
Investing activities			
Purchase of intangible assets	11	-93	-125
Disposals of intangible assets	11	-	750
Purchase of property, plant and equipment	12	-5,275	-2,197
Disposals of property, plant and equipment	12	513	344
Additions to other non-current financial assets/loans		-52	-50
Repayment/disposals of other non-current financial assets/loans		139	1,077
Net cash flow used in investing activities		**-4,768**	**-201**
Financing activities			
Payment from/(to) current and retired members (current account)		23,510	-40,036
Prepayments to current members	16	-57,351	-61,483
Payment of profit distribution 2019/2020 (2018/2019)		-66,895	-70,956
Contributions of capital from current members	22	3,230	35,598
Repayment of capital contributions on retirement	22	-7,640	-7,967
Repayment of lease liabilities	13	-30,938	-30,423
Proceeds from interest-bearing loans and borrowings	18	8,690	27,121
Repayment of interest-bearing loans and borrowings	18	-12,087	-13,507
Interest paid		-4,126	-3,291
Net cash flows used in financing activities		**-143,607**	**-164,944**
Net cash flow		**87,560**	**30,635**
Net cash and cash equivalents 1 July		82,882	52,247
Net cash flow		87,560	30,635
Net cash and cash equivalents 30 June		**170,442**	**82,882**

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

In thousands of euros, unless stated otherwise

The following abbreviations are used in these financial statements:

Abbreviation	standing for
▶ EYNL	Ernst & Young Nederland LLP
▶ EYA	Ernst & Young Accountants LLP
▶ EYAN	EY Advisory Netherlands LLP
▶ EYB	Ernst & Young Belastingadviseurs LLP
▶ EY Europe	EY Europe SCRL
▶ EY EMEIA	Ernst & Young (EMEIA) Services Limited
▶ EY Global	Ernst & Young Global Ltd
▶ EYGS	EYGS LLP
▶ EYGF	EY Global Finance, Inc.

1 Corporate information

1.1 Date of preparation

EYNL's consolidated financial statements for the year ended 30 June 2021 were approved by the Supervisory Board and EY Europe on 27 September 2021 and signed on behalf of the members by the designated members on 27 September 2021.

1.2 Incorporation

EYNL is a limited liability partnership established under the laws of England and Wales and is registered with the Companies House under 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.

All members (partners) participate in EYNL and, depending on their professional grouping, in EYA, EYAN or EYB. There are contractual arrangements under which the entire result of EYA, EYAN and EYB is distributed to EYNL.

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 2020/2021 (52 weeks) started on 4 July 2020 and ended on 2 July 2021 and the financial year 2019/2020 (53 weeks) started on 29 June 2019 and ended on 3 July 2020. Accordingly, references to 30 June 2021 must be read as references to 2 July 2021 and references to 30 June 2020 must be read as references to 3 July 2020.

1.4 Principal activities

EYNL provides assistance and coordinating leadership to EYA, EYAN, EYB and other entities in order to optimize their shared course of business and practices and promote their joint strategy. EYNL carries out its operations primarily in the Netherlands but does not provide services to clients.

The principal activities of EYNL's subsidiaries EYA, EYAN and EYB are the provision of assurance, tax, consulting and strategy and transaction services in the Netherlands. As of 1 July 2020 the names of the service lines Advisory and Transaction Advisory Services were changed to Consulting and Strategy and Transactions.
Information on the group structure and related party relationships is provided in Note 26.

1.5 Control structure

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

EY Europe SCRL (EY Europe) has significant influence over EYNL, as described in Note 26. 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 and/or loans). Both the repayment of members' capital and the interest allowance are subject to decisions of the Board of Directors and therefore the capital provided by members is classified as equity instruments. In the situation that the Board of Directors might decide to defer repayments of members' capital and/or interest payments, 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' private 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 in conformity with the Companies Act 2006 (IFRS).

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

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), unless stated otherwise.

Impact of COVID-19

At the onset of the pandemic, at the end of 2019/2020, measures were taken to protect the health and safety of our employees and clients, to redeploy resources to areas where our clients needed the most support and to reduce costs of the Group and EYNL. These measures helped mitigate the initial impact the COVID-19 outbreak had on the business of the Group and EYNL. In 2020/2021 the measures taken proved to be effective both from the perspective of the health and safety of our employees and the performance of the Group and EYNL as the impact of COVID-19 was negligible. One of the steps taken at the start of the pandemic was the execution of a capital call to the current members, resulting in an increase of members' capital of €30.8 million and a (subordinated) loan held by Stichting Confidentia on behalf of the members of €11.3 million. Furthermore, extended funding arrangements were agreed with banks (additional facility of €25 million, unused per year-end 2020/2021) in order to ensure sufficient financial resources are available to meet its operational needs, even in a worst case scenario which management considers unlikely. Apart from the measures taken, monitoring of the unbilled receivables, accounts receivable and cash balances was more strict as of the start of COVID-19. The effects from this can be seen in these working capital balances, which have improved significantly despite the pandemic. All measures taken were extended during 2020/2021 and remain in effect.

Furthermore, as a consequence of the COVID-19 pandemic, the Group has started to develop new initiatives under the FitForFuture@WORK program, which aims to introduce a new way of working after the pandemic. These initiatives focuses on the well-being of our employees and creating a flexible work environment. As a result of this program's initiatives the Group has implemented measures that have resulted in impairment losses recognized in relation to Right-of-Use assets and Property, plant & equipment.

Management has performed a going concern assessment, taking into account COVID-19. When reviewing 2020/2021 performance against original budgets, no material impact has been noted. In addition to the regular budgeting process, a scenario analysis was conducted to assess the expected impact COVID-19 will have on the performance and liquidity position until December 2022 of the Group and EYNL.

The three scenarios were based on market information regarding expected recoverability from the COVID-19 outbreak and mainly differ in the length and severity of the COVID-19 impact during the assessment period.

- Scenario 1 – Swift relaxation of containment measures with resolution of health crisis by early 2022
- Scenario 2 – More successful roll-out of vaccines with phasing out containment measures by end 2021
- Scenario 3 – Strong intensification of the pandemic with containment measures until mid-2023

The scenarios deal with the uncertainties that management deems to be most relevant for its primary activities. These uncertainties forecast revenues, gross margins and operating income, in relation to the expected recovery from the COVID-19 outbreak. The three scenarios are based on market information about the potential ongoing impact of COVID-19 and the impact of the different scenarios has then been modelled using forecasts of Real GDP issued by the ECB in June 2021.

The scenarios include a cash-flow forecast until December 2022. None of the scenarios identified a threat to applying the going concern assumption. Although future projections are inherently uncertain, the Group and EYNL do not anticipate significant changes in its activities after the period used for the scenario analyses.

Thus, management has a reasonable expectation that the financial resources available to the Group and EYNL are adequate to meet its operational needs for the foreseeable future. Consequently, the going concern basis has been adopted in preparing the financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of EYNL and its subsidiaries (hereafter: the Group) as at 30 June 2021. Control is achieved when the Group 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, the Group controls an investee if, and only if, the Group 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 the Group has less than a majority of the voting or similar rights of an investee, the Group 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
- The Group's voting rights and potential voting rights.

The Group 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 the Group obtains control over the subsidiary and ceases when the Group loses control over 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 the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities within the 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 the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3 Changes in accounting policy and disclosures

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2020/2021. The Group has assessed these and concluded they do not have a material impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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.

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, the Group 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.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group 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 the Group will be recognized at fair value at the acquisition date. When the contingent consideration meets the definition of a financial liability it is subsequently 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 consideration over the fair value of the net identifiable assets and liabilities as part of the business combination.

If the fair value of the net assets acquired is in excess of the consideration transferred, then the gain is recognized in the statement of 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 the Group'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 CGU 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 the Group.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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, the Group 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.

Rendering of services
Rendering of services represents revenue earned under a wide variety of contracts with customers to provide professional services to clients and to other entities within the EY global network.

Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from contracts with customers is recognized over time using the input method as services are provided to customers. The Group has an enforceable right to payment at a reasonable margin for performance completed to date and the Group's performance does not create an asset with an alternative use. In other circumstances the Group provides services which are consumed by the customers as they are performed, therefore revenue can be recognized over time. The input method is used to measure progress toward complete satisfaction of the service as it provides a faithful depiction of the transfer of services, as the Group charges its customers on a basis in line with costs.

If the consideration in a contract includes a variable amount (for example success fees, additional billing or volume discounts), the Group estimates the amount of consideration to which it will be entitled in

exchange for transferring the services to the customer. The variable consideration is estimated at contract inception or at the moment of an adjustment in the scope or price of the contract and constrained until it is highly probable that a significant revenue reversal in the amount of the cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.
The Group determined the expected value method to be the appropriate method to use in estimating the variable consideration for most of its contracts that include variable amounts such as volume discounts and additional billing, given the large number of potential outcomes of the variable compensation. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for contracts with success fees, as the contract has only two possible outcomes (the project either results in a success or not).

Payment is generally due upon specific agreed moments during the performance of our services, on moments that coincide with the work being performed. Using the practical expedient in IFRS 15, the Group does not adjust the consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the Group's entitlement to payment from the customer and the Group's performance under the contract will be less than twelve months.

When another entity within the EY global network or external party is involved in providing services to a customer, the Group determines whether it is a principal or an agent in these transactions. The Group is a principal and revenue is recognized on a gross basis if it controls the services before transferring them to the customer. However, if the Group has to arrange to provide services for another (EY) entity, then the Group is an agent and will recognize revenue at the net amount that it retains for its agency services.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Contract balances

- Amounts to be billed
  A contract asset is recognized when the Group has a right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time. A contract receivable is an amount to be billed for which payment is only a matter of passage of time.
- Trade receivables
  A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Reference is made to the accounting policies of financial assets.
- Payments on account
  A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier) as Payments on account, presented in Trade and other payables.

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 rate (EIR) method.

Income tax
Taxes on subsidiaries (other than EYA, EYAN 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. Taxes on the result of the remainder of the Group are levied directly in the members' private practice companies.

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

Profit for the financial year available for distribution to members
The profit for the financial year available for distribution to members as reported in the consolidated statement of profit or loss is distributed according to an agreed system. The distributions to retired members are a contractual obligation of the current 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 on 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 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. In addition amounts are withheld regarding the settlement of goodwill and onerous contracts.

Amounts paid to current 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. According to this clawback regulation the members have three options: to opt that one-sixth of the profit share will not be paid out; to allot and convert a loan provided through Stichting Confidentia 2004 or to allot a part of the capital contribution.

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

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 life of the asset and charged using the straight-line method:

▸ Customer relationships	10 years
▸ Brand names	2-3 years
▸ Software	3 years

The amortization period and method for an intangible asset with a finite useful life are 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. The useful life of brand names is assessed on an individual basis.

The amortization expense on intangible assets is recognized as a separate line item in the statement of profit or loss.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

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 when the asset is derecognized.

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 decommissioning costs of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. See Note 20 for the method for calculating the provision for decommissioning costs.

Depreciation

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

▸ Capital expenditure in rented properties	Lease term, usually 10 years
▸ Fixtures and fittings, computers etc.	5 to 7 years

Depreciation is charged proportionately for additions made during the year.
The estimated useful life of the capital expenditure in rented properties is determined based on the contractual lease term.

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 (i.e., at the date the recipient obtains control) 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 in the year the asset is derecognized.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for a portfolio of leases with reasonably similar characteristics, except for short-term leases and certain leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, the estimate of costs to be incurred by the Group in restoring the office to the condition required by the terms and conditions of the lease and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

▸ Office buildings	5-10 years
▸ Cars	2-5 years
▸ Mobile devices	1-3 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in the section Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate represents the rate the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain the asset of similar value to the leased asset in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 18).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option (short-term leases). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value (i.e., below €5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as a lessor

The Group acts as lessor through entering into a limited number of subleases related to office buildings, cars and mobile devices. In those contracts, the Group is the primary contract party for the head lease and subsequently subleases these assets both to the strategic alliance and to third parties. Where the Group has entered into subleases, the Group accounts for its interests in the head lease and the sublease separately.

When the Group acts as a lessor, it determines at lease inception whether the lease classifies as a finance or operating lease. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Almost all leases with third parties in which the Group is a lessor classify as operating leases.

