Financial Statements

For the year ended 30 June 2023

Ernst & Young Nederland LLP

Building a better working world

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 2023.

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 2023 are detailed in Note 26 of the Financial Statements.

Board of Directors

The Board of Directors is led by Jeroen Davidson, Chairman of EYNL. For the year ended 30 June 2023 and the period up until approval of the financial statements, the Board of Directors furthermore comprises of:

- Stephan Lauers
- Saskia van der Zande
- Patrick Gabriëls
- Danny Oosterhof

The members of the Board of Directors 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 SRL (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.

For the year ended 30 June 2023 and the period up until approval of the financial statements the designated members of EYNL 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.
- Mr. H.D. Oosterhoff Belastingadviseurs B.V.

Supervisory Board
The Supervisory Board is led by Richard van Zwol since 1 January 2023, until that date the Supervisory Board was led by Pauline van der Meer Mohr. For the year ended 30 June 2023 and the period up until approval of the financial statements, the Supervisory Board furthermore comprises of:
- Monique Maarsen, resigned 30 June 2023
- Tanja Nagel
- Patrick Rottiers
- Lineke Sneller, appointed 13 April 2023
- Yasemin Tümer, appointed 1 July 2023

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
Mazars LLP was appointed as auditor to EYNL for the year ended 30 June 2023.

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

J.L. Davidson

26 September 2023

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 UK adopted international accounting standards ('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.

Going concern

The designated members have considered the impact of a number of scenarios on the Group's most recent financial projections to assess the appropriateness of the going concern assumption. The following scenarios have been incorporated, which were mainly based on market information and mainly differ on macro-economic developments in the coming years.

- Baseline scenario - Revenue projections based on historical data
- Scenario 1 - Adverse growth scenario, Revenue projections based on the mild decrease of revenue and an increase of direct and indirect cost
- Scenario 2 - Inflation scenario, Revenue and cost projections based on a worst case scenario in which Revenue decrease and inflation negatively impacts performance

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. The designated members have reviewed the (expected) impact of the inflation and the expectation of the (in)ability to pass on the increase of cost to clients.

The scenarios include a cash flow forecast until December 2024. 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 their 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.

Non-Financial and Sustainability Information Statement of Ernst & Young Nederland LLP

Governance

ESG governance

In June 2023, the Board strengthened the governance for EYNL's ESG/Sustainability policy. Three tiers work on and oversee how our strategy in this area is implemented and what progress is being made.

The ESG working group monitors internal and external ESG developments and is responsible for implementing the sustainability strategy and actions, in line with that of EY Global. The group is broadly composed, with members from risk management, human resources, finance, procurement and CCaSS (Climate Change and Sustainability Services), and is chaired by the CR & Sustainability leader. The working group coordinates the materiality assessment, proposes targets, develops action plans and links budgets and teams to them. The working group informs relevant stakeholders and reports to the Board of Directors via quarterly progress reports.

The Board of Directors is ultimately responsible for ESG performance and integrating ESG policy into EYNL’s overall strategy. It is the board that monitors the process and must approve updates to the ESG strategy (including the materiality assessment), targets and action plans. The board also weighs the impact, risks, and opportunities relating to climate change. Examples of ESG topics under the responsibility of the Board of Directors include, but are not limited to climate-related financial disclosures, decarbonization, and diversity equity and inclusion.

The Supervisory Board reviews the progress of the strategy including ESG against the KPIs set by EYNL in this field (this includes our KPI on CO_2 emissions). The Supervisory Board meetings take place four times a year. The KPIs as set for EYNL and included in the annual review are part of the overall assessment and remuneration of the members of the Board of Directors as carried out by and determined by the Supervisory Board. The KPIs as defined are therefore input for the assessment. Throughout the organization as similar approach is applied; remuneration is based on performance including achieving targets.

Taking climate action

The increasing materiality of climate change impacts, risks and opportunities to EY’s business means we need a more structured approach to governance, which explicitly and systematically incorporates ESG considerations into the existing governance structure. EYNL has therefore set up the following governance structure for ESG considerations at the end of 2022/2023 reporting year: to be implemented in the next financial year (2023/2024).

Regarding climate-related impacts, risks, and opportunities, ultimate responsibility for ESG performance sits with the Board of Directors. This includes embedding ESG in the overall EYNL strategy, defining material topics, approving updates of the ESG strategy and related materiality assessments, targets, action plans, and budgets, assessing ESG impacts, risks, and opportunities, as well as monitoring progress against targets.

The Supervisory Board is responsible for reviewing the progress of the ESG strategy and execution against KPIs. The Supervisory Board meets with the Board of Directors every quarter, where among other topics, ESG issues are also discussed.

The goal of the ESG Working Group is to report and communicate about EYNL's current ESG strategy, actions and KPIs, as well as to update the ESG strategy, actions and KPIs based on (market & regulatory) developments and stakeholder expectations. The ESG Working Group is responsible for:

- Monitoring ESG-related developments
- Coordination of materiality assessment(s)
- Further development of the ESG strategy (aligned with EY Global), targets and action plans, including budget
- Implementation of the ESG strategy (including arranging resources and teams)
- Reporting progress for respective area of responsibility to various stakeholders (global, clients, internal)
- Coordination of commitments and partnerships

The ESG Working Group will be chaired by the Corporate Responsibility and Sustainability leader. These individuals have relevant expertise and sufficient authority to coordinate their respective departments' efforts around ESG performance in order to contribute to a firm-wide, holistic approach to identifying, assessing, and managing climate-related impacts, risks and opportunities.

The ESG Working Group reports to the Board of Directors via quarterly progress reports. The two sponsoring partners for the ESG Working Group are the Country Managing Partner (Dutch CEO) who holds overall responsibility for the ESG strategy and the CFO, who is in charge of overall ESG reporting and responsible for CBS (Core Business Services, i.e., all support services such as Legal, Talent, Procurement and AWS).

Risk Management

In line with EY Global we have also taken into consideration climate related risks and opportunities. We deem the risks identified by global to be applicable to our operating environment. EY Global undertook a substantive analysis of the climate risks and opportunities faced by EY employees, operations, clients, and society guided by an EY steering group representing key areas of the business. This group provided qualitative feedback and generated quantitative rankings of risks and opportunities based on their financial materiality. The assessment provides a macro view of EY's climate change risks and opportunities, looking at physical and transitional categories across operations and the market. In the future, we will refine our individual climate risk assessment taking into account our local context. The findings of the assessment are embedded into the broader enterprise risk management process to track these risks and opportunities. For more information we refer to the EY global TCFD report.

Risk management framework

Risk management entails all activities aimed at keeping the main risks within the boundaries of the Board of Directors' risk appetite. Risk management is the key in controlling our business operations. It entails identifying, assessing, managing, monitoring and reporting the main risks, including integrity risks and taking action based on these risks to make sure we achieve our short- and long-term objectives (strategic, tactical and operational) with a reasonable degree of certainty. In other words, risk management is an activity that is the responsibility of everyone working at EYNL for their area of responsibility. Our risk management framework aims to embed risk management in our organization. It consists, among others, of the following:

- Risk strategy and policy, including risk appetite;
- Governance, including roles and responsibilities outlined in our policies and procedures;
- A risk management cycle (identify, assess, control, monitor and report) consistent with the PDCA cycle, aimed at continuous learning and improvement, and
- Risk culture.

The design of our risk management framework is regularly updated, for example to adapt to a changing environment (including climate-related risks). The operating effectiveness depends to a large extent on the skills and behaviors of our people. This is why we pay attention to our values on a regular basis and train our people every year on various topics, for example via the Annual Code of Conduct Learning, Annual Data Protection and Information Security Learning and the Financial Crime Learning.

Future outlook

Generative AI and sustainability/ ESG are key topics that are developing rapidly and offer substantial opportunities, but they also bring limitations and challenges. Therefore these topics will be high on our priority list for FY24.

Strategy

Climate Risk Assessment

As part of EY Global's strategy to run our business in a more sustainable and future-proof way, building a better working world, climate related risks and opportunities have been considered. For the current reporting period, EYNL considers the results of the climate-scenario analysis that was performed by EY Global, in which climate-related risks specific to EYNL have also been taken into account, relevant. It should be noted that for the current year, a specific climate risk assessment for EY Nederland LLP was not conducted and thus we relied on the aforementioned Global TCFD Report's results. As part of our strategy we plan to build on EY Global's climate-related risk assessment and scenario analysis by conducting our own country/market specific assessment taking into account more local context in the future.

For EY Global's assessment, they undertook a substantive analysis of the climate risks and opportunities faced by EY people, operations, clients, and society, identifying key physical and transition risks and opportunities that primarily have an impact on the operations, services and Clients of EY under a Business as Usual (BAU) and Low Carbon economy (LCE) scenario for multiple future time horizons (current, 2030 & 2050). Under both aforementioned scenarios, EY will remain resilient.

The chosen scenarios are considered of importance to show the maximum climate impacts possible for EY based on the network's current operational footprint and revenue (BAU) as well as show the potential impacts for EY from a sharp pivot toward aggressive decarbonization and climate change mitigation (LCE). The effects on the identified climate-related risks will be assessed in the next reporting cycle In order to mitigate the impacts of climate risks on EY, various responses and next steps will be determined in order to build a resilient strategy. These can be found in the table Prioritized Climate Risks below and further expanded in the EYG TCFD report 2022.

Metrics and Target
EY wants to have a positive impact on the environment, which is why we have set targets to significantly reduce our absolute emissions. A drive to decarbonize is at the heart of EY's sustainability strategy.

We will reduce our absolute emissions by 40% across Scopes 1, 2 and 3 by 2025, against an FY19 baseline, consistent with a 1.5°C science-based target approved by the SBTi, enabling EY to reach net zero in 2025.

In the year under review, EYNL has continued to focus on reducing absolute CO_2 emissions. We have made progress on reducing Scope 1 and 2 emissions, but Scope 3 emissions increased, due to an increase in business travel. In line with EY Global, EYNL is also committed to reducing other greenhouse gas emissions by 40% by FY25, which means reduction to 12,443 tCO_2.

As a business with international clients, EYNL cannot do without travel; it is inherent to our work. The challenge is to maintain our international character while limiting our travel, especially by airplane and non-electric cars because most of our emissions are caused by air and car travel. We have taken specific measures to reduce this category of emissions. We aim to have reduced business travel — mainly air travel — by at least 35% by FY25 compared to the FY19 baseline.

In the year under review, we tightened our business travel policy. We travel internationally only when absolutely necessary, which is the guiding principle. All trips of less than four hours or under 400 kilometres must be undertaken by train, and we urge colleagues to also choose the train for journeys up to 700 kilometres. To raise more awareness about the impact of travel, EY employees now have a personal travel dashboard, which they can use to calculate the carbon emissions of their upcoming trips, among other things.