Assets subject to operating leases are presented according to the nature of the underlying asset in the statement of financial position (e.g. right-of-use assets). Rental income arising from an operating lease is accounted for on a straight-line basis over the lease term and is included in other income. Contingent rents are recognized as revenue in the period in which they are earned.

Finance leases result in the recognition of a net investment in a lease representing the right to receive rent income. The net investment in a lease is valued at the present value of future rent payments to be received, discounted using the incremental borrowing rate of the head lease.

Impairment of non-financial assets
The Group 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, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 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, the Group 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.

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 instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets
Initial recognition and measurement of financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of IFRS 15 are initially measured at the transaction price as disclosed in the section Rendering of services. All other financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and subsequently measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and subsequently measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (FVOCI with recycling; debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (FVOCI no recycling; equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

In the periods presented the Group only has financial assets categorized as Financial assets at amortized cost and Financial assets designated at fair value through OCI with no recycling.

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade and other receivables, including amounts to be billed, and other (non-) current financial assets (i.e. loans granted to current members and loans granted to employees).

Financial assets designated at fair value through OCI (FVOCI no recycling; equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Derecognition

A (part of) a financial asset is derecognized when the contractual rights to receive cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and amounts to be billed, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The provision matrix is adjusted with forward-looking information when changes in economic conditions are expected to have a material impact. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ii) Financial liabilities

Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, hedging instruments in an effective hedge 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 Group's 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 of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss relates to the contingent considerations in a business combination. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. 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.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

iii) 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 and the statement of cash flows comprise cash at banks and on hand. All cash and cash equivalents are at the free disposal of the Group.

Provisions

Provisions are recognized when the Group 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 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 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. 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 current 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 members, using actuarial assumptions and discounted at a contractual determined pre-tax rate. This estimate will be revised annually.

Decommissioning provision

The provision for decommissioning relates to the leases of offices. Decommissioning 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 decommissioning obligation. The unwinding of the discount is expensed as incurred and recognized in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning 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

The Group has a general pension plan, which qualifies as an individual defined contribution plan and is administrated by a premium pension institution (PPI: Aegon Cappital). Overall, this pension scheme is classified as a defined contribution scheme under IAS 19. The Group is only required to pay the agreed fixed contribution to Aegon Cappital to build up a capital for the individual participants. After payment of this contribution the Group does not have any further obligation to Aegon Cappital or its employees in this respect.

The contributions due are taken to the statement of profit or loss. Contributions payable and prepaid are included under current liabilities and current assets.

Besides the above mentioned general pension plan, the Group has two other related pension obligations:

- There is an obligation relating to the continuation of the pension accrual during the prepension period. For a limited (closed) group of participants the Group pays contributions for participants who (in part) are no longer in active employment.
- There is an obligation to index the paid-up entitlements of a limited, specific and closed group of former employees.

Both of these obligations are classified as a defined benefit plan and are 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. Both obligations are separate elements of the general pension plan and do not have an impact on the classification of the general pension plan.

Salary payments during absence and long-service awards
The salary payments during absence consist of supplementary disability benefits under the Dutch Work and Income according to Labour Capacity 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 on members' capital to current or retired members and/or repay members' capital to retired members.

Amounts paid to current 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 current members as a whole 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). In addition amounts are withheld regarding the settlement of goodwill and onerous contracts.

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.

Repayments of principal amounts of interest-bearing loans and borrowings, including lease liabilities, are included in the financing cash flow. 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

A number of standards and interpretations have been issued, but are not yet effective up to the date of issuance of the Group's financial statements.

For these standards and interpretations the Group reasonably expects that they will not have a material impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

4 Significant accounting judgments, estimates and assumptions

The preparation of the Group'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 accompanying disclosures, 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 the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Impact of COVID-19 on the financial statements
The COVID-19 outbreak significantly increased uncertainties regarding the performance of the Group's business and economic activity in general at the start of the pandemic. During 2020/2021 performance stabilized and the effect of COVID-19 on performance was negligible. Nonetheless, uncertainties remain regarding the pace of recovery from the pandemic and the lingering effects it might have on the economy. Therefore, management is to apply judgments to determine the impact of COVID-19, mainly in the following areas:

- Impact on future cash flows included within value in use calculations used in impairment calculations; and
- Assumptions regarding the forward looking component included in expected credit losses on trade receivables.

Reference is made to the respective disclosures on impairment testing of goodwill (Note 11), Impairment testing of specific right-of-use assets and related items of property, plant & equipment (Note 12 and 13) and provision for expected credit losses (Note 15 and 24).

Rendering of services

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Timing of satisfaction of performance obligation

The Group concluded that the revenue from contracts with customers is to be recognized over time because the Group's performance does not create an asset with alternative use and the Group has an enforceable right to payment at a reasonable margin for the performance completed to date. Besides there are also types of contracts where the customer simultaneously receives and consumes the benefit provided by the Group's performance as it performs (e.g. secondments).

The Group determined that the input method based on hours incurred to determine a proxy for cost is the best method in measuring progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Group's effort (i.e. hours incurred) and the transfer of service to the customer.

Determining method to estimate variable consideration and assessing the constraint

Certain contracts of the Group include success fees, additional billing or volume discounts that give rise to variable consideration. The Group estimates the amount of variable consideration by using either the expected value method or the most likely amount method, depending on which method better predicts the amount of consideration to which it will be entitled.

The Group determined the expected value method to be the appropriate method to use in estimating the variable consideration for most of its contracts that include variable amounts such as volume discounts and additional billing, given the large number of potential outcomes of the variable compensation.
The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for contracts with success fees, as the contract has only two possible outcomes (the project either results in a success or not).

The estimation of the variable consideration is made by the individual responsible partner, considering historical experience with the client and other (economic) conditions.

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, EYGF committed (interest-free) loans totaling €98.9 million and an equity contribution of €74.1 million.

The loans were measured on receipt at the fair value of the future consideration, using a discount rate of 5%. The amortized cost of the remaining loan is assessed annually, based on current estimates of future cash flows. See also Note 18. The settlement/redemption was charged against equity as it related to the settlement of a liability of an obligation of the current members as a whole and not an obligation of EYNL.

Determining the lease term of contracts with renewal and termination options – the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. the Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group has not included the renewal period as part of the lease term for office leases, based on the Group's periodically assessed strategic office plan. There is one exception however, where the Group has determined that it is reasonably certain that the renewal option will be undertaken. In addition, the renewal options for leases of cars are not included as part of the lease term because the Group typically leases cars for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Lease classification – the Group as lessor

The Group has entered into subleasing arrangements in relation to office space it leases, but which is prolonged not in use. Furthermore, the Group subleases cars and mobile devices to its subsidiaries and the strategic alliance. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, whether it retains all the risks and rewards incidental to ownership of the respective office space, cars and mobile devices. The evaluation considers factors such as whether the lease term constitutes a major part of the economic life of the head lease and whether the present value of the minimum lease payments amounts to substantially all of the fair value of the right-of-use asset. Furthermore it considers whether other factors in the arrangement results in the fact that risks and rewards are transferred to the lessee. The Group determined that three of its subleases of office space and the subleases of cars and mobile devices to subsidiaries classify as finance leases, other subleases classify as operating leases.

Pension plan

The contractual arrangements laid down in the pension plan, the agreements with Aegon Cappital and the transparent communication on employees' entitlements are of such a nature that, viewed from the Group's perspective there is a plan under which all actuarial risks and rewards are placed outside the Group after payment of the fixed annual premium.

Besides the above mentioned general pension plan, there is an obligation to continue the pension accrual during the prepension period and an obligation to index certain paid-up entitlements that qualifies as a defined benefit plan. Because these obligations relate to a limited, specific and closed group of (former) employees they are regarded as separate plans and do 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.

The Group 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 the Group. Such changes are reflected in the assumptions when they occur.

Revenue measurement
The revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the services. Therefore estimates are made using a method based on a primary estimate by the partner with final responsibility plus a review procedure. Revenue is determined taking into account the progress of 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 12.

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, related to goodwill impairment testing are further explained in Note 11. Impairment testing of specific right-of-use assets and related items of property, plant & equipment is further explained in Note 12 and Note 13.

Provision for expected credit losses of trade receivables and amounts to be billed
The Group uses a provision matrix to calculate Expected Credit Losses (ECL) for trade receivables and amounts to be billed. The provision rates are based on days past due.

The Group has established a provision matrix that is based on its historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables and amounts to be billed is disclosed in Note 15.

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 20.

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 21.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 24 for further disclosures.

Leases - Estimating the incremental borrowing rate
For those leases in which the Group cannot readily determine the interest rate implicit in the lease it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (i.e. the EUR risk-free rate for government bond yields) and is required to make certain entity-specific adjustments (such as adjustments lessees specific credit rate) as well as lease specific adjustments.

In thousands of euros, unless stated otherwise

5 Business combinations

There were no acquisitions during 2020/2021 and 2019/2020. References in these Financial Statements to acquisitions, relate to acquisitions made before 2019/2020.

6 Rendering of services

6.1 Disaggregated revenue information

Fee income from the rendering of services is generated almost entirely in the Netherlands and can be broken down by service line and market segments as mentioned in the following schedules.

	2020/2021	2019/2020
Service line		
Assurance	339,631	343,065
Tax	249,815	253,151
Consulting	143,987	152,140
Strategy and Transactions	85,778	73,591
	819,211	**821,947**

Until 1 July 2020 the service lines Consulting and Strategy and Transactions were referred to as Advisory and Transaction Advisory Services respectively.

	2020/2021	2019/2020
Market segment		
Financial Services / Growth markets	183,068	181,911
Advanced Manufacturing & Mobility	96,166	100,364
Telecom, Media & technology	89,797	95,807
Consumer Product & Retail	84,124	85,323
Private Equity	79,052	66,733
Life Science & Healthcare	77,880	74,201
Government & Public Sector	54,050	55,245
Energy & Resources	51,756	48,451
Real Estate, Hospitality & Construction	40,472	45,483
Other	62,846	68,429
	819,211	**821,947**

The market segments are annually reviewed and updated, for example as a result of mergers and acquisitions of clients. The comparative figures are adjusted accordingly. The category 'Other' mainly includes revenues from other market segments, EY member firms and new customers to be classified.

In thousands of euros, unless stated otherwise

6.2 Contract balances and performance obligations

The Group has recognized the following balances related to contracts with customers.

	Notes	30 June 2021	30 June 2020
Trade receivables	15	145,207	130,912
Amounts to be billed	15	86,785	87,452
Payments on account	17	-73,003	-54,900

The performance obligations are satisfied over time as services are rendered. Some contracts contain volume discounts or success fees, which give rise to variable consideration subject to constraint. Payment is generally due upon specific agreed moments during the performance of our services, on moments that coincide with the work being performed. In some contracts, short-term advances are received before the service is provided, these advances are included in the payments on account.

Amounts to be billed are recognized as revenue earned from provided services as receipt of consideration is conditional on completion of the performance. A contract receivable is recognized when the right to an amount of consideration is unconditional and only the passage of time is required before payment is due.

Trade receivables are non-interest bearing and the standard payment term is 14 days.

The increase in trade receivables is mainly due to more invoicing at the end of the year. Resulting in a lower balance of Amounts to be billed and Payments on account. At 30 June 2021 €1.4 million was recognized as a provision for expected credit losses on trade receivables (30 June 2020 : €2.9 million).

An amount of €50.3 million of revenue is recognized in the reporting period that was included in the Payments on account balance at the beginning of the period (2019/2020: €52.3 million).
An amount of €2.6 million of revenue is recognized in the reporting period from performance obligations (partially) satisfied in previous periods (2019/2020: €3.5 million).

Since the original expected duration of contracts is generally less than one year, the Group applied the practical expedient in IFRS 15.121 and therefore the aggregate amount of transaction price allocated to the performance obligations that are (partially) unsatisfied as of the end of the financial year is not disclosed. For contracts of which the original expected duration exceeds one year the transaction price allocated to the remaining performance obligations is not material.

In thousands of euros, unless stated otherwise

7 Other Income

	2020/2021	2019/2020
Charges made to other entities within the EY network	35,529	37,527
Income from subleasing	119	290
Other	198	-
	35,846	**37,817**

8 Operating expenses

8.1 Services provided by foreign EY member firms and third parties

These are services and expenses directly attributable to assignments.