We involve employees in reducing their emissions and actively encourage them to choose sustainable transport options. To this end, we introduced a new mobility policy in January 2023. It allows employees to choose the mode of transport that suits them at that moment: train, bicycle, e-scooter or electric car. A combination of different options is also possible. Employees arrange and register this in a mobility app, which also provides insight into the carbon impact of each transport choice. This encourages the use of more sustainable options. The app has also enabled us to gain more insight into our employees' business travel and commuting, improving the scope and quality of our carbon data.

We are continuing to electrify our vehicle fleet. By the end of 2025, we aim to have a fully electric fleet of more than 2,400 cars. At the end of this reporting year, 58.5% of the lease cars were electric (2021/2022: 45%), putting us well on track to reach our goal.

In 2022/2023, we ended up with emissions of 2.294 tCO_2 per FTE, compared to 1.949 tCO_2 in 2021/2022.

Compared to the FY19 baseline year, we are still at a reduction of 46,4% (2021/2022: 57%). Total emissions in the year under review were 11,166 tCO_2 (2021/2022: 8,986 tCO_2, baseline year FY19: 20,738 tCO_2):

- Scope 1 – 4,672 tCO_2 (2021/2022: 4,945)
- Scope 2 – 1,081 tCO_2 (2021/2022: 1,874)
- Scope 3 – 5,413 tCO_2 (2021/2022: 2,166)

Our total electricity use of buildings is 11,601,518 kWh (2021/2022 11,986,968 kWh) of which is 98% comes from renewable sources.

EY Global's goal is to have all offices running on 100% renewable energy by 2025 and to become a member of RE100, a global initiative that brings together the world's most influential companies committed to 100% renewable electricity, by the same date.

EY Global continued to invest in offsets to mitigate our residual emissions, reducing or removing more carbon than we emit.

Total carbon credits cancelled (tCO_2e) in this reporting year are 933,000 (2020/2021: tCO_2e 724,000). EY Global's total GHG emissions in the reporting year are tCO_2e 777,000.

DNV Business Assurance USA, Inc provided limited assurance on the global GHG emissions, GHG emissions intensity, Energy consumption, Total carbon credits retire (see for more details page 69 - How can value realized today reshape tomorrow? (ey.com)).

EY measures emissions of own operations by following the guidelines of the Greenhouse Gas Protocol.

Scope 1 – direct CO_2e emissions includes natural gas consumption by EY buildings and fuel consumption (i.e. diesel and gasoline) by lease cars.

Scope 2 – indirect CO_2e emissions which are resulted from electricity consumption (buildings and electrical lease cars) and district heating.

Scope 3 – other CO_2e emissions related to activities not owned or controlled by EYNL – is reported on for:
- Category 5: waste generated in operations
- Category 6: business travel

The emission factors are sourced from www.CO2emissiefactoren.nl. For waste including paper, we adopt the emission factors of Suez (Sita).

Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Physical risk Type: Chronic Primary impact: Operations			
Business interruption caused by rising mean temperatures, changes in precipitation patterns and variability in weather patterns, and sea level rise	▶ EY is already seeing notable impacts to people, clients, and operations. Chronic climate change, and sea level rise could threaten the viability of continuing EY operations in certain coastal locations. ▶ Chronic physical risks to EY increase markedly in both the BAU**** and LCE***** scenarios**, with only moderately greater potential impacts under business as usual.	▶ EY maintains a flexible property leasing strategy allowing us to focus on three- to five-year instead of traditional 10- to 15-year leases. Our global real estate policies address various factors when determining locations for new facilities, including energy cost, availability, and climate change risks.	▶ Mitigate significant chronic physical risks in the near- and medium term regardless of future climate scenario. ▶ Conduct further analysis of high-opportunity (high-risk) offices, and offices that serve highly vulnerable sectors, and develop office- or region-level plans to improve resilience to chronic physical impacts. ▶ Further develop our building selection criteria to include more sustainability-related factors into the location recommendations.
Category: Physical risk Type: Acute Primary impact: Operations			
Business interruption caused by increased frequency of hurricanes, wildfires and flooding events	▶ Extreme weather events could threaten the health and safety of EY employees, leading to potential business continuity, employee support, and disaster response implications for EY. ▶ Acute climate events also have the potential to disrupt client operations and business models, especially vulnerable client sectors (e.g., power and utilities, agribusiness, government and infrastructure) which could have negative impacts to EY in the long-term. ▶ These effects will increase in both scenarios, with greater impacts in a BAU scenario**.	▶ Promoting a strong culture of remote/flexible working. ▶ Leasing of co-working spaces, which can be used to accommodate personnel when an office building faces risks from a climate event or other natural disaster. ▶ Maintaining robust emergency response, crisis management and business continuity plans that are reviewed and tested frequently across EY member firms.	▶ Setting a region-specific high-exposure threshold for each physical hazard. ▶ Conducting further analysis of high-opportunity (high-risk) offices and offices that serve highly vulnerable sectors, and develop office- or region-level plans to improve resilience to acute physical impacts (will be continuously evaluated on a short-term). ▶ Assessing the cost of relocating an office within a city or region (from proposal through implementation) and considering establishing a formal climate risk-related office relocation protocol.

Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Transition risk Type: Reputation Primary impact: Services			
Increased stakeholder concern (clients) due to reputational damage, including new disclosure and compliance requirements related to climate related disclosure and reporting	▶ Since market-leading regulatory compliance is inherent to EY values, EY is unlikely to face substantial direct compliance risk from increasing climate-related regulations. However, sustainability audit and assurance engagements are expected to vastly increase in either scenario, potentially leading to an increased risk of regulatory exposure in a very small percentage of such engagements, with minimal financial impact. ▶ In either the LCE or BAU scenario**, EY could face significant advantages or disadvantages with talent retention, as well as significant revenue gains or losses, depending on maintenance of or failure to maintain a market-leading climate reputation. ▶ Our projections of revenues to 2050 in the LCE and BAU scenarios as either 'climate leaders' or 'climate laggards' indicates that EY can reap substantially greater benefits by continuing to pursue a 'climate leader' role in either scenario.	▶ Publishing Value Realized, our annual report on the impact we have on our stakeholders – EY people, clients and society – as we execute on the EY *NextWave* strategy and ambition to create long-term value as the world's most trusted, distinctive professional services organization. ▶ Engaging our people in global corporate responsibility initiatives, including EY Ripples and Eco-Innovators, our employee-driven sustainability initiative designed to realize our *NextWave* ambitions including carbon reduction.	▶ We became carbon negative in calendar year 2021. We will reduce our absolute emissions by 40% across Scopes 1, 2 and 3 by 2025, against an FY19 baseline, consistent with a 1.5°C science-based target approved by the SBTi, enabling EY to reach net zero in 2025 (short term). ▶ The EY public policy function monitors international, national, and local legislative and regulatory developments that impact member firms. Our teams work with experts throughout the businesses to closely monitor developments and analyse proposals and legislative text for potential impacts to the EY network and its clients.

Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Transition risk Type: Market Primary impact: Clients/Services			
Market demand changes as energy transition progresses, driven by changing policies and regulations	▶ As a professional services organization, our own operational carbon emissions are relatively low, which means EY is unlikely to face substantial direct transition risks from policy or regulatory actions, such as carbon pricing. However, several EY clients face substantial transition risks, which could affect their demand for EY expertise across a range of services. ▶ Although market demand transition risks are higher in the LCE scenario, the carbon intensity of EY clients should decline noticeably by 2050, even in the BAU scenario**. Therefore, EY should be prepared for substantial shifts in demand for services, due to increasing regulatory, client, and stakeholder pressures, in either scenario.	▶ If we do not continue to provide exceptional client service in this space, we could potentially lose revenue or new business opportunities. To mitigate this risk and pursue the associated opportunities, we have expanded our Sustainability solution set and global delivery capabilities in all service lines and sectors. ▶ We have implemented many initiatives to upskill our people in sustainability, such as offering a free sustainability MBA, promoting engagement with EY Ripples programming, and empowering grassroots sustainability initiatives through employee-led sustainability networks.	We aim to further improve our future (short and medium term) risk modelling by: ▶ Further investigating the number of current clients with a climate strategy, with GHG emissions reduction targets, with a net-zero goal, and/or with an SBTI-aligned goal, to better anticipate possible transition risk hotspots and opportunities. ▶ Studying selected high-opportunity offices or regions that serve carbon-intensive sectors, and develop office- or region-specific transition riskmanagement plans.

Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Opportunity	Type: Services & Market	Primary impact: Services	
Increased demand for sustainability-focused services **Enhanced brand value if climate leadership position is maintained and grown**	▶ We expect demand for EY sustainability-related services to grow rapidly in both the BAU and LCE scenarios** as the world adapts to climate change and mitigates climate risk. ▶ From our analysis, the sustainability opportunity is almost two times as large under LCE compared to BAU. This demonstrates the importance of leading decarbonization efforts for ourselves and with clients, national governments, international frameworks, and across entire economic sectors. ▶ Since LCE will benefit employee health and safety, as well as planetary wellbeing, EY should keep encouraging aggressive climate mitigation efforts and fulfil our Carbon Ambition in the short-term as we seek to develop longer-term commitments beyond 2025.	▶ Helping clients achieve their own carbon ambitions presents an opportunity to engage with clients, national governments, international standard setters, and civil society to help ensure a sustainable future. ▶ EY member firms are recruiting more sustainability professionals at all levels to invest in EY service offerings related to climate risks and opportunities. This includes providing clients with insights and advice to understand their energy footprint, designing governance structures, mapping impacts on their value chains and developing strategies to manage the transition to a low-carbon economy.	▶ Further modelling refinement could be achieved by attempting to explicitly assess EY projected sustainability market share from 2025 to 2050, rather than applying a constant market share percentage across all five-year increments (medium term). ▶ Additionally, linking cross-cutting variables, such as market share and reputational impacts, within either scenario will automatically update risk and opportunity findings, as a specific assumption changes. ▶ This would improve stakeholders' understanding of the linkages between each risk and opportunity and would highlight the compounding effects of seizing a specific opportunity, and mitigating (or not mitigating) a particular risk.

* The Next steps as defined in the table above have been identified by EY Global. As EY NL we will further evaluate, assess and determine those that applicable to us in FY24.

** Time frames chosen for the scenarios: All physical risks were modelled from present day until 2100, while the transitional risk and opportunity modelling projects values out to 2050.

*** The risk and opportunities identified above were quantitatively modelled under two climate scenarios at short (current year to 2025), medium (2030) and long-term (2050) time horizons. These time horizons have been chosen to best understand the exposure of the firm to physical and transition climate risks.

**** Assumptions made for the BAU scenario are: Physical risks are more pronounced; Increasing frequency and intensity of acute risks such as floods, cyclones and wildfires; Increased chronic risks from rising temperatures and changing precipitation patterns.

***** Assumptions made for the LCE scenario are: Transition risks are more pronounced; Market shifts quickly to renewables and away from fossil fuels; Risk of noncompliance to new climate-related disclosure requirements; High reputational risks due to greater stakeholder pressure and expectations.

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

Opinion

We have audited the financial statements of Ernst & Young Nederland LLP (the 'Limited Liability Partnership' or the 'LLP') and its subsidiaries ('the Group') for the year ended 30 June 2023 which comprise the Consolidated and Limited Liability Partnership's Statements of Profit or Loss, the Consolidated and Limited Liability Partnership's Statements of other comprehensive income, the Consolidated and Limited Liability Partnership's Statements of financial position, the Consolidated and Limited Liability Partnership's Statements of changes in equity, the Consolidated and Limited Liability Partnership's Statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Limited Liability Partnership's affairs as at 30 June 2023 and of the Group's and the LLP's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

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 are independent of the Group and the LLP 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 and the LLP'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 Members' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 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.

Matters on which we are required to report by exception
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 by the Limited Liability Partnership, 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 members' responsibilities statement set out on page 6, 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 Group's and LLP'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 Group or the LLP 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the LLP and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, Dutch Civil Code, laws and regulations monitored by the Netherlands Authority for the Financial Markets regulations (AFM).

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of the members as to whether the Group and the LLP are in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the LLP which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as Dutch corporate income, payroll and sales tax laws, pension legislation, the Companies Act 2006, as applied to limited liability partnerships.

In addition, we evaluated the members' incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to valuation of professional indemnity provisions, provision for expected credit losses of trade receivables and amounts to be billed, revenue recognition (which we pinpointed to the valuation of unbilled revenue, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the members on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the LLP'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 LLP'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 LLP and the LLP's members as a body for our audit work, for this report, or for the opinions we have formed.

Jonathan Barnard (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: 26 September 2023

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

for the year ended 30 June 2023| In thousands of euros

	Notes	2022/2023	2021/2022
Revenue			
Rendering of services	6.1	989,150	901,560
Other income	7	41,095	31,465
		1,030,245	**933,025**
Operating expenses			
Services provided by foreign EY member firms and third parties	8.1	163,846	148,858
Employee benefits expenses	8.2	422,628	380,590
Amortization of intangible assets	11	554	632
Depreciation and impairment of property, plant and equipment	12	5,249	3,417
Depreciation and impairment of right-of-use assets	13	26,366	23,534
Other operating expenses	8.3	186,527	164,929
		805,170	**721,960**
Operating profit		**225,075**	**211,065**
Finance income	9.1	1,636	1,522
Finance expenses	9.2	-3,707	-4,808
Profit before tax		**223,004**	**207,779**
Income tax (expense)/income	10	-197	119
Profit for the financial year		**222,807**	**207,898**
Profit attributable to members of EYNL		**222,807**	**207,898**

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

for the year ended 30 June 2023 | In thousands of euros

	Notes	2022/2023	2021/2022
Profit for the financial year		**222,807**	**207,898**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income		-389	1,391
Actuarial gains on defined benefit plans	21.2	304	177
Other comprehensive (loss)/income for the year, net of tax		**-85**	**1,568**
Total comprehensive income for the year, net of tax		**222,722**	**209,466**
Total comprehensive income for the year attributable to members of EYNL		**222,722**	**209,466**

Consolidated statement of financial position of Ernst & Young Nederland LLP

as at 30 June 2023 | In thousands of euros

	Notes	30 June 2023	30 June 2022
Assets			
Non-current assets			
Intangible assets	11	20,757	21,311
Property, plant and equipment	12	17,892	21,991
Right-of-use assets	13	82,049	94,575
Other non-current financial assets	14	11,374	7,874
		132,072	**145,751**
Current assets			
Trade and other receivables	15	294,725	296,991
Prepayments	16	111,801	89,488
Other current financial assets	14	96	148
Cash and cash equivalents		158,833	177,820
		565,455	**564,447**
Total assets		**697,527**	**710,198**
Equity and liabilities			
Current liabilities			
Trade and other payables	17	177,380	192,401
Interest-bearing loans and borrowings	18	35,542	33,227
Provisions	20	2,937	777
Employee benefits	21	45,359	51,397
Income tax payable		494	709
		261,712	**278,511**
Non-current liabilities			
Interest-bearing loans and borrowings	18	123,277	132,321
Provisions	20	1,621	7,213
Employee benefits	21	21,774	22,612
		146,672	**162,146**
Total liabilities		**408,384**	**440,657**
Equity			
Members' capital	22	82,623	102,729
Reserves	23	206,520	166,812
Total equity		**289,143**	**269,541**
Total equity and liabilities		**697,527**	**710,198**

The financial statements of Ernst & Young Nederland LLP, registered no. OC335595, were signed on 26 September 2023 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 2023 | In thousands of euros

	Members' capital	Profit available for distribution	Retained earnings	Total reserves	Total equity
At 1 July 2021	107,628	146,106	-43,826	102,280	209,908
Profit for the financial year	-	183,860	24,038	207,898	207,898
Other comprehensive income	-	-159	1,727	1,568	1,568
Total comprehensive income	**-**	**183,701**	**25,765**	**209,466**	**209,466**
Profit distribution 2020/2021	-	-146,106	1,172	-144,934	-144,934
Contribution of capital from current members	5,502	-	-	-	5,502
Repayment on retirement	-10,401	-	-	-	-10,401
At 30 June 2022	**102,729**	**183,701**	**-16,889**	**166,812**	**269,541**
Profit for the financial year	-	199,022	23,785	222,807	222,807
Other comprehensive loss	-	304	-389	-85	-85
Total comprehensive income	**-**	**199,326**	**23,396**	**222,722**	**222,722**
Profit distribution 2021/2022	-	-183,701	687	-183,014	-183,014
Contribution of capital from current members	8,017	-	-	-	8,017
Repayment regarding capital restructuring	-26,861	-	-	-	-26,861
Repayment on retirement	-1,262	-	-	-	-1,262
At 30 June 2023	**82,623**	**199,326**	**7,194**	**206,520**	**289,143**

Consolidated statement of cash flows of Ernst & Young Nederland LLP

for the year ended 30 June 2023 | In thousands of euros

	Notes	2022/2023	2021/2022
Operating activities			
Profit for the financial year		222,807	207,898
Adjustment for:			
Amortization of intangible assets	11	554	632
Depreciation and impairment of property, plant and equipment	12	5,249	3,417
Depreciation and impairment of right-of-use assets	13	26,366	23,534
Finance income and expenses	9	2,071	3,286
Losses/(gains) on leases and the sale of assets		34	-84
Loss on disposal of activities		-	228
Movement in employee benefits	21	-6,650	6,717
Movement in provisions	20	-3,463	4,722
Income tax charge for the year	10	197	-119
		247,165	**250,231**
Working capital adjustments:			
Movement in trade and other receivables and prepayments		-8,203	-36,330
Movement in trade and other payables		-24,910	5,691
Income tax paid		-343	-444
Net cash flow from operating activities		**213,709**	**219,148**
Investing activities			
Purchase of property, plant and equipment	12	-1,208	-5,251
Disposals of property, plant and equipment	12	58	101
Additions to other non-current financial assets/loans	14	-4,000	-
Repayment/disposals of other non-current financial assets/loans		145	161
Proceeds from disposal of activities	26.1	-	2,848
Net cash flow used in investing activities		**-5,005**	**-2,141**
Financing activities			
Payment from/(to) current and retired members (current account)		9,725	-16,967
Prepayments to current members	16	-74,919	-63,099
Payment of profit distribution 2021/2022 (2020/2021)		-119,915	-87,583
Contributions of capital from current members	22	8,017	5,502
Repayment of capital contributions	22	-28,123	-10,401
Repayment of lease liabilities	13	-25,502	-29,572
Proceeds from interest-bearing loans and borrowings	18	18,252	7,719
Repayment of interest-bearing loans and borrowings	18	-13,889	-11,190
Interest paid		-1,337	-4,038
Net cash flows used in financing activities		**-227,691**	**-209,629**
Net cash flow		**-18,987**	**7,378**
Net cash and cash equivalents 1 July		177,820	170,442
Net cash flow		-18,987	7,378
Net cash and cash equivalents 30 June		**158,833**	**177,820**

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 SRL
▶ 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 2023 were approved by the Supervisory Board and EY Europe on 26 September 2023 and signed on behalf of the members by the designated members on 26 September 2023.

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 had during the financial year its registered office at 6 More London Place, London SE1 2DA, United Kingdom. On 1 September 2023, the registered office address was changed to: 1 More London Place, London SE1 2AF, 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 2022/2023 (52 weeks) started on 2 July 2022 and ended on 30 June 2023 and the financial year 2021/2022 (52 weeks) started on 3 July 2021 and ended on 1 July 2022. Accordingly, references to 30 June 2022 must be read as references to 1 July 2022.

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.
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 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 UK adopted international accounting standards ('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.

Going concern
The management has considered the impact of a number of scenarios on the Group's most recent financial projections to assess the appropriateness of the going concern assumption. The following scenarios have been incorporated, which were mainly based on market information and mainly differ on macro-economic developments in the coming years.
- Baseline scenario - Revenue projections based on historical data
- Scenario 1 - Adverse growth scenario, Revenue projections based on the mild decrease of revenue and an increase of direct and indirect cost
- Scenario 2 - Inflation scenario, Revenue and cost projections based on a worst case scenario in which revenue decrease and inflation negatively impacts performance

The scenarios deal with the uncertainties that the management deems to be most relevant for its primary activities. These uncertainties forecast revenues, gross margins and operating income. The management has reviewed the (expected) impact of the inflation and the expectation of the (in)ability to pass on the increase of cost to clients.

The scenarios include a cash flow forecast until December 2024. 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 their 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 2023. 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

The following amendments and interpretations apply for the first time in 2022/2023. The Group has assessed these and concluded they do not have a material impact on the consolidated financial statements of the Group.
- IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract
- IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework
- Annual Improvements to IFRSs (2018 – 2020 cycle)

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 a 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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss).

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. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing 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, unless another method better reflects the goodwill associated with the operation disposed of.

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 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. Regarding 2022/2023 and 2021/2022 it was decided to double the amount of the installment. 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 clawback fund can be formed out of three sources: allotment of (a part of) the capital contribution, allotment of loans provided through Stichting Confidentia 2004 or withholding of one-sixth of the profit share, which will then not be paid out.

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	2-3 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, EYNL 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 finance 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.