8.2 Employee benefits expenses

	2020/2021	2019/2020
Salaries and bonuses	273,369	269,566
Social security charges	38,458	40,827
Pension contributions	25,381	26,913
Mobility expenses	24,180	28,091
Other staff expenses	12,857	15,014
	374,245	**380,411**

Salaries and bonuses include holiday allowance.

The employees are primarily based in the Netherlands. The average number of staff (excluding members) in full time equivalents (FTE) during the year was:

FTE	2020/2021	2019/2020
Client serving staff	3,636	3,797
Support staff	521	528
	4,157	**4,325**

In thousands of euros, unless stated otherwise

8.3 Other operating expenses

	2020/2021	2019/2020
Premises expenses	6,639	7,182
Other staff expenses	15,427	19,035
Office expenses	8,157	9,489
IT expenses	36,672	37,172
International EY charges	60,806	62,652
Net foreign exchange gains and losses	780	240
Other expenses	31,757	37,291
	160,238	**173,061**

Auditors' remuneration of €0.3 million (2019/2020: €0.3 million) is included in other expenses. Of these amounts, €0.3 million (2019/2020: €0.3 million) was charged in respect of the audit of the financial statements of all entities and an amount of €0.03 million (2019/2020: €0.03 million) for various other audit services.

9 Finance income and expenses

9.1 Finance income

	2020/2021	2019/2020
Interest income on loans and receivables	4	1
	4	**1**

9.2 Finance expenses

	2020/2021	2019/2020
Interest on loans granted by current and retired members	2,159	1,971
Interest on current and retired members' current account balances	503	424
Total current and retired members interest expenses	2,662	2,395
Interest expenses on other interest bearing loans and borrowings	2,472	794
Unwinding of discount on provisions	227	287
Other interest and similar expense	979	482
	6,340	**3,958**

10 Income tax expense

	2020/2021	2019/2020
Income tax: current financial year	-508	-771
Income tax: previous financial year	-	20
	-508	**-751**

In thousands of euros, unless stated otherwise

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' private practice companies. As this also applies to differences in measurement for tax purposes and financial reporting purposes, the Group 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:

	2020/2021	2019/2020
Profit before tax	161,314	144,309
Tax (FY21: 15.7%-25%; FY20: 17.8%-25%)	-35,273	-32,496
Tax on partnership profits borne by the members' private practice companies	34,765	31,725
Tax expense by subsidiaries	**-508**	**-771**

11 Intangible assets

	Customer relationships/ Brand names	Goodwill	Software	Total
At 1 July 2019	4,799	20,474	1,322	26,595
Acquisitions	-	-	125	125
Adjustment	-	-	-750	-750
Amortization	-883	-	-551	-1,434
At 30 June 2020	**3,916**	**20,474**	**146**	**24,536**
Additions	-	-	93	93
Amortization	-838	-	-161	-999
At 30 June 2021	**3,078**	**20,474**	**78**	**23,630**
Cost	8,398	20,474	2,648	31,520
Accumulated amortization	-3,599	-	-1,326	-4,925
At 1 July 2019	**4,799**	**20,474**	**1,322**	**26,595**
Cost	8,317	20,474	920	29,711
Accumulated amortization	-4,401	-	-774	-5,175
At 30 June 2020	**3,916**	**20,474**	**146**	**24,536**
Cost	8,317	20,474	1,013	29,804
Accumulated amortization	-5,239	-	-935	-6,174
At 30 June 2021	**3,078**	**20,474**	**78**	**23,630**

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the relevant LLP, EYA (€1.4 million) or EYAN (€19.1 million) as being the CGU for impairment testing. In relation to COVID-19 many countries, including the Netherlands, have required businesses to limit or suspend operations and implemented travel restrictions and quarantine measures, which have adversely affected economic activity and disrupted many businesses. Value in use calculations are performed for each CGU using cash flow projections and are based on the most recent financial budgets. Expectations are formed in line with performance to date and experience. Based on the annual impairment testing, management determined that the value in use of each of the CGUs significantly exceeded its carrying value.

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

As a result of analysis, management did not identify an impairment as at 30 June 2021 and 30 June 2020. As the lingering effects of the pandemic are uncertain it is challenging to predict the actual impact it will have on the Group's business going forward. Given this uncertainty, management has considered three additional scenarios to forecast revenues, gross margins and operating income, in relation to the further recovery from the COVID-19 outbreak, which was based on market information available at the balance sheet date. Based on these scenarios, management assessed that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to exceed their recoverable amount.

In thousands of euros, unless stated otherwise

12 Property, plant and equipment

	Capital expenditure in rented properties	Fixtures and fittings, computers	Total
At 1 July 2019	17,959	7,314	25,273
Additions	1,020	1,176	2,196
Disposals	-341	-3	-344
Depreciation	-2,733	-2,121	-4,854
At 30 June 2020	**15,905**	**6,366**	**22,271**
Additions	4,801	474	5,275
Disposals	-386	-127	-513
Impairment	-1,752	-	-1,752
Depreciation	-2,873	-2,150	-5,023
At 30 June 2021	**15,695**	**4,563**	**20,258**
Cost	50,676	37,443	88,119
Accumulated depreciation and impairments	-32,717	-27,171	-59,888
At 1 July 2019	**17,959**	**10,272**	**28,231**
Cost	51,355	30,973	82,328
Accumulated depreciation and impairments	-35,450	-24,607	-60,057
At 30 June 2020	**15,905**	**6,366**	**22,271**
Cost	43,676	26,745	70,421
Accumulated depreciation and impairments	-27,981	-22,182	-50,163
At 30 June 2021	**15,695**	**4,563**	**20,258**

As a result of our office space reduction plan based on our FitForFuture@WORK program there was an impairment loss of €1.8 million on capital expenditure in rented properties in 2020/2021, which was recognized in the consolidated statement of profit or loss under Depreciation and impairment of property, plant and equipment. The recoverable amount was based on value in use and was determined at the level of the respective office floors.

Assets under construction of €4.7 million are included in Capital expenditure in rented properties (30 June 2020: nil).

As at 30 June 2021, there are contractual obligations for purchasing property, plant and equipment for an amount of €2.2 million (as at 30 June 2020: no contractual obligations).

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

In thousands of euros, unless stated otherwise

13 Leases

The Group as a lessee
The Group has lease contracts for various assets such as office buildings, cars and mobile devices used in its operations. Leases of office buildings generally have lease terms between 5 and 10 years, cars generally have lease terms between 2 and 5 years, and mobile devices generally have lease terms between 1 and 3 years, all from the commencement date of the lease. the Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group has the unrestricted option to assign and sublease the leased assets to related parties and group entities.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of cars and office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets
Set out below, are the carrying amounts of the Group's right-of-use assets and the movements during the period:

	Office buildings	**Cars**	**Mobile devices**	**Total**
At 1 July 2019	96,163	20,171	5,251	121,585
Additions	15,228	15,234	296	30,758
Depreciation	-14,792	-11,087	-2,634	-28,513
Disposals	-98	-253	-	-351
At 30 June 2020	**96,501**	**24,065**	**2,913**	**123,479**
Additions	529	10,502	2,449	13,480
Impairment charge	-5,249	-	-	-5,249
Depreciation	-14,047	-10,802	-2,593	-27,442
Disposals	-1,472	-378	-587	-2,437
At 30 June 2021	**76,262**	**23,387**	**2,182**	**101,831**

The initiatives of the FitForFuture@WORK program has resulted in an office space reduction plan, which resulted in a trigger for conducting an impairment analysis of specific office space. The impairment loss of € 5.2 million, relates to office space that is currently vacant or in the process of being vacated in the near future and is recognized in the consolidated statement of profit or loss under Depreciation and impairment of right-of-use assets. The recoverable amount was based on value in use and was determined at the level of the vacated office space. In determining value in use, cash flows were estimated based on current estimates of potential sublet value of the respective office spaces.

In thousands of euros, unless stated otherwise

Interest-bearing loans and borrowings

Refer to Note 24 for the maturity table of interest-bearing loans and borrowings, which includes the lease liabilities.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2020/2021	2019/2020
At 1 July	128,521	128,439
Additions	13,492	30,758
Accretion of interest	492	336
Payments	-31,430	-30,759
Terminations	-1,809	-253
At 30 June	**109,266**	**128,521**

	Office buildings	Cars	Mobile devices	Total
<1 year	14,605	9,721	668	24,994
1-2 Years	14,021	7,081	-	21,102
2-5 years	35,470	6,568	-	42,038
> 5 years	21,132	-	-	21,132
At 30 June 2021	**85,228**	**23,370**	**668**	**109,266**
<1 year	15,782	9,327	2,183	27,292
1-2 Years	14,552	7,120	654	22,326
2-5 years	40,181	7,397	-	47,578
> 5 years	31,325	-	-	31,325
At 30 June 2020	**101,840**	**23,844**	**2,837**	**128,521**

Guarantees totaling some €0.8 million (2019/2020: €0.8 million) have been issued for lease commitments.

In thousands of euros, unless stated otherwise

The following amounts are recognized in the statement of profit or loss:

	2020/2021	2019/2020
Depreciation expense of right-of-use assets	-27,442	-28,513
Impairment expense of right-of-use assets	-5,249	-
Interest expense on lease liabilities	-492	-336
Expenses related to short-term leases (included in Employee benefits expenses and Other operating expenses)	-10	-222
Income from subleasing right-of-use assets	119	290
Variable lease payments	-7	-21
Total amount recognized in profit or loss	**-33,081**	**-28,802**

The Group had total cash outflows for leases of €31.4 million in the current year (2019/2020: €30.4 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of €13.5 million (2019/2020: €30.8 million).

Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and mainly relates to the more significant locations of the Group. The Group exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4). Lease contracts are often modified before being extended.

The Group as a lessor

The Group has entered into operating leases as intermediate lessor on leased assets with respect to certain offices buildings, cars and mobile devices. These subleases have terms of between 1 and 5 years. Most leases are with related parties and agreed upon at arms' length principles. Furthermore, certain additional office space is subleased to third parties, some of these subleases classify as operating leases, whereas others classify as finance leases. Long-term excessive capacity is subleased to third parties where possible. All leases in which the Group acts as lessor include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions, as such resulting in a potential yearly indexation. None of the leased assets for which the Group acts as a lessor are owned by the Group, further diminishing the risks associated with any rights retained in the underlying assets.

Operating leases

Below the maturity analysis of lease payments is included for operating leases, showing the undiscounted lease payments to be received after balance sheet date:

	2020/2021	2019/2020
Within one year	84	17
After one year but not more than five years	-	8

In thousands of euros, unless stated otherwise

Finance leases

The net investment in the finance lease as included in the Other (non-)current financial assets is as follows:

	2020/2021	2019/2020
At 1 July	305	-
Additions	108	355
Repayments	-107	-50
At 30 June	**306**	**305**

	30 June 2021	30 June 2020
With a term < 1 year	111	81
With a term > 1 year	195	224
At 30 June	**306**	**305**

Future minimum undiscounted rentals receivable under non-cancellable finance leases are as follows:

	30 June 2021	30 June 2020
2020/2021	-	81
2021/2022	111	81
2022/2023	111	81
2023/2024	84	62
2024/2025	-	-
Total undiscounted rental income receivable	**306**	**305**
Unearned finance income	-	-
Net investment in leases	**306**	**305**

The Group has recognized the following amounts in the statement of profit and loss related to its subleases:

	2020/2021	2019/2020
Operating subleases		
Rental income (fixed payments)	51	33
Finance lease		
Selling profit (loss)	68	257
Total income from subleasing	**119**	**290**

In thousands of euros, unless stated otherwise

14 Other non-current and current financial assets

	30 June 2021	30 June 2020
Non-current		
Equity instruments	6,372	6,684
Lease receivables (see Note 13)	195	224
Loans granted to current members	58	18
	6,625	**6,926**
Current		
Lease receivables (see Note 13)	111	81
Loans granted to employees	29	50
	140	**131**

As at 30 June 2021 and 30 June 2020, there were no past-due amounts.

Equity instruments

The Group holds non-controlling interests in EYGI B.V. (5.86%), EY Holdings Ltd (19.68%), EY Global Finance, Inc. (4%) and EMEIA Fusion LP (14.3%). During 2019/2020 an amount of €1.0 million was repaid by EMEIA Fusion LP.