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. When there is a change in estimates of payments, the amortized cost of the financial liability is adjusted to reflect actual and revised estimated cash flows. Any consequent adjustment to the carrying amount is recognized immediately in profit or loss, a gain is included in finance income whereas a loss is included in finance expenses.

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 provision for salary payments during absence 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 long-service awards is based on probability rates, mortality rates and future salary increases.

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 part of the profit available to members will not be distributed, but set off against the settled drawing rights in equity (retained earnings). Regarding 2022/2023 and 2021/2022 it has been decided to double the amount of the installment.
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.

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 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 its subleases of office space and the subleases of cars and mobile devices to subsidiaries, as per 30 June 2023, 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.

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 Group historically considered its customer base relatively homogeneous as its historical credit loss experience did not show significantly different loss patterns for different customer segments, as such a single provision matrix was used to determine expected credit losses.

In relation to the Russian invasion in Ukraine, started in 2022, the Group considered that the loss pattern for specific clients differs from the overall customer population. Therefore, the Group has separated the respective customer base and has not applied the general provision matrix to these customers, but has separately calculated ECLs for these customers.

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.

5 Business combinations
There were no acquisition during 2022/2023 and 2021/2022. Goodwill included in these Financial Statements, relates to acquisitions in previous years.

In thousands of euros, unless stated otherwise

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.

	2022/2023	2021/2022
Service line		
Assurance	397,119	359,053
Tax	291,583	266,086
Consulting	213,193	186,769
Strategy and Transactions	87,255	89,652
	989,150	**901,560**

	2022/2023	2021/2022
Market segment		
Financial Services	208,309	197,039
Government & Infrastructure	125,135	105,853
Technology, Media, Telecommunications	118,728	109,240
Advanced Manufacturing & Mobility	110,494	111,504
Private Equity	110,128	108,269
Consumer	106,710	97,780
Energy & Resources	68,926	58,721
Health Sciences & Wellness	66,199	69,415
Other	74,521	43,739
	989,150	**901,560**

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 2023	30 June 2022	30 June 2021
Trade receivables	15	169,340	191,458	145,207
Amounts to be billed	15	100,766	80,230	86,785
Payments on account	17	-70,125	-65,921	-73,003

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.

At 30 June 2023 €1.1 million was recognized as a provision for expected credit losses on trade receivables (30 June 2022: €1.4 million).

An amount of €62.9 million of revenue is recognized in the reporting period that was included in the Payments on account balance at the beginning of the period (2021/2022: €67.5 million).
An amount of €3.6 million of revenue is recognized in the reporting period from performance obligations (partially) satisfied in previous periods (2021/2022: €4.8 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

	2022/2023	2021/2022
Charges made to other entities within the EY network	41,095	31,320
Income from subleasing	-	145
	41,095	**31,465**

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

	2022/2023	2021/2022
Salaries and bonuses	307,251	282,486
Social security charges	45,668	37,990
Pension contributions	27,957	26,009
Mobility expenses	29,535	25,376
Other staff expenses	12,217	8,729
	422,628	**380,590**

Salaries and bonuses include holiday allowance.

Mobility expenses include cost of car lease (excluding depreciation and interest), general mobility allowances, commuting allowances and fuel cost.

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	2022/2023	2021/2022
Client serving staff	3,925	3,679
Support staff	520	519
	4,445	**4,198**

In thousands of euros, unless stated otherwise

8.3 Other operating expenses

	2022/2023	2021/2022
Premises expenses	8,631	7,779
Other staff expenses	22,756	19,258
Office expenses	10,529	12,296
IT expenses	50,805	38,940
International EY charges	63,862	53,490
Net foreign exchange gains and losses	-323	-1,647
Other expenses	30,267	34,813
	186,527	**164,929**

Auditors' remuneration of €0.4 million (2021/2022: €0.4 million) is included in other expenses.

9 Finance income and expenses

9.1 Finance income

	2022/2023	2021/2022
Interest on bank balances and deposits	1,636	-
Other finance income	-	1,499
Interest income on loans and receivables	-	23
	1,636	**1,522**

The other finance income relates to changes in the estimated timing of the outgoing cash flows on borrowings obtained, which results in an adjustment to the gross carrying amount of the related financial liability. For further information reference is made to Note 18.

9.2 Finance expenses

	2022/2023	2021/2022
Interest on loans granted by current and retired members	2,096	1,992
Interest on current and retired members' current account balances	36	285
Total current and retired members interest expenses	2,132	2,277
Interest expenses on other interest bearing loans and borrowings	1,091	966
Unwinding of discount on provisions	218	215
Other interest and similar expense	266	1,350
	3,707	**4,808**

In thousands of euros, unless stated otherwise

10 Income tax

	2022/2023	2021/2022
Income tax: current financial year	-197	119
Income tax: previous financial year	-	-
	-197	**119**

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:

	2022/2023	2021/2022
Profit before tax	223,004	207,779
Tax (FY23: 15%-25.8%; FY22: 15%-25.5%)	-50,756	-44,694
Tax on partnership profits borne by the members' private practice companies	50,559	44,813
Tax (expense)/income by subsidiaries	**-197**	**119**

In thousands of euros, unless stated otherwise

11 Intangible assets

	Customer relationships/ Brand names	Goodwill	Software	Total
At 1 July 2021	3,078	20,474	78	23,630
Additions	-	-	-	-
Disposal	-	-1,687	-	-1,687
Amortization	-554	-	-78	-632
At 30 June 2022	**2,524**	**18,787**	**-**	**21,311**
Additions	-	-	-	-
Disposal	-	-	-	-
Amortization	-554	-	-	-554
At 30 June 2023	**1,970**	**18,787**	**-**	**20,757**
Cost	8,317	20,474	1,013	29,804
Accumulated amortization	-5,239	-	-935	-6,174
At 1 July 2021	**3,078**	**20,474**	**78**	**23,630**
Cost	8,302	18,787	795	27,884
Accumulated amortization	-5,778	-	-795	-6,573
At 30 June 2022	**2,524**	**18,787**	**-**	**21,311**
Cost	8,302	18,787	350	27,439
Accumulated amortization	-6,332	-	-350	-6,682
At 30 June 2023	**1,970**	**18,787**	**-**	**20,757**

Disposal of operations in 2021/2022
During 2021/2022 the strategy consultancy activities of EY-Parthenon B.V. were disposed, the related goodwill was taken into account in the determination of the result on the disposal.

Impairment testing of goodwill
Goodwill acquired through business combinations has been allocated to the relevant LLP, EYA (€1.4 million, 30 June 2022: €1.4 million) or EYAN (€17.4 million, 30 June 2022: €17.4 million) as being the CGU for impairment testing. 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 (pre-tax) are derived

In thousands of euros, unless stated otherwise

from the CGU's weighted average cost of capital and amount 11.5% (30 June 2022: 10.6%) for EYA and 13.4% (30 June 2022: 13.4%) for EYAN. The indefinite growth rate used is 0.0% (30 June 2022: 0.0%).

Sensitivity to changes in assumptions
As a result of analysis, management did not identify an impairment as at 30 June 2023 and 30 June 2022. Based on the performed scenario testing, 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.

12 Property, plant and equipment

	Capital expenditure in rented properties	Fixtures and fittings, computers	Total
At 1 July 2021	15,695	4,563	20,258
Additions	2,545	2,706	5,251
Disposals	-80	-21	-101
Reversal of impairment	987	-	987
Depreciation	-2,565	-1,839	-4,404
At 30 June 2022	**16,582**	**5,409**	**21,991**
Adjustment	-653	784	131
Additions	466	611	1,077
Disposals	-58	-	-58
Depreciation	-3,506	-1,743	-5,249
At 30 June 2023	**12,831**	**5,061**	**17,892**
Cost	43,676	26,745	70,421
Accumulated depreciation and impairments	-27,981	-22,182	-50,163
At 1 July 2021	**15,695**	**4,563**	**20,258**
Cost	44,753	28,887	73,640
Accumulated depreciation and impairments	-28,171	-23,478	-51,649
At 30 June 2022	**16,582**	**5,409**	**21,991**
Cost	41,821	29,510	71,331
Accumulated depreciation and impairments	-28,990	-24,449	-53,439
At 30 June 2023	**12,831**	**5,061**	**17,892**

During 2021/2022 there was a partial reversal of impairment of €1.0 million, due to reassessment of the impairment loss of €1.8 million on capital expenditure in rented properties recognized in the previous year. The reversal of the impairment 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.

In thousands of euros, unless stated otherwise

Assets under construction of €0.1 million are included in Capital expenditure in rented properties (30 June 2022: €1.0 million).

As at 30 June 2023, there are contractual obligations for purchasing property, plant and equipment for an amount of €0.2 million (as at 30 June 2022: contractual obligations of €0.1 million).

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

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 2 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 2021	76,262	23,387	2,182	101,831
Additions	3,656	5,807	7,099	16,562
Reversal of impairment	3,735	-	-	3,735
Depreciation	-13,371	-10,373	-3,525	-27,269
Disposals	-	-284	-	-284
At 30 June 2022	**70,282**	**18,537**	**5,756**	**94,575**
Additions	6,219	9,473	184	15,876
Impairment	-468	-	-	-468
Depreciation	-13,669	-9,674	-2,555	-25,898
Disposals	-1,323	-713	-	-2,036
At 30 June 2023	**61,041**	**17,623**	**3,385**	**82,049**

In thousands of euros, unless stated otherwise

During 2021/2022 there was a partial reversal of impairment of €3.7 million, due to reassessment of the impairment loss of € 5.2 million recognized in the previous year. The reversal of the impairment was 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.

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:

	2022/2023	2021/2022
At 1 July	96,032	109,266
Additions	15,900	16,607
Accretion of interest	561	462
Payments	-26,063	-30,034
Terminations	-2,020	-269
At 30 June	**84,410**	**96,032**

	Office buildings	Cars	Mobile devices	Total
<1 year	15,922	8,438	1,404	25,764
1-2 Years	13,680	5,264	688	19,632
2-5 years	31,400	4,691	-	36,091
> 5 years	2,923	-	-	2,923
At 30 June 2023	**63,925**	**18,393**	**2,092**	**84,410**
<1 year	14,636	8,774	1,365	24,775
1-2 Years	13,967	5,759	1,967	21,693
2-5 years	33,336	4,239	-	37,575
> 5 years	11,989	-	-	11,989
At 30 June 2022	**73,928**	**18,772**	**3,332**	**96,032**

Guarantees totaling some €0.8 million (2021/2022: €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:

	2022/2023	2021/2022
Depreciation expense of right-of-use assets	-25,898	-27,269
Impairment expense/reversal of right-of-use assets	-468	3,735
Interest expense on lease liabilities	-561	-462
Expenses related to short-term leases (included in Employee benefits expenses and Other operating expenses)	-296	-
Income from subleasing right-of-use assets	-	145
Variable lease payments	-9	-9
Total amount recognized in profit or loss	**-27,232**	**-23,860**

The Group had total cash outflows for leases of €26.1 million in the current year (2021/2022: €30.0 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of €15.9 million (2021/2022: €16.6 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 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. 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:

	2022/2023	2021/2022
Within one year	-	-
After one year but not more than five years	-	-

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:

	2022/2023	2021/2022
At 1 July	259	**306**
Additions	16	99
Impairment	-34	-
Interest accretion	-	-
Repayments	-145	-146
At 30 June	**96**	**259**

	30 June 2023	30 June 2022
With a term < 1 year	96	148
With a term > 1 year	-	111
At 30 June	**96**	**259**

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

	30 June 2023	30 June 2022
2022/2023	-	148
2023/2024	96	111
Total undiscounted rental income receivable	**96**	**259**
Unearned finance income	-	-
Net investment in leases	**96**	**259**

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

	2022/2023	2021/2022
Operating subleases		
Rental income (fixed payments)	-	84
Finance lease		
Selling profit (loss)	-	61
Total income from subleasing	**-**	**145**

In thousands of euros, unless stated otherwise

14 Other non-current and current financial assets

	30 June 2023	30 June 2022
Non-current		
Equity instruments	11,374	7,763
Lease receivables (see Note 13)	-	111
	11,374	**7,874**
Current		
Lease receivables (see Note 13)	96	148
	96	**148**

As at 30 June 2023 and 30 June 2022, 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. (4.1%) and EMEIA Fusion LP (14.3%).

These equity investments in non-listed companies are classified and measured as Equity instruments designated at fair value through other comprehensive income (FVOCI). Per year end a foreign exchange loss of €0.4 million was recognized through other comprehensive income (30 June 2022: gain of €1.7 million).
In November 2022, an amount of €4.0 million has been paid as an investment in EMEIA Fusion LP. During 2021/2022 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 2023	30 June 2022
Trade receivables	169,340	191,458
Amounts to be billed	100,766	80,230
Other receivables	24,619	25,303
	294,725	**296,991**

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.

In thousands of euros, unless stated otherwise

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

The trade receivables are net of expected credit losses (ECL). The total amount of ECL as at 30 June 2023 for these receivables is €1.1 million (30 June 2022: €1.4 million).

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

	2022/2023	2021/2022
At 1 July	-1,444	-1,360
Charge for the year	-	-560
Release of unused amounts	9	-
Written off	324	476
At 30 June	**-1,111**	**-1,444**

In the consolidated statement of profit or loss a gain of €0.01 million (2021/2022: loss of €0.6 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 2023, the Group has amounts to be billed of €100.8 million (30 June 2022: €80.2 million) which is net of an allowance for expected credit losses (ECL) of €0.1 million (30 June 2022: €0.2 million). Due to immateriality no movement schedule of ECL is disclosed.

In the consolidated statement of profit or loss a profit of €0.06 million (2021/2022: a loss of €0.05 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.

In thousands of euros, unless stated otherwise

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 2023 for these receivables is €0.05 million (30 June 2022: €0.3 million). Due to immateriality no movement schedule of ECL is disclosed.
In the consolidated statement of profit or loss a profit of €0.2 million (2021/2022: loss of €0.1 million) has been recognized under other operating expenses.

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

16 Prepayments

	30 June 2023	30 June 2022
Profit-share advances paid to current members	74,919	63,099
Other prepayments	36,882	26,389
	111,801	**89,488**

17 Trade and other payables

	30 June 2023	30 June 2022
Amounts due to current and retired members	26,801	17,076
Trade payables	8,956	20,704
Taxes and social security	50,599	56,267
Payments on account	70,125	65,921
Other financial liabilities	69	377
Other payables	20,830	32,056
	177,380	**192,401**

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 2023	30 June 2022
Current				
Loans granted by current and retired members	3.0%	2023/2024	9,778	8,452
Lease obligations	0-6.5%	2023/2024	25,764	24,775
			35,542	**33,227**
Non-current				
Loans granted by current and retired members	1.5-4.0%	Up to 2028	53,502	50,465
Private loan to finance settlement of drawing rights	5.0%	Up to 2049	11,129	10,599
Lease obligations	0-6.5%	Up to 2031	58,646	71,257
			123,277	**132,321**

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 case of termination, the amounts outstanding to a member at that time will be repaid, with the exception of amounts restricted under the clawback regulation.

On 2 July 2022 EYNL implemented a new capital structure to realise a durable and adequate financing of the partnerships. The capital restructuring results in an increase in non-current interest bearing loans and borrowings by €8.3 million, this loan is held by Stichting Confidentia 2004 on behalf of the members.

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, and preferably, repayment of members' capital at retirement can be restricted or repayment of loans provided through Stichting Confidentia 2004 can be restricted.

Per 30 June 2023, the total amount of debts and loans related to the clawback regulation (excluding alloted capital) is €30.2 million (30 June 2022: €29.6 million). During 2022/2023 a new 4.6% restricted loan with a term of six years of €3.0 million was issued, an additional amount of €3.8 million of loans was restricted and an amount of €6.1 million of restricted loans was repaid.

The loans are repayable according to the following schedule:

In thousands of euros, unless stated otherwise

	30 June 2023	30 June 2022
<1 year	9,778	8,452
1-2 Years	19,282	10,409
2-5 years	24,326	34,887
> 5 years	9,894	5,169
	63,280	**58,917**

From these debts and loans an amount of €8.7 million (2021/2022 €9.2 million) relates to a subordinated loan. 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 2004, however, this loan is subordinated in rank to the regular receivables under the Stichting Confidentia 2004 loans and clawback loans.

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 2022/2023, on balance there is an interest charge due to application of the amortized cost method of €0.5 million (2021/2022 interest income of €1.0 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 2021	66,727	7,255	84,272	24,994	**183,248**
Cash flows					
Repayments	-3,935	-7,255	-	-30,034	-41,224
Proceeds	7,719	-	-	-	7,719
Non-cash flows					
Additions/remeasurements	-1,499	-	11,567	5,040	15,108
Interest accruing	504	-	462	-	966
Terminations	-	-	-269	-	-269
Non-current amounts becoming current	-8,452	8,452	-24,775	24,775	-
At 30 June 2022	**61,064**	**8,452**	**71,257**	**24,775**	**165,548**
Cash flows					
Repayments	-5,437	-8,452	-	-26,063	-39,952
Proceeds	18,252	-	-	-	18,252
Non-cash flows					
Additions/remeasurements	-	-	14,612	1,288	15,900
Interest accruing	530	-	561	-	1,091
Terminations	-	-	-2,020	-	-2,020
Non-current amounts becoming current	-9,778	9,778	-25,764	25,764	-
At 30 June 2023	**64,631**	**9,778**	**58,646**	**25,764**	**158,819**

19 Other financial liabilities

	30 June 2023	30 June 2022
Other financial liabilities		
Deferred income	69	377
	69	**377**
With a term < 1 year	69	377
With a term > 1 year	-	-
	69	**377**

In thousands of euros, unless stated otherwise

Deferred income
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 2022/2023 and 2021/2022 were non-cash movements.

20 Provisions

	Professional indemnity	Decommissioning costs	Drawing rights of current members	Total
At 1 July 2021	1,125	295	1,783	3,203
Additions	5,796	75	-	5,871
Payments	-287	-75	-477	-839
Amounts released	-72	-60	-178	-310
Unwinding of discount	-	-1	66	65
At 30 June 2022	**6,562**	**234**	**1,194**	**7,990**
Additions	2,364	-	-	2,364
Payments	-483	-46	-597	-1,126
Amounts released	-4,414	-148	-139	-4,701
Unwinding of discount	-	1	30	31
At 30 June 2023	**4,029**	**41**	**488**	**4,558**
With a term < 1 year	105	75	597	777
With a term > 1 year	6,457	159	597	7,213
At 30 June 2022	**6,562**	**234**	**1,194**	**7,990**
With a term < 1 year	2,499	-	438	2,937
With a term > 1 year	1,530	41	50	1,621
At 30 June 2023	**4,029**	**41**	**488**	**4,558**

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. In case the minimum outflows of a case are known, but the potential total outflows are not reliably estimable, then the minimum outflows are provided for. 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

For information regarding Contingent liabilities see Note 27.

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 4.0% for lease contracts ending within 6 years (30 June 2022: 2.6%) and of 3.6% for lease contract with a term of 6 years or longer (30 June 2022: 2.7%).

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 2022: 5.0%).

21 Employee benefits

	30 June 2023	30 June 2022
Current liabilities		
Payments to be made to staff	40,708	45,989
Defined benefit pension plan	278	355
Salary payments during absence	3,933	4,685
Provision for long-service awards	440	368
	45,359	**51,397**
Non-current liabilities		
Payments to be made to staff	18,189	18,171
Defined benefit pension plan	1,049	1,550
Salary payments during absence	-	-
Provision for long-service awards	2,536	2,891
	21,774	**22,612**

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

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 €27.4 million (2021/2022: €25.5 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 2021	1,246	986	2,232
Interest cost	21	3	24
Additions	167	-	167
Benefits paid	-279	-	-279
Actuarial (gains)/losses on obligation	-62	-177	-239
At 30 June 2022	**1,093**	**812**	**1,905**
Interest cost	21	7	28
Additions	34	-	34
Benefits paid	-249	-	-249
Actuarial (gains)/losses on obligation	-	-304	-304
Released	-87	-	-87
At 30 June 2023	**812**	**515**	**1,327**
With a term < 1 year	278	-	278
With a term > 1 year	534	515	1,049
At 30 June 2023	**812**	**515**	**1,327**

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 2023	30 June 2022
Discount rate	1.94%	1.76%
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 2023	30 June 2022
Discount rate	3.6%	0.9%
General salary increase	0.0%	0.0%
Inflation	0.3%	0.3%
Mortality rates	2022 Forecast tables of the Dutch Actuarial Association	2020 Forecast tables of the Dutch Actuarial Association

The total amount of defined benefit obligation charged to profit during the financial year was €0.1 million (2021/2022: €0.2 million). The actuarial gain of the current year of €0.3 million (2021/2022: a gain of €0.2 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.