These equity investments in non-listed companies are classified and measured as Equity instruments designated at fair value through other comprehensive income (FVOCI). During 2020/2021 a fair value loss regarding EMEIA Fusion LP of €0.3 million was recognized through other comprehensive income.

Refer to Note 24.2 for further information.

15 Trade and other receivables

	30 June 2021	30 June 2020
Trade receivables	145,207	130,912
Amounts to be billed	86,785	87,452
Other receivables	28,534	34,489
	260,526	**252,853**

15.1 Trade receivables

Trade receivables are non-interest bearing and the standard payment term is 14 days. Trade receivables are pledged to Stichting Confidentia 2004 as security for the loans granted by current and retired members.

Receivables from related parties and strategic alliance are included in trade receivables. For further information regarding related parties reference is made to Note 26.

In thousands of euros, unless stated otherwise

The trade receivables are net of expected credit losses (ECL). The total amount of ECL as at 30 June 2021 for these receivables is €1.4 million (30 June 2020: €2.9 million).

The movement in the allowance for expected credit losses is as follows:

	2020/2021	2019/2020
At 1 July	-2,899	-1,619
Charge for the year	-	-2,098
Release of unused amounts	876	-
Written off	663	818
At 30 June	**-1,360**	**-2,899**

In the consolidated statement of profit or loss a gain of €0.9 million (2019/2020:loss of €2.1 million) has been recognized under other operating expenses.

The changes in the balances of trade receivables are disclosed in Note 6.2 and the information about the credit exposures and the analysis relating to the allowance for expected credit losses is disclosed in Note 24.1.

15.2 Amounts to be billed

As at 30 June 2021, the Group has amounts to be billed of €93.0 million (30 June 2020: €87.5 million) which is net of an allowance for expected credit losses (ECL) of €0.2 million (30 June 2020: €0.2 million). Due to immateriality no movement schedule of ECL is disclosed.

In the consolidated statement of profit or loss a loss of €0.02 million (2019/2020: €0.1 million) has been recognized under other operating expenses.

Payments on account in excess of the relevant amount of revenue are included in trade and other payables. Reference is made to Note 17.

Amounts to be billed are pledged to Stichting Confidentia 2004 as security for the loans granted by current and retired members.

The changes in the balances of amounts to be billed are disclosed in Note 6.2 and the information about the credit exposures and the analysis relating to the allowance for expected credit losses is disclosed in Note 24.1.

15.3 Other receivables

Other receivables (non client related) are mainly due from EY member firms.

Other receivables are net of expected credit losses (ECL). The total amount of ECL as at 30 June 2021 for these receivables is €0.1 million (30 June 2020: €0.2 million). Due to immateriality no movement schedule of ECL is disclosed.

In thousands of euros, unless stated otherwise

In the consolidated statement of profit or loss a gain of €0.1 million (2019/2020: €0.2 million) has been recognized under other operating expenses.

The information about the credit exposures is disclosed in Note 24.1.

16 Prepayments

	30 June 2021	30 June 2020
Profit-share advances paid to current members	57,351	61,483
Other prepayments	28,027	25,960
	85,378	**87,443**

17 Trade and other payables

	30 June 2021	30 June 2020
Amounts due to current and retired members	34,043	10,533
Trade payables	10,500	10,753
Taxes and social security	46,163	44,772
Payments on account	73,003	54,900
Other financial liabilities	482	648
Other payables	39,072	32,936
	203,263	**154,542**

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.

Further details regarding the other financial liabilities are included in Note 19.

Payables from related parties and strategic alliance are included in trade payables and other payables. For further information regarding related parties reference is made to Note 26.

In thousands of euros, unless stated otherwise

18 Interest-bearing loans and borrowings

	Interest rate	Maturity	30 June 2021	30 June 2020
Current				
Loans granted by current and retired members	4.0%	2021/2022	5,276	9,146
Private loan to finance settlement of drawing rights	5.0%	2021/2022	1,979	-
Lease obligations	0-2.9%	2021/2022	24,994	27,292
			32,249	**36,438**
Non-current				
Loans granted by current and retired members	3.0-4.0%	Up to 2026	57,112	56,639
Private loan to finance settlement of drawing rights	5.0%	Up to 2049	9,615	9,614
Lease obligations	0-2.9%	Up to 2031	84,272	101,229
			150,999	**167,482**

Loans granted by current and retired members
These loans are held by Stichting Confidentia 2004 on behalf of the shareholders of our current and retired members. This foundation holds pledges on the trade receivables and amounts to be billed. In the event of death, the shareholder of the member can demand early repayment of the amount of the loan outstanding at that time.

During 2019/2020 it was decided to make an additional capital call to the current members which resulted in a loan of €11.3 million and an additional increase of the members' capital of €30.8 million (see Note 22). On the basis of the aforementioned pledge, this loan has a right of priority over the claims of unsecured creditors. Within the receivables secured by the pledge of Stichting Confidentia, however, this loan is subordinated in rank to the regular receivables under the Confidentia loans and clawback loans (see Note 22).

According to the clawback regulation one-sixth of the total profit share of the members concerned is restricted for a term of six years. Alternatively, a member can (1) opt to convert (a) loan(s) provided through Stichting Confidentia 2004 into a restricted loan with a term of six years or (2) restrict repayment of members' capital at retirement. As a result during 2020/2021, a 3.75% loan of €3.6 million (2019/2020: a 3.0% loan of € 5.3 million) was issued originating from unpaid profit distribution and an amount of €0.5 million (2019/2020: €0.3 million) loans held by Stichting Confidentia 2004 was converted into new 3.75% loans. The fair value of the (new) loan equals the book value of the converted loan amounts.

Per 30 June 2021, the total amount of loans related to the clawback regulation is €23.5 million (30 June 2020: €19.4million).

In thousands of euros, unless stated otherwise

The loans are repayable according to the following schedule:

	30 June 2021	30 June 2020
<1 year	5,276	9,146
1-2 Years	9,161	6,094
2-5 years	44,181	45,250
> 5 years	3,770	5,295
	62,388	**65,785**

From these loans an amount of €11.3 million (2019/2020 €11.3 million) relates to the subordinated loan as described above.

Private loan to finance settlement of drawing rights
EYGF has committed loans for a total amount of €98.9 million to finance the settlement of drawing rights in 2008/2009. The amortized cost of the remaining loan with a face value of €39.5 million is assessed based on current estimates of future cash flows.

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 2020/2021, the interest charge due to application of the amortized cost method amounts to €2.0 million (2019/2020 €0.5 million).

Lease obligations
Further details on the lease obligations are included in Note 13.

In thousands of euros, unless stated otherwise

Changes in financial liabilities arising from financing activities

The following schedule summarizes the changes in financial liabilities from financing activities as mentioned in the consolidated statement of cash flows.

	Non-current interest-bearing loans and borrowings (excl. leases)	Current interest-bearing loans and borrowings (excl. leases)	Non-current lease obligations	Current lease obligations	Total
At 1 July 2019	53,326	8,001	100,902	27,537	189,766
Cash flows					
Repayments	-5,506	-8,001	-	-30,759	-44,266
Proceeds	27,121	-	-	-	27,121
Non-cash flows					
Additions/remeasurements	-	-	27,536	3,222	30,758
Interest accruing	458	-	336	-	794
Terminations	-	-	-253	-	-253
Non-current amounts becoming current	-9,146	9,146	-27,292	27,292	-
At 30 June 2020	**66,253**	**9,146**	**101,229**	**27,292**	**203,920**
Cash flows					
Repayments	-2,941	-9,146	-180	-31,250	-43,517
Proceeds	8,690	-	-	-	8,690
Non-cash flows					
Additions/remeasurements	-	-	9,534	3,958	13,492
Interest accruing	1,980	-	492	-	2,472
Terminations	-	-	-1,809	-	-1,809
Non-current amounts becoming current	-7,255	7,255	-24,994	24,994	-
At 30 June 2021	**66,727**	**7,255**	**84,272**	**24,994**	**183,248**

19 Other financial liabilities

	30 June 2021	30 June 2020
Other financial liabilities		
Deferred income	732	1,379
	732	**1,379**
With a term < 1 year	482	648
With a term > 1 year	250	731
	732	**1,379**

In thousands of euros, unless stated otherwise

Deferred income
Deferred income as at 30 June 2021 and 30 June 2020 mainly consists of incentives related to a facility services contract. The amount relating to the next financial year is included in the Trade and other payables, see Note 17.

Changes in financial liabilities arising from financing activities
All movements during 2020/2021 and 2019/2020 were non-cash movements.

20 Provisions

	Professional indemnity	Decommissioning costs	Drawing rights of current members	Total
At 1 July 2019	2,631	946	3,759	7,336
Additions	746	-	-	746
Payments	-703	-	-802	-1,505
Amounts released	-1,261	-446	-509	-2,216
Unwinding of discount	-	1	154	155
At 30 June 2020	**1,413**	**501**	**2,602**	**4,516**
Additions	226	-	-	226
Payments	-89	-	-751	-840
Amounts released	-425	-206	-163	-794
Unwinding of discount	-	-	95	95
At 30 June 2021	**1,125**	**295**	**1,783**	**3,203**
With a term < 1 year	533	145	428	1,106
With a term > 1 year	880	356	2,174	3,410
At 30 June 2020	**1,413**	**501**	**2,602**	**4,516**
With a term < 1 year	354	135	434	923
With a term > 1 year	771	160	1,349	2,280
At 30 June 2021	**1,125**	**295**	**1,783**	**3,203**

Professional indemnity
The Group carries professional indemnity insurance, which is principally written through a captive insurance company involving other EY member firms and a proportion of the total cover is insured through the commercial market.

The professional indemnity provision serves to cover current exposures, with a maximum per event of the uninsured deductible. 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. 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 defense and settlements. Separate disclosure is not made of any individual claim or expected insurance recoveries where such disclosure might seriously prejudice the position of the entity.

In thousands of euros, unless stated otherwise

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.

Decommissioning costs
This provision relates to the expected cost of returning rented offices to their original condition when they are vacated. The provision for decommissioning costs is calculated at present value using a discount rate of 0.08% for lease contracts ending within 6 years (30 June 2020: 0.17%) and of 0.25% for lease contract with a term of 6 years or longer (30 June 2020: 0.30%).

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 members, using actuarial assumptions and discounted at a pre-tax rate of 5.0% (30 June 2020: 5.0%).

21 Employee benefits

	30 June 2021	30 June 2020
Current liabilities		
Payments to be made to staff	36,958	22,228
Defined benefit pension plan	337	328
Salary payments during absence	5,492	4,519
Provision for long-service awards	473	473
Remuneration for acquisitions	967	967
	44,227	**28,515**
Non-current liabilities		
Payments to be made to staff	18,382	19,042
Defined benefit pension plan	1,895	2,176
Salary payments during absence	-	35
Provision for long-service awards	3,113	3,195
	23,390	**24,448**

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

Remuneration for acquisitions relates to the amounts to be paid within one year to the previous shareholders/partners of the acquired entities/businesses for the agreed retention considerations. These amounts are considered as remuneration for post-combination services.

In thousands of euros, unless stated otherwise

21.1 Defined contribution pension plan
For a description of the pension schemes of the Group, reference is made to Note 2.4.

The Group is only required to pay the agreed fixed contribution to Aegon Cappital to build up a capital for the individual participants. After payment of the agreed fixed contribution the Group does not have any further obligation to Aegon Cappital or its employees in this respect. In addition, the Group pays a non-pensionable supplement to the salary in the coming years to the employees who were employed as per 30 June 2018. This payment is related to age and not to service time.

The total amount of the defined contribution plans charged to profit or loss during the financial year was €25.1 million (2019/2020: €26.5 million).