The movements in the provision were as follows:

	2022/2023	2021/2022
At 1 July	4,685	5,492
Additions	2,849	3,449
Payments	-1,874	-3,332
Released	-1,727	-924
At 30 June	**3,933**	**4,685**

In thousands of euros, unless stated otherwise

	30 June 2023	30 June 2022
With a term < 1 year	3,933	4,685
With a term > 1 year	-	-
	3,933	**4,685**

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:

	2022/2023	2021/2022
At 1 July	3,259	3,586
Additions	78	184
Payments	-411	-519
Released	-1	-52
Unwinding of discount	51	60
At 30 June	**2,976**	**3,259**

	30 June 2023	30 June 2022
With a term < 1 year	440	368
With a term > 1 year	2,536	2,891
	2,976	**3,259**

The principal assumptions used are:

	30 June 2023	30 June 2022
Discount rate	3.7%	1.7%
Factor for attrition, mortality and disability	21.3%	20.3%
Future salary increase	2.5%	2.1%

In thousands of euros, unless stated otherwise

22 Members' capital

	30 June 2023	30 June 2022
Capital contribution by members	82,623	102,729
	82,623	**102,729**

The movements were as follows:

	2022/2023	2021/2022
At 1 July	102,729	107,628
Contributions	8,017	5,502
Repayment regarding capital restructuring	-26,861	-
Repayment on retirement	-1,262	-10,401
At 30 June	**82,623**	**102,729**

On 2 July 2022 EYNL implemented a new capital structure to realise a durable and adequate financing of the partnerships. As part of the capital restructuring, the incidental additional capital call as executed during 2019/2020 to safeguard for Covid eventualities, has been repaid to the members. The capital restructuring results in a reduction of members' capital by €26.9 million and an increase in non-current interest bearing loans and borrowings by €8.3 million, this loan is held by Stichting Confidentia 2004 on behalf of the members.

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

	30 June 2023	30 June 2022
EYA	88	87
EYAN	65	54
EYB	81	78
EYNL	**234**	**219**
Members retired in financial year	8	22
Number of profit-sharing members	**242**	**241**
Capital contribution (in € million)		
EYA	32.2	41.7
EYAN	22.4	25.1
EYB	28.0	35.9
EYNL	**82.6**	**102.7**

The average number of members during the year is 237 (2021/2022: 235).

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.

In accordance with the clawback regulation, (part of) the capital contribution has been allotted to the clawback fund. A total amount of €18.1 million (30 June 2022: €15.8 million) is allotted to the clawback fund for (varying and renewable) periods of six years.

Based on these financial statements, the profit share attributable to the member with the largest entitlement to profits, is €3.3 million (2021/2022: €3.0 million).

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 installments in the period to 2026 with the then profit-sharing members. Regarding 2022/2023 and 2021/2022 it was decided to double the amount of the installment. 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.

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 2023 and 30 June 2022. The Group historically considered its customer base relatively homogeneous as its historical credit loss experience did not show significantly different loss patterns for different customer segments, as such a single provision matrix was used to determine expected credit losses. In relation to the Russian invasion in Ukraine, started in 2022, the Group considered that the loss pattern for specific clients differs from the overall customer population. Therefore, the Group has separated the respective customer base and has not applied the general provision matrix to these customers, but has separately calculated ECLs for these customers.
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 2023 and 30 June 2022:

In thousands of euros, unless stated otherwise

30 June 2023	Gross carrying amount	Expected credit loss rate	Allowance for ECL
Trade receivables			
Not due	114,683	0.09%	104
<30 days	35,383	0.09%	33
30-90 days	14,939	0.76%	114
90-180 days	2,464	2.05%	50
180-365 days	1,861	16.58%	309
>365 days	1,121	44.74%	501
	170,451	**0.65%**	**1,111**
Amounts to be billed	**100,857**	**0.09%**	**91**
	271,308		**1,202**

30 June 2022	Gross carrying amount	Expected credit loss rate	Allowance for ECL
Trade receivables			
Not due	137,416	0.18%	254
<30 days	33,775	0.14%	48
30-90 days	12,895	1.21%	156
90-180 days	5,938	4.28%	254
180-365 days	2,011	18.45%	371
>365 days	867	41.64%	361
	192,902	**0.75%**	**1,444**
Amounts to be billed	**80,382**	**0.19%**	**152**
	273,284		**1,596**

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).

In thousands of euros, unless stated otherwise

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.

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 2023					
Interest-bearing loans and borrowings:					
- Lease liabilities	25,764	19,632	36,091	2,923	84,410
- Other interest-bearing loans and borrowings	11,789	20,878	26,729	50,969	110,365
Trade and other payables	177,380	-	-	-	177,380
	214,933	**40,510**	**62,820**	**53,892**	**372,155**
Year ended 30 June 2022					
Interest-bearing loans and borrowings:					
- Lease liabilities	24,984	21,881	37,936	12,032	96,833
- Other interest-bearing loans and borrowings	10,270	11,902	36,681	44,819	103,672
Trade and other payables	192,401	-	-	-	192,401
	227,655	**33,783**	**74,617**	**56,851**	**392,906**

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 (see Note 27).

In thousands of euros, unless stated otherwise

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.

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	**2022/2023**	**2021/2022**
	in basis points	€000	€000
Effect on profit before tax	+15	238	267
Effect on profit before tax	-15	-238	-267

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 €2.2 million (2021/2022: €2.6 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 €0.0 million (2021/2022: €1.0 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.

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 2023 and 30 June 2022, 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, unless cost is considered a reasonable approximation of fair value.
- 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 2023 and 30 June 2022, 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 a loans from EYGF has been drawn.

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[1]		Equity interest
		30 June 2023	**30 June 2022**
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%
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%
EY VODW B.V.	The Netherlands	100%	100%

[1] Registered address of subsidiaries in the United Kingdom: 6 More London Place, London SE1 2DA, United Kingdom. We refer to the remark on the change of the registered office address in Note 1.2. Registered address of subsidiaries in the Netherlands: Boompjes 258, 3011 XZ, Rotterdam, The Netherlands.

Ernst & Young Real Estate Advisory Services B.V. and EY Montesquieu Institutional Risk Management B.V. were liquidated on 17 April 2023 and their existence was terminated on 21 June 2023.

In 2021/2022 EY-Parthenon B.V. and OC&C Strategy Consultants B.V. agreed on the sale of the strategy consultancy activities of EY-Parthenon B.V. to OC&C Strategy Consultants B.V. as of 1 November 2021. As of this date, the partners and employees concerned joined OC&C Strategy Consultants B.V. and specifically agreed activities, supplier agreements and associated assets/liabilities were transferred.

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 2022/2023 and 2021/2022 there were no sales to and purchases from EY Europe. As at 30 June 2023 and 30 June 2022, 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 2023 and 30 June 2022.

	2022/2023	2021/2022
Sales	13,382	11,095
Purchases	8,647	11,919
Current amounts receivable at 30 June (Gross amounts)	1,220	2,203
Current amounts payable at 30 June	1,306	153

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 2023, the Group did not record any impairment of receivables from related parties and strategic alliance (30 June 2022: €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 during the financial year.
At 30 June 2023, there were 5 designated members (30 June 2022: 5) with an average during 2022/2023 of 5.0 members (2021/2022: 5.0). The designated members receive their remuneration through their private practice companies, being a total of €7.3 million (2021/2022: €5.6 million).

The remuneration of the Supervisory Board members for 2022/2023 is a total amount of €0.4 million 2021/2022: €0.4 million).

27 Commitments and contingencies

Guarantees and commitments

On 29 July 2022, the Group committed itself for additional contributions towards EMEIA Fusion LP, for a maximum amount of €13.9 million. In relation to the commitments issued, the Group also issued a guarantee to EYGF in relation to credit agreements issued by EYGF. Under the guaranty agreement, the Group guarantees the full and actual payment of up to 14.3% of any and all obligations of the obligor owing to EYGF in respect of the credit agreements. The liability for the Group shall in no event exceed €9.9 million in total. The guarantee shall remain in full force and effect until each commitment and undertaking of EYGF owing to the obligor have terminated and all guaranteed obligations have been paid in full. In November 2022, an amount of €4.0 million has been paid as a result of the commitment letter. No amounts have been paid yet under the guarantee agreement.

Credit facilities

EYNL has access to two credit facilities with both ING and Rabobank for an amount of €10 million each, as well as two stand-by facilities for an amount of €15 million each. The interest rate is based on Euribor plus a surcharge.
EYNL did not use the credit facility during the fiscal year.

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. In case the minimum outflows of a case are known, but the potential total outflows are not reliably estimable, then the minimum outflows are provided for. 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 which are not probable, or which cannot be measured reliably, are not recognised but are disclosed in these financial statements. No disclosure of individual contingent liabilities has been made either due to the possibility of settlement being considered remote or where disclosure might seriously prejudice the position of the entity.

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 occured that need to be reported.

Statement of profit or loss of Ernst & Young Nederland LLP

for the year ended 30 June 2023| In thousands of euros

	Notes	2022/2023	2021/2022
Revenue			
Rendering of services		4,707	1,728
Other income	33	120,048	113,148
		124,755	**114,876**
Operating expenses			
Services provided by foreign EY member firms and third parties		576	182
Employee benefits expenses	34.1	53,579	56,743
Amortization of intangible assets		-	75
Depreciation and impairment of property, plant and equipment	37	5,231	3,143
Depreciation and impairment of right-of-use assets	38	15,409	10,780
Other operating expenses	34.2	39,894	47,725
		114,689	**118,648**
Operating profit/(loss)		**10,066**	**-3,772**
Finance income	35.1	5,571	8,376
Finance expenses	35.2	-3,545	-4,183
Share of profit from subsidiaries	39	210,687	205,964
Profit before tax		**222,779**	**206,385**
Income tax expense	36	-	-
Profit for the financial year		**222,779**	**206,385**
Profit attributable to members of EYNL		**222,779**	**206,385**

Statement of other comprehensive income of Ernst & Young Nederland LLP

for the year ended 30 June 2023 | In thousands of euros

	Notes	2022/2023	2021/2022
Profit for the financial year		**222,779**	**206,385**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains and (losses) on defined benefit plans	47.2	304	177
Other comprehensive income for the year, net of tax		**304**	**177**
Total comprehensive income for the year, net of tax		**223,083**	**206,562**
Total comprehensive income for the year attributable to members of EYNL		**223,083**	**206,562**

Statement of financial position of Ernst & Young Nederland LLP

as at 30 June 2023 | In thousands of euros

	Notes	30 June 2023	30 June 2022 Restated[1]
Assets			
Non-current assets			
Property, plant and equipment	37	17,892	21,973
Right-of-use assets	38	63,815	72,832
Investment in subsidiaries	39	27,640	27,640
Other non-current financial assets	40	9,979	12,185
		119,326	**134,630**
Current assets			
Other receivables	41	156,812	140,403
Prepayments	42	110,162	88,458
Other current financial assets	40	9,973	10,500
Cash and cash equivalents		158,515	177,648
		435,462	**417,009**
Total assets		**554,788**	**551,639**
Equity and liabilities			
Current liabilities			
Trade and other payables	43	93,806	96,278
Interest-bearing loans and borrowings	44	35,542	33,227
Provisions	46	438	672
Employee benefits	47	8,985	15,608
		138,771	**145,785**
Non-current liabilities			
Interest-bearing loans and borrowings	44	123,277	132,321
Provisions	46	91	756
Employee benefits	47	4,377	5,010
		127,745	**138,087**
Total liabilities		**266,516**	**283,872**
Equity			
Members' capital	48	82,623	102,729
Reserves	49	205,649	165,038
Total equity		**288,272**	**267,767**
Total equity and liabilities		**554,788**	**551,639**