21.2 Defined benefit pension plan
For a description of the pension schemes of the Group, reference is made to Note 2.4.

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

	DB obligation to pension accrual during prepension period	DB obligation to index paid-up entitlements	Total
At 1 July 2019	1,474	1,091	2,565
Addition	90	-	90
Interest cost	1	19	20
Benefits paid	-124	-	-124
Actuarial (gains)/losses on obligation	21	-68	-47
At 30 June 2020	**1,462**	**1,042**	**2,504**
Interest cost	-4	9	5
Benefits paid	-164	-	-164
Actuarial (gains)/losses on obligation	-48	-65	-113
At 30 June 2021	**1,246**	**986**	**2,232**
With a term < 1 year	337	-	337
With a term > 1 year	909	986	1,895
At 30 June 2021	**1,246**	**986**	**2,232**

In thousands of euros, unless stated otherwise

The principal assumptions used for DB (Defined Benefit) obligation to pension accrual during prepension period are:

	30 June 2021	30 June 2020
Discount rate	-0.29%	0.07%
General salary increase	2.0%	2.0%
Inflation	2.0%	2.0%
Likelihood of leaving:		
·50-54	6.0%	6.0%
·55-59	3.0%	3.0%
·60-62	0.0%	0.0%

The principal assumptions used for DB obligation to index paid-up entitlements are:

	30 June 2021	30 June 2020
Discount rate	0.35%	0.9%
General salary increase	0.0%	0.0%
Inflation	0.3%	0.3%
Mortality rates	2020 Forecast tables of the Dutch Actuarial Association	2018 Forecast tables of the Dutch Actuarial Association

The total amount of defined benefit obligation charged to profit during the financial year was €0.01 million (2019/2020: €0.02 million). The actuarial gain of the current year of €0.1 million (2019/2020: a gain of €0.05 million) is recognized in other comprehensive income.

21.3 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 according to Labour Capacity Act (WIA). The provision for supplementary disability benefits under the WIA was ended in 2020/2021.

The movements in the provision were as follows:

	2020/2021	2019/2020
At 1 July	4,554	2,360
Additions	7,256	5,570
Payments	-3,292	-1,970
Released	-3,026	-1,406
At 30 June	**5,492**	**4,554**

In thousands of euros, unless stated otherwise

	30 June 2021	30 June 2020
With a term < 1 year	5,492	4,519
With a term > 1 year	-	35
	5,492	**4,554**

The principal assumptions used for the provision for supplementary disability benefits under the WIA at 30 June 2020 were:

	30 June 2021	30 June 2020
Discount rate	-	0.5%
Probability rate	-	Kazo 2000
Mortality rates	-	2018 Forecast tables of the Dutch Actuarial Association

21.4 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:

	2020/2021	2019/2020
At 1 July	3,668	3,456
Additions	497	922
Payments	-615	-722
Released	-	-23
Unwinding of discount	36	35
At 30 June	**3,586**	**3,668**

	30 June 2021	30 June 2020
With a term < 1 year	473	473
With a term > 1 year	3,113	3,195
	3,586	**3,668**

In thousands of euros, unless stated otherwise

The principal assumptions used are:

	30 June 2021	30 June 2020
Discount rate	1.0%	1.0%
Factor for attrition, mortality and disability	19.7%	19.6%
Future salary increase	2.3%	2.4%

22 Members' capital

	30 June 2021	30 June 2020
Capital contribution by members	107,628	112,038
	107,628	**112,038**

The movements were as follows:

	2020/2021	2019/2020
At 1 July	112,038	84,407
Contributions	3,230	35,598
Repayment on retirement	-7,640	-7,967
At 30 June	**107,628**	**112,038**

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

	30 June 2021	30 June 2020
EYA	89	94
EYAN	58	59
EYB	81	82
EYNL	**228**	**235**
Members retired in financial year	16	12
Number of profit-sharing members	**244**	**247**
Capital contribution (in € million)		
EYA	42.9	45.1
EYAN	26.7	27.4
EYB	38.0	39.5
EYNL	**107.6**	**112.0**

Each (new) member is required to make a regular capital contribution to EYNL according to a capital-contribution method that is equal for all current members. During 2019/2020 it was decided to make an additional capital call to the current members which resulted in an additional increase of the members' capital of €30.8 million and a (subordinated) loan of €11.3 million (see Note 18) .

In accordance with the clawback regulation, some current members have opted for an allotment of (part of) their capital contribution. A total amount of €14.0 million (30 June 2020: €11.1 million) is allotted to the clawback fund for a period of six years.

23 Reserves

23.1 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 presented separately in these financial statements.

23.2 Retained earnings

This reserve relates mainly to the settlement of drawing rights in the 2006/2007 and 2008/2009 financial years to retired members, which will be settled in annual installments in the period to 2026 (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 is deducted from the reserve.

The retained earnings also include the settlement of goodwill and onerous contracts and the actuarial gains and losses arising on defined benefit pension plans.

24 Financial instruments

24.1 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables, including amounts owed to and due from current and retired members. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash that arise from normal commercial activities. The Group also holds investments in debt and equity instruments.

The Group has not entered into derivative transactions and 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 trade and other receivables, amounts to be billed and other financial assets, including amounts due from current members.

In thousands of euros, unless stated otherwise

Trade receivables and amounts to be billed

The Group maintains procedures to minimize the risk of default by customers. Outstanding customer receivables and amounts to be billed are regularly monitored. Credit risk is not covered by credit insurance or other credit instruments other than billing in advance in certain cases. Services are provided to such a large group of clients that there is no concentration of credit risk.

Amounts to be billed are typically billed to clients within a month of arising and our standard payment term for invoices is 14 days.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and amounts to be billed. To measure expected credit losses on a collective basis, trade receivables are grouped based on days past due and credit risk. The amounts to be billed have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the five year period prior to 30 June 2021 and 30 June 2020. The outbreak of the COVID-19 pandemic has not resulted in a deterioration of the collectability of outstanding receivable balances and as such historic credit losses have not gone up. Therefore, considering the current uncertainty caused by the COVID-19 pandemic did not have an impact on credit losses observed and given the short period of exposure to credit losses, management has considered the impact of macroeconomic factors to be not significant within the reporting period, similar to the pre-COVID period. A trade receivable is written off when there is no reasonable expectation of recovering the contractual cash flows. Generally, trade receivables are written-off if past due for more than two years. The maximum exposure to credit risk for these assets are the carrying amounts presented in Note 15.1 and 15.2.

Set out below is the information about the credit risk exposure on the Group's trade receivables and amounts to be billed using a provision matrix at 30 June 2021 and 30 June 2020:

30 June 2021	**Gross carrying amount**	**Expected credit loss rate**	**Allowance for ECL**
Trade receivables			
Not due	104,387	0.25%	265
<30 days	26,267	0.10%	26
30-90 days	10,416	0.92%	96
90-180 days	2,790	5.27%	147
180-365 days	1,548	19.12%	296
>365 days	1,159	45.73%	530
	146,567	**0.93%**	**1,360**
Amounts to be billed	**87,021**	**0.27%**	**236**
	233,588		**1,596**

In thousands of euros, unless stated otherwise

30 June 2020	**Gross carrying amount**	**Expected credit loss rate**	**Allowance for ECL**
Trade receivables			
Not due	74,589	0.25%	187
<30 days	29,978	0.52%	156
30-90 days	16,845	3.19%	538
90-180 days	3,993	8.97%	358
180-365 days	6,895	14.37%	991
>365 days	1,511	44.28%	669
	133,811	**2.17%**	**2,899**
Amounts to be billed	**87,669**	**0.25%**	**217**
	221,480		**3,116**

For a movement schedule of the allowance for expected credit loss reference is made to Note 15.1.

Other financial assets

The Group maintains procedures to minimize the risk of default. Credit risk is not covered by credit insurance or other credit instruments. The other financial assets are regularly monitored.

The maximum exposure to credit risk for these assets are the carrying amounts presented in Note 14, 15.3 and 16. Due to the nature of the receivables presented (current members, employees and EY member firms) no or very limited risk applies. Amounts due from current members are recovered from the current year's profit distribution or otherwise contractually reclaimed from the members.

For other receivables measured at amortized costs an impairment analysis is performed at each reporting date. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are determined for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is determined for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The impairment analysis is made on an individual basis and is based on invoice categories, ageing, and if available information from the credit control department.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations on the due date. Liquidity risk arises from the ongoing financial obligations of the Group, 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. All cash and cash equivalents are at the free disposal of the Group.

In thousands of euros, unless stated otherwise

The maturity profile of the contractual undiscounted payments, including interest, arising from the Group's financial liabilities at year-end, is as follows:

	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Year ended 30 June 2021					
Interest-bearing loans and borrowings:					
- Lease liabilities	25,118	21,313	42,557	21,174	110,162
- Other interest-bearing loans and borrowings	9,324	10,950	46,906	41,434	108,614
Trade and other payables	203,263	-	-	-	203,263
	237,705	**32,263**	**89,463**	**62,608**	**422,039**
Year ended 30 June 2020					
Interest-bearing loans and borrowings:					
- Lease liabilities	27,284	22,333	48,155	31,358	129,130
- Other interest-bearing loans and borrowings	11,278	7,920	48,678	45,374	113,250
Trade and other payables	154,542	-	-	-	154,542
	193,104	**30,253**	**96,833**	**76,732**	**396,922**

The financing requirements of the Group vary during the year, primarily as a result of the incidence of major payments. The other main source of financing capital expenditure is funding supplied by current and retired members. The Group has sufficient credit facilities with financial institutions.

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. 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 related to lease contracts is fixed for the term of the lease.

In thousands of euros, unless stated otherwise

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

	Increase/ decrease	2020/2021	2019/2020
	in basis points	€000	€000
Effect on profit before tax	+15	256	124
Effect on profit before tax	-15	-256	-124

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 the Group 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 €2.6 million (2019/2020: €2.8 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 €0.2 million (2019/2020: €0.2 million) as a result of changes in the carrying amount of pound sterling-denominated cash and amounts receivable/payable.

24.2 Other notes

Reconciliation of classes and categories
All presented groups of financial assets, except other non-current financial assets, are part of the category debt instruments measured at amortized cost. The financial assets in other non-current financial assets are in the category equity instruments designated at FVOCI and measured at fair value.

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.

As at 30 June 2021 and 30 June 2020, contingent considerations resulting from business combinations are measured at fair value.

The Group assessed that the fair values of cash, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:
- Long-term fixed-rate receivables are evaluated by the Group 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 2021 and 30 June 2020, the carrying amounts of these receivables approximated their fair value.
- Investments in equity instruments are designated at fair value through OCI. Their value is determined under a discounted cash flow model using projected cash flows.
- The fair value of fixed-rate borrowings and obligations under leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. At 30 June 2021 and 30 June 2020, 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, with the exception of Investment in equity instruments which are of a level 3-type.

25 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 assets, such as office buildings, cars and mobile devices, are funded through leases. Working capital is managed in such a manner that in principle no other external bank needs to be called upon, other than for seasonal patterns, and no other financing needs to be drawn. The same criteria apply to advances of profit shares to the current members for the financial year. An exception to this is specific financing of the settlement of drawing rights for which loans from EYGF have been drawn.

In order to strengthen the working capital of EYNL and the underlying entities, the Board of Directors decided during 2019/2020 to make an additional capital call to the current members which resulted in an increase of members' capital of €30.8 million and a (subordinated) loan held by Stichting Confidentia on behalf of the members of €11.3 million. As a result for a number of members the maximum capital amount is reached.

In thousands of euros, unless stated otherwise

26 Related parties and strategic alliance

26.1 Related parties

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

	Country of incorporation		Equity interest
		30 June 2021	**30 June 2020**
Ernst & Young Accountants LLP	United Kingdom	100%	100%
EY Advisory Netherlands 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%
EY-Parthenon B.V.	The Netherlands	100%	100%
CFORS B.V.	The Netherlands	100%	100%
EY Montesquieu Finance B.V.	The Netherlands	100%	100%
EY Montesquieu Institutional Risk Management B.V.	The Netherlands	100%	100%
EY VODW B.V.	The Netherlands	100%	100%

On 6 February 2021 the Data & Analytics activities of EY VODW B.V. were transferred to EY Advisory Netherlands LLP.

On 4 July 2020 the activities of CFORS B.V. were transferred to EY Advisory Netherlands LLP. On 1 July 2019, Ernst & Young Participaties B.V. became the beneficial owner of the shares of CFORS B.V. Until 1 July 2019 Ernst & Young Participaties B.V. was only the legal owner of the shares issued and had no control over CFORS B.V.

On 1 July 2019, the activities of EY Montesquieu Finance B.V. and EY Montesquieu Institutional Risk Management B.V. were transferred to EY Advisory Netherlands LLP and Ernst & Young Actuarissen B.V. On the same date, the interim services activities of EY VODW B.V. were also transferred to EY Advisory Netherlands LLP.