[1] Reference is made to Note 30.2

The financial statements of Ernst & Young Nederland LLP, registered no OC335595, were signed on 26 September 2023 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 2023 | In thousands of euros

	Members' capital	Profit available for distribution	Retained earnings	Total reserves	Total equity
At 1 July 2021	107,628	146,225	-43,943	102,282	209,910
Profit for the financial year	-	182,347	24,038	206,385	206,385
Other comprehensive income	-	177	-	177	177
Total comprehensive income	**-**	**182,524**	**24,038**	**206,562**	**206,562**
Profit distribution 2020/2021	-	-146,225	2,419	-143,806	-143,806
Contribution of capital from current members	5,502	-	-	-	5,502
Repayment on retirement	-10,401	-	-	-	-10,401
At 30 June 2022	**102,729**	**182,524**	**-17,486**	**165,038**	**267,767**
Profit for the financial year	-	198,994	23,785	222,779	222,779
Other comprehensive income	-	304	-	304	304
Total comprehensive income	**-**	**199,298**	**23,785**	**223,083**	**223,083**
Profit distribution 2021/2022	-	-182,524	52	-182,472	-182,472
Contribution of capital from current members	8,017	-	-	-	8,017
Repayment regarding capital restructuring	-26,861	-	-	-	-26,861
Repayment on retirement	-1,262	-	-	-	-1,262
At 30 June 2023	**82,623**	**199,298**	**6,351**	**205,649**	**288,272**

Statement of cash flows of Ernst & Young Nederland LLP

for the year ended 30 June 2023 | In thousands of euros

	Notes	2022/2023	2021/2022 Restated[1]
Operating activities			
Profit for the financial year		222,779	206,385
Share of profit from subsidiaries	39	-210,687	-205,964
		12,092	**421**
Adjustment for:			
Amortization of intangible assets		-	75
Depreciation and impairment of property, plant and equipment	37	5,231	3,143
Depreciation and impairment of right-of-use assets	38	15,409	10,780
Lease payments received on lease receivables		11,351	13,043
Finance income and expenses	35	-2,026	-4,193
(Gains)/losses on leases and the sale of assets		-647	620
Movement in employee benefits	47	-6,975	7,961
Movement in provisions	46	-930	-715
		33,505	**31,135**
Working capital adjustments:			
Movement in trade and other receivables and prepayments		184,936	185,880
Movement in trade and other payables		-12,292	-2,020
Net cash flow from operating activities		**206,149**	**214,995**
Investing activities			
Purchase of property, plant and equipment	37	-1,208	-5,250
Disposals of property, plant and equipment	37	58	3
Interest received		5,088	6,483
Net cash flow from investing activities		**3,938**	**1,236**
Financing activities			
Payment from/(to) current and retired members (current account)		9,725	-16,967
Prepayments to current members	42	-74,919	-63,099
Payment of profit distribution 2021/2022 (2020/2021)		-119,915	-87,583
Contributions of capital from current members	48	8,017	5,502
Repayment of capital contributions	48	-28,123	-10,401
Repayment of lease liabilities	38	-25,502	-29,286
Proceeds from interest-bearing loans and borrowings	44	18,252	7,719
Repayment of interest-bearing loans and borrowings	44	-13,889	-11,190
Interest paid		-2,866	-3,500
Net cash flows used in financing activities		**-229,220**	**-208,805**
Net cash flow		**-19,133**	**7,426**
Net cash and cash equivalents 1 July		177,648	170,222
Net cash flow		-19,133	7,426
Net cash and cash equivalents 30 June		**158,515**	**177,648**

[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 2022/2023 (52 weeks) started on 2 July 2022 and ended on 30 June 2023 and the financial year 2021/2022 (52 weeks) started on 3 July 2021 and ended on 1 July 2022. Accordingly, references to 30 June 2022 must be read as references to 1 July 2022.

30 Accounting policies

30.1 Basis of preparation

The separate financial statements have been prepared in accordance with UK adopted international accounting standards ('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.

Going concern

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

30.2 Restatement comparative figures

The comparative figures presented in the Statement of financial position of the parent entity EYNL have been restated. The current account balances with 100% subsidiaries were not correctly presented as receivables and payables.

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

- Other receivables (increase of €10.8 million)
- Trade and other payables (increase of €10.8 million)

In the statement of cash flows of EYNL the corresponding line items have also been adjusted.

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.

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

Drawing rights

Drawing rights were settled/redeemed in the 2006/2007 and 2008/2009 financial years. EYNL and its predecessors facilitated this by making the payment on behalf of the members and obtaining the necessary financing. To finance the settlement of drawing rights in 2008/2009, 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 44. 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 – EYNL as lessee

EYNL 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.

EYNL has several lease contracts that include extension and termination options. EYNL 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, EYNL 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.

EYNL has not included the renewal period as part of the lease term for office leases, based on EYNL's periodically assessed strategic office plan. There is one exception however, where EYNL 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 EYNL 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 – EYNL as lessor
EYNL has entered into subleasing arrangements in relation to office space it leases, but which is not in use. Furthermore, EYNL subleases cars and mobile devices to its subsidiaries and the strategic alliance. EYNL 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. EYNL determined that its subleases of office space and the subleases of cars and mobile devices to subsidiaries, as per 30 June 2022, 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 EYNL's perspective there is a plan under which all actuarial risks and rewards are placed outside EYNL after payment of the fixed annual premium.

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.

EYNL based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of EYNL. Such changes are reflected in the assumptions when they occur.

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. Impairment testing of

In thousands of euros, unless stated otherwise

specific right-of-use assets and related items of property, plant & equipment is further explained in Note 37 and Note 38.

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 47.

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 50 for further disclosures.

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

	2022/2023	2021/2022
Salaries and bonuses	37,871	42,988
Social security charges	5,834	4,952
Pension contributions	5,468	5,049
Mobility expenses	1,896	3,297
Other staff expenses	2,510	457
	53,579	**56,743**

Salaries and bonuses include vacation allowance.

Mobility expenses include cost of car lease (excluding depreciation and interest), general mobility allowances, commuting allowances and fuel cost.

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

In thousands of euros, unless stated otherwise

FTE	2022/2023	2021/2022
Client serving staff	25	26
Support staff	504	501
	529	**527**

34.2 Other operating expenses

	2022/2023	2021/2022
Premises expenses	10,222	9,235
Other staff expenses	2,684	3,248
Office expenses	6,063	8,385
IT expenses	7,381	7,611
International EY charges	2,010	-986
Fees charged to subsidiaries	-2,000	-2,000
Other expenses	13,534	22,232
	39,894	**47,725**

Auditors' remuneration of €0.2 million (2021/2022: €0.2 million) is included in other expenses.

35 Finance income and expenses

35.1 Finance income

	2022/2023	2021/2022
Interest on bank balances and deposits	1,636	-
Interest on (un)billed receivables held by subsidiaries	3,384	6,324
Other finance income	-	1,499
Other interest and similar income	551	553
	5,571	**8,376**

The other finance income relates to changes in the estimated timing of the outgoing cash flows on borrowings obtained, which results in an adjustment to the gross carrying amount of the related financial liability. For further information reference is made to Note 44.

In thousands of euros, unless stated otherwise

35.2 Finance expenses

	2022/2023	2021/2022
Interest on loans granted by current and retired members	2,096	1,992
Interest on current and retired members' current account balances	36	285
Total current and retired members interest expenses	2,132	2,277
Interest expenses on other interest bearing loans and borrowings	1,090	967
Unwinding of discount on provisions	161	171
Other interest and similar expense	162	768
	3,545	**4,183**

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 2021	15,417	4,452	19,869
Additions	2,544	2,706	5,250
Disposals	-1	-2	-3
Reversal of impairment	987	-	987
Depreciation	-2,365	-1,765	-4,130
At 30 June 2022	**16,582**	**5,391**	**21,973**
Adjustments	-653	784	131
Additions	466	611	1,077
Disposals	-58	-	-58
Depreciation	-3,506	-1,725	-5,231
At 30 June 2023	**12,831**	**5,061**	**17,892**
Cost	40,913	25,743	66,656
Accumulated depreciation and impairments	-25,496	-21,291	-46,787
At 1 July 2021	**15,417**	**4,452**	**19,869**
Cost	43,103	28,399	71,502
Accumulated depreciation and impairments	-26,521	-23,008	-49,529
At 30 June 2022	**16,582**	**5,391**	**21,973**
Cost	41,821	29,368	71,189
Accumulated depreciation and impairments	-28,990	-24,307	-53,297
At 30 June 2023	**12,831**	**5,061**	**17,892**

During 2021/2022 there was a partial reversal of impairment of €1.0 million, due to reassesment of the impairment loss of €1.8 million on capital expenditure in rented properties recognized in the previous year. The reversal of the impairment 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 €0.1 million are included in Capital expenditure in rented properties (30 June 2022: €1.0 million).

As at 30 June 2023, there are contractual obligations for purchasing property, plant and equipment for an amount of €0.2 million (as at 30 June 2022: contractual obligations of €0.1 million).