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 assessed the arrangements between EY Europe and EYNL, and considered 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.

In thousands of euros, unless stated otherwise

During 2020/2021 and 2019/2020 there were no sales to and purchases from EY Europe. As at 30 June 2021 and 30 June 2020, there were no outstanding balances with EY Europe.

26.2 Strategic alliance

EYB has a strategic alliance with HVG Law 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 2021 and 30 June 2020.

	2020/2021	**2019/2020**
Sales	8,853	11,484
Purchases	11,586	10,620
Current amounts receivable at 30 June (Gross amounts)	4,919	1,050
Current amounts payable at 30 June	676	174

26.3 Terms and conditions of transactions

Services provided to and received from related parties and strategic alliance 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/strategic alliance receivable or payable.

For the year ended 30 June 2021, the Group did not record any impairment of receivables from related parties and strategic alliance (30 June 2020: €nil). This assessment is undertaken each financial year through examining the financial position of the related party/strategic alliance and the market in which it operates.

26.4 Compensation of key management personnel of EYNL

Key management personnel are the designated members of EYNL, EYA, EYAN and EYB and the members of the Supervisory Board of EYNL during the financial year.
At 30 June 2021, there were 5 designated members (30 June 2020: 5) with an average during 2020/2021 of 4.9 members (2019/2020: 5). The designated members receive their remuneration through their private practice companies, being a total of €6.0 million (2019/2020: €6.1 million).
The remuneration of the Supervisory Board members for 2020/2021 is a total amount of €0.4 million 2019/2020: €0.4 million).

27 Commitments and contingencies

Contingent liabilities

As part of the purchase agreements with the previous owners of the acquired business and/or entities, considerations have been agreed. Payments of these considerations are subject to the retention of the former ultimate shareholders/partners and/or employees.

Next year there will be a final additional cash payment to the previous owners of an acquired entity, if still employed by the Group, to a maximum of €1.0 million (2019/2020: maximum €2.2 million regarding previous owners and employees).

Proceedings and claims

Disciplinary and civil law proceedings and claims have been brought against EY members, professionals and entities pursuant to alleged professional negligence and other claims. Where required, forceful defense 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.

The Group carries professional indemnity insurance, which is principally written through a captive insurance company involving other EY member firms and a proportion of the total cover is insured through the commercial market. In the normal course of business, entities may receive claims for alleged negligence. 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 defense and settlements. 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.

Current external proceedings

EYA is suspect in a case regarding our reporting responsibility under the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (‘Wwft’) in connection with a former audit client. The case has been put on hold pending further investigation by the investigating magistrate.

Deferred balance – EY member firms

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

Funding of settlement of drawing rights

Contributions totaling €217.9 million were obtained from EYGS to fund the settlement of drawing rights:

- EYGF has committed loans for a total amount of €98.9 million to finance the settlement of drawing rights in 2008/2009. The repayment of the remaining loan with a face value 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 23).

28 Events after the reporting period

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

Separate Financial Statements

For the year ended 30 June 2021
Ernst & Young Nederland LLP

Building a better working world

Statement of profit or loss of Ernst & Young Nederland LLP

for the year ended 30 June 2021 | In thousands of euros

	Notes	2020/2021	2019/2020
Revenue			
Rendering of services		3,344	1,836
Other income	33	133,698	117,112
		137,042	**118,948**
Operating expenses			
Services provided by foreign EY member firms and third parties		751	1,940
Employee benefits expenses	34.1	52,697	50,948
Amortization of intangible assets		143	-
Depreciation and impairment of property, plant and equipment	37	6,317	4,646
Depreciation and impairment of right-of-use assets	38	19,941	15,043
Other operating expenses	34.2	48,843	40,945
		128,692	**113,522**
Operating profit		**8,350**	**5,426**
Finance income	35.1	7,973	9,457
Finance expenses	35.2	-5,847	-3,724
Share of profit from subsidiaries	39	150,137	126,579
Profit before tax		**160,613**	**137,738**
Income tax expense	36	-	-
Profit for the financial year		**160,613**	**137,738**
Profit attributable to members of EYNL		**160,613**	**137,738**

Statement of other comprehensive income of Ernst & Young Nederland LLP

for the year ended 30 June 2021 | In thousands of euros

	Notes	2020/2021	2019/2020
Profit for the financial year		**160,613**	**137,738**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and (losses) on defined benefit plans	47.2	65	68
Other comprehensive income for the year, net of tax		**65**	**68**
Total comprehensive income for the year, net of tax		**160,678**	**137,806**
Total comprehensive income for the year attributable to members of EYNL		**160,678**	**137,806**

Statement of financial position of Ernst & Young Nederland LLP

as at 30 June 2021 | In thousands of euros

	Notes	30 June 2021	30 June 2020
Assets			
Non-current assets			
Intangible assets		75	125
Property, plant and equipment	37	19,869	21,424
Right-of-use assets	38	78,799	96,415
Investment in subsidiaries	39	27,640	27,640
Other non-current financial assets	40	13,877	14,148
		140,260	**159,752**
Current assets			
Other receivables	41	117,796	134,927
Prepayments	42	84,379	86,581
Other current financial assets	40	10,279	10,488
Cash and cash equivalents		170,222	82,732
		382,676	**314,728**
Total assets		**522,936**	**474,480**
Equity and liabilities			
Current liabilities			
Trade and other payables	43	114,920	84,002
Interest-bearing loans and borrowings	44	31,964	35,293
Provisions	46	569	573
Employee benefits	47	7,650	4,540
		155,103	**124,408**
Non-current liabilities			
Interest-bearing loans and borrowings	44	150,999	165,910
Other non-current financial liabilities	45	250	731
Provisions	46	1,509	2,334
Employee benefits	47	5,165	4,860
		157,923	**173,835**
Total liabilities		**313,026**	**298,243**
Equity			
Members' capital	48	107,628	112,038
Reserves	49	102,282	64,199
Total equity		**209,910**	**176,237**
Total equity and liabilities		**522,936**	**474,480**

The financial statements of Ernst & Young Nederland LLP, registered no OC335595, were signed on 27 September 2021 by J.L. Davidson on behalf of Mr. J.L. Davidson B.V.

Statement of changes in equity of Ernst & Young Nederland LLP

for the year ended 30 June 2021 | In thousands of euros

	Members' capital	Profit available for distribution	Retained earnings	Total reserves	Total equity
At 1 July 2019	84,407	136,190	-75,061	61,129	145,536
Profit for the financial year	-	122,267	15,471	137,738	137,738
Other comprehensive income	-	68	-	68	68
Total comprehensive income	**-**	**122,335**	**15,471**	**137,806**	**137,806**
Profit distribution 2018/2019	-	-136,190	1,454	-134,736	-134,736
Contribution of capital from current members	35,598	-	-	-	35,598
Repayment on retirement	-7,967	-	-	-	-7,967
At 30 June 2020	**112,038**	**122,335**	**-58,136**	**64,199**	**176,237**
Profit for the financial year	-	146,160	14,453	160,613	160,613
Other comprehensive income	-	65	-	65	65
Total comprehensive income	**-**	**146,225**	**14,453**	**160,678**	**160,678**
Profit distribution 2019/2020	-	-122,335	-260	-122,595	-122,595
Contribution of capital from current members	3,230	-	-	-	3,230
Repayment on retirement	-7,640	-	-	-	-7,640
At 30 June 2021	**107,628**	**146,225**	**-43,943**	**102,282**	**209,910**

Negative retained earnings are mainly a result of settlement of drawing rights in 2006/2007 and 2008/2009 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. Also the future cash flow will not be significantly negatively influenced as a result of the settlement of the drawing rights. For these reasons EYNL will be able to continue distribution of its profits.

Statement of cash flows of Ernst & Young Nederland LLP

for the year ended 30 June 2021 | In thousands of euros

	Notes	2020/2021	2019/2020 Restated[1]
Operating activities			
Profit for the financial year		160,613	137,738
Share of profit from subsidiaries	39	-150,137	-126,579
		10,476	**11,159**
Adjustment for:			
Amortization of intangible assets		143	-
Depreciation and impairment of property, plant and equipment	37	6,317	4,646
Depreciation and impairment of right-of-use assets	38	19,941	15,043
Lease payments received on lease receivables		12,395	12,687
Finance income and expenses	35	-2,126	-6,001
Gains on leases and the sale of assets		-645	-257
Increase in employee benefits	47	3,466	730
Decrease in provisions	46	-924	-1,757
		49,043	**36,250**
Working capital adjustments:			
Movement in other receivables and prepayments		171,121	168,500
Increase in trade and other payables		6,832	2,542
Net cash flow from operating activities		**226,996**	**207,292**
Investing activities			
Purchase of intangible assets		-93	-125
Purchase of property, plant and equipment	37	-5,275	-2,197
Disposals of property, plant and equipment	37	513	387
Repayment of other financial assets/loans		-	152
Interest received		7,555	9,725
Net cash flow from investing activities		**2,700**	**7,942**
Financing activities			
Payment from/(to) current and retired members (current account)		23,510	-40,036
Prepayments to current members	42	-57,351	-61,483
Payment of profit distribution 2019/2020 (2018/2019)		-66,895	-70,956
Contributions of capital from current members	48	3,230	35,598
Repayment of capital contributions on retirement	48	-7,640	-7,967
Repayment of lease liabilities	38	-30,000	-29,455
Proceeds from interest-bearing loans and borrowings	44	8,690	27,121
Repayment of interest-bearing loans and borrowings	44	-12,087	-13,507
Interest paid		-3,663	-3,057
Net cash flows used in financing activities		**-142,206**	**-163,742**
Net cash flow		**87,490**	**51,492**
Net cash and cash equivalents 1 July		82,732	31,240
Net cash flow		87,490	51,492
Net cash and cash equivalents 30 June		**170,222**	**82,732**

[1] Reference is made to Note 30.2

Notes to the separate financial statements of Ernst & Young Nederland LLP

In thousands of euros, unless stated otherwise

29 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 2020/2021 (53 weeks) started on 4 July 2020 and ended on 2 July 2021 and the financial year 2019/2020 (52 weeks) started on 29 June 2019 and ended on 3 July 2020. Accordingly, references to 30 June 2021 must be read as references to 2 July 2021 and references to 30 June 2020 must be read as references to 3 July 2020.

30 Accounting policies

30.1 Basis of preparation

The separate financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the Companies Act 2006 (IFRS).

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), unless stated otherwise.

Impact of COVID-19

Reference is made to Note 2.1 of the consolidated financial statements.

30.2 Restatement comparative figures Statement of cash flows

The comparative figures presented in the Statement of cash flows of the parent entity EYNL have been restated to correct a presentation error. Profit share received from subsidiaries was previously presented in financing activities within line item 'Payment from/(to) current and retired members (current account)' and on further review it was noted that these represent operating cash flows, which help determine the profits available for distribution to the members of EYNL.

As a result of this, the following lines have been adjusted in the separate statement of cash flows of EYNL:

- Payment from/(to) current and retired members (decrease of €126.6 million)
- Payment of profit distribution 2018/2019 (increase of €2.3 million)
- Decrease in trade, other receivables and prepayments (increase of €124.3 million)

The restatement is presentational in nature and therefore does not affect profit, net assets or overall cash flows.

30.3 Changes in accounting policy and disclosures

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

30.4 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, EYAN and EYB except in specific professional matters. EYA, EYAN 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 EYA, EYAN and EYB are nil. The distribution of profits from EYA, EYAN and EYB to EYNL has been determined to be an operating cash flow in the separate statement of cash flows of EYNL, which is included in the movement in other receivables and prepayments.

In thousands of euros, unless stated otherwise

31 Standards issued but not yet effective

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

32 Significant accounting judgments, estimates and assumptions

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

33 Other income

Other income relates to expenses charged to EYA, EYAN, EYB and other subsidiaries. These expenses include other employee expenses, premises, office expenses, IT expenses, finance expenses and income and other expenses.

34 Operating expenses

34.1 Employee benefits expenses

	2020/2021	**2019/2020**
Salaries and bonuses	38,259	36,633
Social security charges	4,979	5,104
Pension contributions	4,806	4,864
Mobility expenses	2,177	3,192
Other staff expenses	2,476	1,155
	52,697	**50,948**

Salaries and bonuses include vacation allowance.

The employees are primarily based in the Netherlands. The average number of staff (excluding members) in full time equivalents (FTE) during the year was:

FTE	**2020/2021**	**2019/2020**
Client serving staff	14	3
Support staff	503	510
	517	**513**

In thousands of euros, unless stated otherwise

34.2 Other operating expenses

	2020/2021	2019/2020
Premises expenses	8,829	8,613
Other staff expenses	1,647	2,347
Office expenses	5,000	5,450
IT expenses	8,317	4,845
International EY charges	5,232	504
Fees charged to subsidiaries	-1,500	-1,500
Other expenses	21,318	20,686
	48,843	**40,945**

Auditors' remuneration of €0.2 million (2019/2020: €0.1 million) is included in other expenses. Of this amount, €0.2 million (2019/2020: €0.1 million) was charged in respect of the partnership and the consolidated financial statements and €0.03 million (2019/2020: €0.03 million) for various other audit services.

35 Finance income and expenses

35.1 Finance income

	2020/2021	2019/2020
Interest on bank balances and deposits	-	7
Interest on (un)billed receivables held by subsidiaries	7,187	8,897
Other interest and similar income	786	553
	7,973	**9,457**

35.2 Finance expenses

	2020/2021	2019/2020
Interest on loans granted by current and retired members	2,159	1,971
Interest on current and retired members' current account balances	503	424
Total current and retired members interest expenses	2,662	2,395
Interest expenses on other interest bearing loans and borrowings	2,472	794
Unwinding of discount on provisions	197	257
Other interest and similar expense	516	278
	5,847	**3,724**

36 Income tax expense

Tax on the result for the financial year is borne by the members' private practice companies. 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.

In thousands of euros, unless stated otherwise

37 Property, plant and equipment

	Capital expenditure in rented properties	Fixtures and fittings, computers	Total
At 1 July 2019	17,248	6,970	24,218
Additions	1,021	1,175	2,196
Disposals	-341	-3	-344
Depreciation	-2,620	-2,026	-4,646
At 30 June 2020	**15,308**	**6,116**	**21,424**
Additions	4,801	474	5,275
Disposals	-386	-127	-513
Impairment	-1,752	-	-1,752
Depreciation	-2,554	-2,011	-4,565
At 30 June 2021	**15,417**	**4,452**	**19,869**
Cost	47,913	35,769	83,682
Accumulated depreciation and impairments	-30,665	-25,841	-56,506
At 1 July 2019	**17,248**	**9,928**	**27,176**
Cost	48,593	29,983	78,576
Accumulated depreciation and impairments	-33,285	-23,867	-57,152
At 30 June 2020	**15,308**	**6,116**	**21,424**
Cost	40,913	25,743	66,656
Accumulated depreciation and impairments	-25,496	-21,291	-46,787
At 30 June 2021	**15,417**	**4,452**	**19,869**

As a result of our office space reduction plan based on our FitForFuture@WORK program there was an impairment loss of €1.8 million on capital expenditure in rented properties in 2020/2021, which was recognized in the consolidated statement of profit or loss under Depreciation and impairment of property, plant and equipment. The recoverable amount was based on value in use and was determined at the level of the respective office floors.

Assets under construction of €4.7 million are included in Capital expenditure in rented properties (30 June 2020: nil).

As at 30 June 2021, there are contractual obligations for purchasing property, plant and equipment for an amount of €2.2 million (as at 30 June 2020: no contractual obligations).

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

In thousands of euros, unless stated otherwise

38 Leases

EYNL as a lessee
EYNL has lease contracts for various assets such as office buildings, cars and mobile devices used in its operations. Leases of office buildings generally have lease terms between 5 and 10 years, cars generally have lease terms between 2 and 5 years, and mobile devices generally have lease terms between 1 and 3 years, all from the commencement date of the lease. EYNL's obligations under its leases are secured by the lessor's title to the leased assets. Generally, EYNL has the unrestricted option to assign and sublease the leased assets to related parties and group entities.

There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

EYNL also has certain leases of cars and office equipment with lease terms of 12 months or less and leases of office equipment with low value. EYNL applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets
Set out below, are the carrying amounts of EYNL's right-of-use assets and lease liabilities and the movements during the period:

	Office buildings	Cars	Mobile devices	Total
At 1 July 2019	92,709	2,053	788	95,550
Additions	15,165	16,157	296	31,618
Depreciation	-13,746	-901	-396	-15,043
Disposals	-98	-15,360	-252	-15,710
At 30 June 2020	**94,030**	**1,949**	**436**	**96,415**
Additions	580	11,236	2,449	14,265
Impairment charge	-5,249	-	-	-5,249
Depreciation	-13,346	-957	-389	-14,692
Disposals	-28	-9,742	-2,170	-11,940
At 30 June 2021	**75,987**	**2,486**	**326**	**78,799**

The initiatives of the FitForFuture@WORK program has resulted in an office space reduction plan, which resulted in a trigger for conducting an impairment analysis of specific office space. The impairment loss of € 5.2 million, relates to office space that is currently vacant or in the process of being vacated in the near future and is recognized in the consolidated statement of profit or loss under Depreciation and impairment of right-of-use assets. The recoverable amount was based on value in use and was determined at the level of the vacated office space. In determining value in use, cash flows were estimated based on current estimates of potential sublet value of the respective office spaces.

In thousands of euros, unless stated otherwise

Interest-bearing loans and borrowings
Refer to Note 50.1 for the maturity table of interest-bearing loans and borrowings, which includes the lease liabilities.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2020/2021	2019/2020
At 1 July	125,804	124,817
Additions	13,542	30,694
Accretion of interest	492	336
Payments	-30,492	-29,790
Terminations	-365	-253
At 30 June	**108,981**	**125,804**

	Office buildings	Cars	Mobile devices	Total
<1 year	14,320	9,721	668	24,709
1-2 Years	14,021	7,081	-	21,102
2-5 years	35,470	6,568	-	42,038
> 5 years	21,132	-	-	21,132
At 30 June 2021	**84,943**	**23,370**	**668**	**108,981**
<1 year	14,637	9,327	2,183	26,147
1-2 Years	14,163	7,120	654	21,937
2-5 years	39,014	7,397	-	46,411
> 5 years	31,309	-	-	31,309
At 30 June 2020	**99,123**	**23,844**	**2,837**	**125,804**

Guarantees totaling some €0.8 million (2019/2020: €0.8 million) have been issued for lease commitments.

In thousands of euros, unless stated otherwise

The following amounts are recognized in the statement of profit or loss:

	2020/2021	2019/2020
Depreciation expense of right-of-use assets	-14,692	-15,043
Impairment expense of right-of-use assets	-5,249	-
Interest expense on lease liabilities	-492	-336
Expenses related to short-term leases (included in Employee benefits expenses and Other operating expenses)	-3	-17
Income from subleasing right-of-use assets	68	257
Variable lease payments	-7	-21
Total amount recognized in profit or loss	**-20,375**	**-15,160**

EYNL had total cash outflows for leases of €30.5 million in the current year (2019/2020: €29.5 million). EYNL also had non-cash additions to right-of-use assets of €14.3 million (2019/2020: €31.6 million), including €0.7 million (2019/2020: €0.9 million) transfers from finance lease receivables, and lease liabilities of €13.6 million (2019/2020: €30.7 million) in 2020/2021.

Extension and termination options

EYNL has several lease contracts that include extension and termination options. These options are negotiated by EYNL to provide flexibility in managing the leased-asset portfolio and mainly relates to the more significant locations of EYNL. EYNL exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 32). Lease contracts are often modified before being extended.

EYNL as a lessor

EYNL has entered into subleases as intermediate lessor on leased assets with respect to office buildings, cars and mobile devices. These subleases have terms of between 1 and 5 years. Most leases are with related parties and agreed upon at arms' length principles. Subleases with subsidiaries for cars and mobile devices classify as finance leases. Furthermore, certain additional office space is subleased to third parties, which classify as finance leases.

EYNL is the primary contract party in these lease agreements. The required capacity of assets to be leased is assessed centrally by EYNL, taking into account the demand of all subsidiaries of EYNL. The subleased assets include office space, cars and mobiles devices. Due to the generic nature of the leased assets, they can be utilized within EYNL by any of its subsidiaries. If assets are no longer used by one subsidiary, EYNL deploys the asset within another subsidiary by making use of a pooling strategy. Hence, the likelihood of the assets not being utilized is limited. Long-term excessive capacity is subleased to third parties where possible. All leases in which EYNL acts as lessor include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions, as such resulting in a potential yearly indexation. None of the leased assets for which EYNL acts as a lessor are owned by EYNL, further diminishing the risks associated with any rights retained in the underlying assets.

In thousands of euros, unless stated otherwise

Finance leases

The net investment in the finance lease as included in the Other (non-)current financial assets is as follows:

	2020/2021	2019/2020
At 1 July	24,636	22,888
Additions	11,497	14,435
Interest accretion	418	268
Repayments	-12,395	-12,955
At 30 June	**24,156**	**24,636**

	30 June 2021	30 June 2020
With a term < 1 year	10,279	10,488
With a term > 1 year	13,877	14,148
At 30 June	**24,156**	**24,636**

Future minimum undiscounted rentals receivable under non-cancellable finance leases are as follows:

	30 June 2021	30 June 2020
2020/2021	-	10,511
2021/2022	10,279	7,162
2022/2023	7,512	4,309
2023/2024	4,464	2,451
2024/2025	1,643	228
2025/2026	258	-
Total undiscounted rental income receivable	**24,156**	**24,661**
Unearned finance income	-	-25
Net investment in finance leases	**24,156**	**24,636**

EYNL has recognized the following amounts in the statement of profit and loss related to its subleases:

	2020/2021	2019/2020
Operating subleases		
Rental income (fixed payments)	-	-
Finance lease		
Selling profit (loss)	68	257
Total income from subleasing	**68**	**257**

In thousands of euros, unless stated otherwise

39 Investments in subsidiaries

	Country of incorporation	Equity interest	
		30 June 2021	30 June 2020
Direct subsidiaries			
Ernst & Young Accountants LLP	United Kingdom	100%	100%
EY Advisory Netherlands 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			
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%
EY-Parthenon B.V.	The Netherlands	100%	100%
CFORS B.V.	The Netherlands	100%	100%
EY Montesquieu Finance B.V.	The Netherlands	100%	100%
EY Montesquieu Institutional Risk Management B.V.	The Netherlands	100%	100%
EY VODW B.V.	The Netherlands	100%	100%

The share of profit from investments is as follows:

	2020/2021	2019/2020
Ernst & Young Accountants LLP	47,615	51,902
EY Advisory Netherlands LLP	39,198	15,755
Ernst & Young Belastingadviseurs LLP	63,324	58,922
	150,137	**126,579**

Ernst & Young Participaties Coöperatief U.A. has four members. The members have equal voting rights, each 25%.

On 6 February 2021 the Data & Analytics activities of EY VODW B.V. were transferred to EY Advisory Netherlands LLP.

On 4 July 2020 the activities of CFORS B.V. were transferred to EY Advisory Netherlands LLP. On 1 July 2019, Ernst & Young Participaties B.V. became the beneficial owner of the shares of CFORS B.V.

In thousands of euros, unless stated otherwise

Until 1 July 2019 Ernst & Young Participaties B.V. was only the legal owner of the shares issued and had no control over CFORS B.V.

On 1 July 2019, the activities of EY Montesquieu Finance B.V. and EY Montesquieu Institutional Risk Management B.V. were transferred to EY Advisory Netherlands LLP and Ernst & Young Actuarissen B.V. On the same date, the interim services activities of EY VODW B.V. were also transferred to EY Advisory Netherlands LLP.

40 Other non-current and current financial assets

	Interest rate	Maturity	30 June 2021	30 June 2020
Non-current				
Net investments in finance leases (see Note 38)	0-2.9%	Up to 2024	13,877	14,148
			13,877	**14,148**
Current				
Net investments in finance leases (see Note 38)	0-2.9%	2021/2022	10,279	10,488
			10,279	**10,488**

41 Other receivables

	30 June 2021	30 June 2020
Other receivables	117,796	134,927
	117,796	**134,927**

41.1 Other receivables

Other receivables (non client related) are mainly due from EY member firms.

Other receivables are net of expected credit losses (ECL). Due to immateriality no movement schedule of ECL is disclosed.
In the separate statement of profit or loss a gain of €0.02 million (2019/2020 a loss of: €0.02 million) has been recognized under other operating expenses.