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 2021	75,987	2,486	326	78,799
Additions	3,656	6,304	7,099	17,059
Reversal of impairment	3,735	-	-	3,735
Depreciation	-13,097	-889	-529	-14,515
Disposals	-	-6,212	-6,034	-12,246
At 30 June 2022	**70,281**	**1,689**	**862**	**72,832**
Additions	6,219	9,980	184	16,383
Impairment	-468	-	-	-468
Depreciation	-13,669	-888	-384	-14,941
Disposals	-1,323	-8,512	-156	-9,991
At 30 June 2023	**61,040**	**2,269**	**506**	**63,815**

During 2021/2022 there was a partial reversal of impairment of €3.7 million, due to reassessment of the impairment loss of € 5.2 million recognized in the previous year. The reversal of the impairment was 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:

	2022/2023	2021/2022
At 1 July	96,032	108,981
Additions	15,900	16,607
Accretion of interest	561	462
Payments	-26,063	-29,749
Terminations	-2,020	-269
At 30 June	**84,410**	**96,032**

	Office buildings	Cars	Mobile devices	Total
<1 year	15,922	8,438	1,404	25,764
1-2 Years	13,680	5,264	688	19,632
2-5 years	31,400	4,691	-	36,091
> 5 years	2,923	-	-	2,923
At 30 June 2023	**63,925**	**18,393**	**2,092**	**84,410**
<1 year	14,636	8,774	1,365	24,775
1-2 Years	13,967	5,759	1,967	21,693
2-5 years	33,336	4,239	-	37,575
> 5 years	11,989	-	-	11,989
At 30 June 2022	**73,928**	**18,772**	**3,332**	**96,032**

Guarantees totaling some €0.8 million (2021/2022: €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:

	2022/2023	2021/2022
Depreciation expense of right-of-use assets	-14,941	-14,515
Impairment expense/reversal of right-of-use assets	-468	3,735
Interest expense on lease liabilities	-561	-462
Expenses related to short-term leases (included in Employee benefits expenses and Other operating expenses)	-296	-
Income from subleasing right-of-use assets	-	61
Variable lease payments	-9	-9
Total amount recognized in profit or loss	**-16,275**	**-11,190**

EYNL had total cash outflows for leases of €26.5 million in the current year (2021/2022: €29.7 million). EYNL also had non-cash additions to right-of-use assets of €16.4 million (2021/2022: €17.1 million), including €0.8 million (2021/2022: €0.5 million) transfers from finance lease receivables, and lease liabilities of €15.9 million (2021/2022: €16.6 million) in 2022/2023.

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:

	2022/2023	2021/2022
At 1 July	22,685	24,156
Additions	8,169	11,178
Impairment	-34	-
Interest accretion	483	394
Repayments	-11,351	-13,043
At 30 June	**19,952**	**22,685**

	30 June 2023	30 June 2022
With a term < 1 year	9,973	10,500
With a term > 1 year	9,979	12,185
At 30 June	**19,952**	**22,685**

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

	30 June 2023	30 June 2022
2022/2023	-	10,500
2023/2024	9,973	7,463
2024/2025	5,704	3,427
2025/2026	2,666	1,069
2026/2027	1,093	226
2027/2028	516	-
Total undiscounted rental income receivable	**19,952**	**22,685**
Unearned finance income	-	-
Net investment in finance leases	**19,952**	**22,685**

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

	2022/2023	2021/2022
Operating subleases		
Rental income (fixed payments)	-	-
Finance lease		
Selling profit (loss)	-	61
Total income from subleasing	**-**	**61**

In thousands of euros, unless stated otherwise

39 Investments in subsidiaries

	Country of incorporation[1]	Equity interest	
		30 June 2023	30 June 2022
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%
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%
EY VODW B.V.	The Netherlands	100%	100%

[1] Registered address of subsidiaries in the United Kingdom: 6 More London Place, London SE1 2DA, United Kingdom. We refer to the remark on the change of the registered office address in Note 1.2. Registered address of subsidiaries in the Netherlands: Boompjes 258, 3011 XZ, Rotterdam, The Netherlands.

The share of profit from investments is as follows:

	2022/2023	2021/2022
Ernst & Young Accountants LLP	64,234	68,911
EY Advisory Netherlands LLP	68,563	68,288
Ernst & Young Belastingadviseurs LLP	77,890	68,765
	210,687	**205,964**

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

Ernst & Young Real Estate Advisory Services B.V. and EY Montesquieu Institutional Risk Management B.V. were liquidated on 17 April 2023 and their existence was terminated on 21 June 2023.

In thousands of euros, unless stated otherwise

In 2021/2022 EY-Parthenon B.V. and OC&C Strategy Consultants B.V. agreed on the sale of the strategy consultancy activities of EY-Parthenon B.V. to OC&C Strategy Consultants B.V. as of 1 November 2021. As of this date, the partners and employees concerned joined OC&C Strategy Consultants B.V. and specifically agreed activities, supplier agreements and associated assets/liabilities were transferred.

40 Other non-current and current financial assets

	Interest rate	Maturity	30 June 2023	30 June 2022
Non-current				
Net investments in finance leases (see Note 38)	0-6.5%	Up to 2028	9,979	12,185
			9,979	**12,185**
Current				
Net investments in finance leases (see Note 38)	0-6.5%	2023/2024	9,973	10,500
			9,973	**10,500**

41 Other receivables

	30 June 2023	30 June 2022
Other receivables	156,812	140,403
	156,812	**140,403**

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 €0.01 million (2021/2022 gain of €0.01 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 2023	30 June 2022
Profit-share advances paid to current members	74,919	63,099
Other prepayments	35,243	25,359
	110,162	**88,458**

43 Trade and other payables

	30 June 2023	30 June 2022
Amounts due to current and retired members	26,801	17,076
Trade payables	13,184	22,719
Taxes and social security	41,190	38,893
Other financial liabilities	69	377
Other payables	12,562	17,213
	93,806	**96,278**

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 2023	30 June 2022
Other financial liabilities at amortized costs		
Deferred income	69	377
	69	**377**
With a term < 1 year	69	377
With a term > 1 year	-	-
	69	**377**

In thousands of euros, unless stated otherwise

Deferred income
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 2022/2023 and 2021/2022 were non-cash movements.

46 Provisions

	Decommissioning costs	Drawing rights of current members	Total
At 1 July 2021	295	1,783	2,078
Additions	75	-	75
Payments	-75	-477	-552
Amounts released	-60	-178	-238
Unwinding of discount	-1	66	65
At 30 June 2022	**234**	**1,194**	**1,428**
Additions	-	-	-
Payments	-46	-597	-643
Amounts released	-148	-139	-287
Unwinding of discount	1	30	31
At 30 June 2023	**41**	**488**	**529**
With a term < 1 year	75	597	672
With a term > 1 year	159	597	756
At 30 June 2022	**234**	**1,194**	**1,428**
With a term < 1 year	-	438	438
With a term > 1 year	41	50	91
At 30 June 2023	**41**	**488**	**529**

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 4.0% for lease contracts ending within 6 years (30 June 2022: 2.6%) and of 3.6% for lease contract with a term of 6 years or longer (30 June 2022: 2.7%).

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 2022: 5.0%).

47 Employee benefits

	30 June 2023	30 June 2022
Current liabilities		
Payments to be made to staff	5,335	11,650
Defined benefit pension plan	74	74
Salary payments during absence	3,454	3,813
Provision for long-service awards	122	71
	8,985	**15,608**
Non-current liabilities		
Payments to be made to staff	3,252	3,415
Defined benefit pension plan	693	1,069
Salary payments during absence	-	-
Provision for long-service awards	432	526
	4,377	**5,010**

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 €5.4 million (2021/2022: €5.0 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 2021	371	986	1,357
Interest cost	6	3	9
Benefits paid	-22	-	-22
Actuarial (gains)/losses on obligation	-24	-177	-201
At 30 June 2022	**331**	**812**	**1,143**
Interest cost	6	7	13
Benefits paid	-16	-	-16
Actuarial (gains)/losses on obligation	-	-304	-304
Released	-69	-	-69
At 30 June 2023	**252**	**515**	**767**
With a term < 1 year	74	-	74
With a term > 1 year	178	515	693
At 30 June 2023	**252**	**515**	**767**

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

	30 June 2023	30 June 2022
Discount rate	1.94%	1.76%
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 2023	30 June 2022
Discount rate	3.6%	0.9%
General salary increase	0.0%	0.0%
Inflation	0.3%	0.3%
Mortality rates	2022 Forecast tables of the Dutch Actuarial Association	2020 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 (2021/2022: €0.01 million). The actuarial gain of the current year of €0.3 million (2021/2022: gain of €0.2 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.

The movements in the provision were as follows:

	2022/2023	2021/2022
At 1 July	3,813	3,059
Additions	1,221	1,941
Payments	-506	-1,138
Released	-1,074	-49
At 30 June	**3,454**	**3,813**

	30 June 2023	30 June 2022
With a term < 1 year	3,454	3,813
With a term > 1 year	-	-
	3,454	**3,813**

In thousands of euros, unless stated otherwise

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:

	2022/2023	2021/2022
At 1 July	597	606
Additions	2	81
Payments	-55	-100
Released	-	-
Unwinding of discount	10	10
At 30 June	**554**	**597**

	30 June 2023	30 June 2022
With a term < 1 year	122	71
With a term > 1 year	432	526
	554	**597**

The principal assumptions used are:

	30 June 2023	30 June 2022
Discount rate	3.7%	1.7%
Factor for attrition, mortality and disability	21.3%	20.3%
Future salary increase	2.5%	2.1%

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 with the then profit-sharing members. Regarding 2022/2023 and 2021/2022 it has been decided to double the amount of the installment. 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 2023 and 30 June 2022 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 2023					
Interest-bearing loans and borrowings:					
– Lease liabilities	26,156	19,632	36,091	2,923	84,802
– Other interest-bearing loans and borrowings	11,789	20,878	26,729	50,969	110,365
Trade and other payables	93,806	-	-	-	93,806
	131,751	**40,510**	**62,820**	**53,892**	**288,973**
Year ended 30 June 2022					
Interest-bearing loans and borrowings:					
– Lease liabilities	24,984	21,881	37,936	12,032	96,833
– Other interest-bearing loans and borrowings	10,270	11,902	36,681	44,819	103,672
Trade and other payables	96,278	-	-	-	96,278
	131,532	**33,783**	**74,617**	**56,851**	**296,783**

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	2022/2023	2021/2022
	in basis points	€000	€000
Effect on profit before tax	+15	238	266
Effect on profit before tax	-15	-238	-266

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 €1.6 million (2021/2022: €1.2 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 (2021/2022: €0.9 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 lease receivables 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.

In thousands of euros, unless stated otherwise

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 2023 and 30 June 2022, the carrying amounts of these receivables approximated their fair value.
- 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 2023 and 30 June 2022, 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 2023 and 30 June 2022.

	2022/2023	2021/2022
Entity with significant influence over EYNL		
Sales / Purchases	-	-
Current amounts receivable / payable at 30 June	-	-
Subsidiaries of EYNL		
Proceeds from other income	120,048	113,148
Sales	1,880	2,045
Purchases	1,043	529
Current amounts receivable at 30 June (Gross amounts)	145,095	119,338
Current amounts payable at 30 June	9,832	2,252

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 2023 and 30 June 2022.

	2022/2023	2021/2022
Purchases	684	677
Current amounts payable at 30 June	57	-

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 2023, EYNL did not record any impairment of receivables of related parties and strategic alliance (30 June 2022: €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 2023, there were 5 designated members (30 June 2022: 5) with an average during 2022/2023 of 5 members (2021/2022: 5). The designated members receive their remuneration through their private practice companies, being a total of €7.3 million (2021/2022: €5.6 million).

The remuneration of the Supervisory Board members for 2022/2023 is a total amount of €0.4 million (2021/2022: €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 occured that need to be reported.