The information about the credit exposures is disclosed in Note 50.1

Receivables from related parties are included in other receivables. For further information regarding related parties reference is made to Note 51.

In thousands of euros, unless stated otherwise

42 Prepayments

	30 June 2021	30 June 2020
Profit-share advances paid to current members	57,351	61,483
Other prepayments	27,028	25,098
	84,379	**86,581**

43 Trade and other payables

	30 June 2021	30 June 2020
Amounts due to current and retired members	34,043	10,533
Trade payables	16,470	16,322
Taxes and social security	37,089	35,645
Other financial liabilities	482	648
Other payables	26,836	20,854
	114,920	**84,002**

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.

Further details regarding the other financial liabilities are included in Note 45.

Payables from related parties and strategic alliance are included in trade payables. For further information regarding related parties reference is made to Note 51.

44 Interest-bearing loans and borrowings

Reference is made to Note 18 of the consolidated financial statements and to Note 38.

45 Other financial liabilities

	30 June 2021	30 June 2020
Other financial liabilities at amortized costs		
Deferred income	732	1,379
	732	**1,379**
With a term < 1 year	482	648
With a term > 1 year	250	731
	732	**1,379**

In thousands of euros, unless stated otherwise

Deferred income
Deferred income as at 30 June 2021 and 30 June 2020 mainly consist of incentives related to a facility services contract.

The amount regarding to the next financial year is included in the Trade and other payables, see Note 43.

Changes in financial liabilities arising from financing activities
All movements during 2020/2021 and 2019/2020 were non-cash movements.

46 Provisions

	Decommissioning costs	Drawing rights of current members	Total
At 1 July 2019	750	3,759	4,509
Payments	-	-802	-802
Amounts released	-445	-509	-954
Unwinding of discount	-	154	154
At 30 June 2020	**305**	**2,602**	**2,907**
Payments	-	-751	-751
Amounts released	-10	-163	-173
Unwinding of discount	-	95	95
At 30 June 2021	**295**	**1,783**	**2,078**
With a term < 1 year	145	428	573
With a term > 1 year	160	2,174	2,334
At 30 June 2020	**305**	**2,602**	**2,907**
With a term < 1 year	135	434	569
With a term > 1 year	160	1,349	1,509
At 30 June 2021	**295**	**1,783**	**2,078**

Decommissioning costs
This provision relates to the expected cost of returning rented offices to their original condition when they are vacated. The provision for decommissioning costs is calculated at present value using a discount rate of 0.08% for lease contracts ending within 6 years (30 June 2020: 0.17%) and of 0.25% for lease contract with a term of 6 years or longer (30 June 2020: 0.30%).

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.

In thousands of euros, unless stated otherwise

The obligation is recognized at the best estimate of the expected payments upon retirement of the respective members, using actuarial assumptions and discounted at a pre-tax rate of 5.0% (30 June 2020: 5.0%).

47 Employee benefits

	30 June 2021	30 June 2020
Current liabilities		
Payments to be made to staff	4,429	2,389
Defined benefit pension plan	75	78
Salary payments during absence	3,059	1,954
Provision for long-service awards	87	119
	7,650	**4,540**
Non-current liabilities		
Payments to be made to staff	3,364	2,990
Defined benefit pension plan	1,282	1,363
Salary payments during absence	-	15
Provision for long-service awards	519	492
	5,165	**4,860**

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

47.1 Defined contribution pension plan

For a description of the pension schemes of EYNL, reference is made to Note 2.4 of the consolidated financial statements.

The total amount of the defined contribution plan charged to profit or loss during the financial year was €4.8 million (2019/2020: €4.9 million).

47.2 Defined benefit pension plan

For a description of the pension schemes of EYNL, reference is made to Note 2.4 of the consolidated financial statements.

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

In thousands of euros, unless stated otherwise

	DB obligation to pension accrual during prepension period	DB obligation to index paid-up entitlements	Total
At 1 July 2019	455	1,091	1,546
Interest cost	-	19	19
Benefits paid	-31	-	-31
Actuarial (gains)/losses on obligation	-25	-68	-93
At 30 June 2020	**399**	**1,042**	**1,441**
Interest cost	-1	9	8
Benefits paid	-36	-	-36
Actuarial (gains)/losses on obligation	9	-65	-56
At 30 June 2021	**371**	**986**	**1,357**
With a term < 1 year	75	-	75
With a term > 1 year	296	986	1,282
At 30 June 2021	**371**	**986**	**1,357**

The principal assumptions use for DB (Defined Benefit) obligation to pension accrual during prepension period are:

	30 June 2021	30 June 2020
Discount rate	-0.29%	0.07%
General salary increase	2.0%	2.0%
Inflation	2.0%	2.0%
Likelihood of leaving:		
50-54	6.0%	6.0%
55-59	3.0%	3.0%
60-62	0.0%	0.0%

In thousands of euros, unless stated otherwise

The principal assumptions use for DB obligation to index paid-up entitlements are:

	30 June 2021	30 June 2020
Discount rate	0.35%	0.9%
General salary increase	0.0%	0.0%
Inflation	0.3%	0.3%
Mortality rates	2020 Forecast tables of the Dutch Actuarial Association	2018 Forecast tables of the Dutch Actuarial Association

The total amount of defined benefit obligation charged to profit during the financial year was €0.01 million (2019/2020: €0.02 million). The actuarial gain of the current year of €0.06 million (2019/2020: a gain of €0.09 million) is recognized in other comprehensive income.

47.3 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 according to Labour Capacity Act (WIA). The provision for supplementary disability benefits under the WIA was ended in 2020/2021.

The movements in the provision were as follows:

	2020/2021	2019/2020
At 1 July	1,969	1,231
Additions	3,518	2,297
Adjustment	-1	-510
Payments	-510	-327
Released	-1,917	-722
At 30 June	**3,059**	**1,969**

	30 June 2021	30 June 2020
With a term < 1 year	3,059	1,954
With a term > 1 year	-	15
	3,059	**1,969**

In thousands of euros, unless stated otherwise

The principal assumptions used for the provision for supplementary disability benefits under the WIA at 30 June 2020 were:

	30 June 2021	30 June 2020
Discount rate	-	0.5%
Probability rate	-	Kazo 2000
Mortality rates	-	2018 Forecast tables of the Dutch Actuarial Association

47.4 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:

	2020/2021	2019/2020
At 1 July	611	605
Additions	142	199
Payments	-153	-199
Unwinding of discount	6	6
At 30 June	**606**	**611**

	30 June 2021	30 June 2020
With a term < 1 year	87	119
With a term > 1 year	519	492
	606	**611**

The principal assumptions used are:

	30 June 2021	30 June 2020
Discount rate	1.0%	1.0%
Factor for attrition, mortality and disability	19.7%	19.6%
Future salary increase	2.3%	2.4%

48 Members' capital
Reference is made to Note 22 of the consolidated financial statements.

49 Reserves
49.1 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 and the Supervisory Board.

49.2 Retained earnings
This reserve relates mainly to the settlement of drawing rights in the 2006/2007 and 2008/2009 financial years to retired members, which will be settled in annual installments in the period to 2026 (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 is deducted from the reserve.

The retained earnings also include the settlement of goodwill and onerous contracts and the actuarial gains and losses arising on defined benefit pension plans.

50 Financial instruments
50.1 Financial instruments risk management objectives and policies
EYNL's principal financial liabilities comprise loans and borrowings, and trade and other payables, including amounts owed to and due from current and retired members. The main purpose of these financial liabilities is to finance the EYNL's operations. EYNL's principal financial assets include trade and other receivables and cash that arise from normal commercial activities. EYNL also holds investments in debt and equity instruments.

EYNL has not enter into derivative transactions and 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 amounts due from current members.

EYNL maintains procedures to minimize the risk of default. Credit risk is not covered by credit insurance or other credit instruments. The other financial assets are regularly monitored.

EYNL's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2021 and 30 June 2020 is the carrying amounts presented in Note 40, 41 and 42. Due to the nature of these receivables no or very limited risk applies. Amounts due from current members are recovered from the current year's profit distribution or otherwise contractually reclaimed from the members.

For other receivables measured at amortized costs an impairment analysis is performed at each reporting date. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are determined for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is determined for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The impairment analysis is made on an individual basis and is based on invoice categories, ageing, and if available information from the credit control department.

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. All cash and cash equivalents are at the free disposal of EYNL.

In thousands of euros, unless stated otherwise

The maturity profile of the undiscounted contractual payments, including interest, arising from EYNL's financial liabilities at year-end, is as follows:

	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Year ended 30 June 2021					
Interest-bearing loans and borrowings:					
- Lease liabilities	24,833	21,313	42,557	21,174	109,877
- Other interest-bearing loans and borrowings	9,324	10,950	46,906	41,434	108,614
Trade and other payables	114,920	-	-	-	114,920
	149,077	**32,263**	**89,463**	**62,608**	**333,411**
Year ended 30 June 2020					
Interest-bearing loans and borrowings:					
- Lease liabilities	26,139	21,944	46,988	31,342	126,413
- Other interest-bearing loans and borrowings	11,278	7,920	48,678	45,374	113,250
Trade and other payables	84,002	-	-	-	84,002
	121,419	**29,864**	**95,666**	**76,716**	**323,665**

The financing requirements of EYNL vary during the year, primarily as a result of the incidence of major payments. The other main source of financing capital expenditure is funding supplied by current and retired members. EYNL has sufficient credit facilities with financial institutions.

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. 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 related to lease contracts is fixed for the term of the lease.

In thousands of euros, unless stated otherwise

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	2020/2021	2019/2020
	in basis points	€000	€000
Effect on profit before tax	+15	255	124
Effect on profit before tax	-15	-255	-124

Foreign currency risk

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

If the US dollar exchange rate were to change by 10%, the impact on profit or loss would be €1.7 million (2019/2020: €2.1 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 (2019/2020: €0.1 million) as a result of changes in the carrying amount of pound sterling-denominated cash and amounts receivable/payable.

50.2 Other notes

Reconciliation of classes and categories

All presented groups of financial assets, except other non-current financial assets, are part of the category debt instruments measured at amortized cost. The financial assets in other non-current financial assets are in the category equity instruments designated at FVOCI and measured at fair value.

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.

EYNL assessed that the fair values of cash, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- 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 2021 and 30 June 2020, the carrying amounts of these receivables approximated their fair value.

In thousands of euros, unless stated otherwise

- The fair value of fixed-rate borrowings and obligations under leases is estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities. At 30 June 2021 and 30 June 2020, 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.

51 Related parties and strategic alliance

51.1 Related parties

The financial statements include the financial information of EYNL and the direct and indirect subsidiaries listed in Note 39.

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 assessed the arrangements between EY Europe and EYNL and considered 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.

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 2021 and 30 June 2020.

	2020/2021	**2019/2020**
Entity with significant influence over EYNL		
Sales / Purchases	-	-
Current amounts receivable / payable at 30 June	-	-
Subsidiaries of EYNL		
Proceeds from other income	133,698	117,112
Purchases	978	390
Current amounts receivable at 30 June (Gross amounts)	101,080	111,381
Current amounts payable at 30 June	12,528	14,999

In thousands of euros, unless stated otherwise

51.2 Strategic alliance

EYB has a strategic alliance with HVG Law 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 2021 and 30 June 2020.

	2020/2021	2019/2020
Purchases	1,727	1,637
Current amounts receivable / payable at 30 June	-	-

51.3 Terms and conditions of transactions

Services provided to and received from related parties and strategic alliance 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/strategic alliance receivable or payable.

For the year ended 30 June 2021, EYNL did not record any impairment of receivables of related parties and strategic alliance (30 June 2020: €nil). An assessment is undertaken each financial year by examining the financial position of the related party/strategic alliance and the market in which it operates.

51.4 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. At 30 June 2021, there were 5 designated members (30 June 2020: 5) with an average during 2020/2021 of 4.9 members (2019/2020: 5). The designated members receive their remuneration through their private practice companies, being a total of €6.0 million (2019/2020: €6.1 million).
The remuneration of the Supervisory Board members for 2020/2021 is a total amount of €0.4 million (2019/2020: €0.4 million).

52 Commitments and contingencies

Reference is made to Note 27 of the consolidated financial statements.

53 Events after the reporting period

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