

Årsrapport 2020/21

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36 | 2000 Frederiksberg
CVR-nr. 30 70 02 28



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Statement by Management

The Supervisory Board and the Executive Board have today discussed and approved the annual report of EY Godkendt Revisionspartnerselskab for the financial year 1 July 2020 - 30 June 2021.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 July 2020 - 30 June 2021.

In our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results of operations, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

We recommend that the annual report be approved at the annual general meeting

Copenhagen, 20 November 2021

Executive Board

Jan Huusmann
CEO and Country Managing Partner

Jan C. Olsen
CEO and Assurance Leader

Supervisory Board

Torben Bender
Chair

Mona Blønd
Vice chair

Mette Storm

Mikkel Sthyr

Carina Marie G. Korsgaard

Independent auditor's report

To the shareholder of EY Godkendt Revisionspartnerselskab

Independent auditor's report on the consolidated financial statements and the parent company financial statements

Opinion

We have audited the consolidated financial statements and the parent company financial statements of EY Godkendt Revisionspartnerselskab for the financial year 1 July 2020 - 30 June 2021, which comprise statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as the Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2021 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 July 2020 - 30 June 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent foundation financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent foundation financial statements does not cover the

Management's review, and we do not express any assurance conclusion thereon.

Our responsibility in connection with our audit of the consolidated financial statements and the parent company financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent foundation financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 and additional requirements applicable in Denmark 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 consolidated financial statements and the parent foundation financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 20 November 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70
Per Frost Jensen
State Authorised
Public Accountant
MNE no. 27740

Financial highlights, Group

FINANCIAL HIGHLIGHTS, GROUP

DKKm	2020/21	2019/20	2018/19*)	2017/18*)	2016/17*)
Key figures					
Revenue	2,303	2,083	1,952	1,832	1,792
Operating profit/loss	71	26	31	32	32
Profit/loss from net financials	-11	-4	-2	-3	-5
Profit/loss before tax	60	21	29	28	27
Profit/loss for the year	58	20	29	28	25
Comprehensive income for the year	58	20	29	28	25
Non-current assets	286	241	18	18	38
Current assets	1,065	950	792	836	793
Total assets	1,351	1,191	810	854	830
Share capital	100	100	100	100	100
Equity	163	120	130	131	128
Non-current liabilities	305	232	2	4	12
Current liabilities	883	839	678	719	690
Cash flows from operating activities	14	296	52	2	139
Cash flows from investing activities	-35	-55	0	20	0
Amount relating to investments in property, plant and equipment	-35	-87	0	0	0
Cash flows from financing activities	67	-134	-61	-24	-165
Total cash flows	46	107	-9	-2	-26
Financial ratios					
Current ratio	120.6%	116.8%	116.8%	116.3%	114.8%
Solvency ratio	12.0%	10.1%	16.0%	15.3%	15.4%
Return on equity	41.3%	16.1%	22.3%	21.6%	20.6%
Number of employees (incl. Equity partners):					
Average number of full-time employees	1,550	1,623	1,633	1,629	1,587
Number of full-time employees at year end	1,532	1,577	1,616	1,647	1,705
Number of employees at year end	1,634	1,690	1,727	1,747	1,801

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines. For terms and definitions, please see note 1.

*) The numbers are not adjusted after implementation of IFRS 16.

Management's review

Principal activities

The EY Group's operating activities in Denmark comprise the entity EY Godkendt Revisionspartnerselskab and the subsidiaries EY Net Source A/S and EY Grønland Godkendt Revisionsanpartsselskab.

The Group provides professional services in Denmark within our four service lines – Assurance, Consulting, Tax & Law and Strategy and Transactions.

The annual report covers the period 1 July 2020 - 30 June 2021. The annual report has been prepared in accordance with IFRS as adopted by the EU and Danish disclosure requirements under the Danish Financial Statements Act.

Financial position

In the accounting period, the EY Group realised revenue totalling DKK 2,303 million compared to DKK 2,083 million in 2019/20. Revenue has increased in all service lines – most notably in Consulting and Strategy & Transactions. The growth rate in revenue excl. client expenses is 9,2% and 10.6% incl. clients expenses. The development in revenue is satisfactory, and the year's growth rate of 10,6% exceeds expectations.

Other operating income, net amounts to DKK 21 million (2019/20: DKK 38 million). This includes profit sharing from and to the EY network.

Operating expenses for the year, comprising other external expenses and staff costs, total DKK 2,197 million (2019/20: DKK 2,035 million). This includes staff costs totalling DKK 1,389 million (2019/20: DKK 1,340 million), which include partner remuneration. In accordance with the Danish Auditors Act, there are no external owners/investors, but all the Company's (ultimate) owners work in the Company.

The average number of employees is 1,550 (2019/20: 1,623). The number of employees at year-end is 1,634 (2019/20: 1,690).

Profit before tax amounts to DKK 58 million (2019/20: DKK 20 million). Considering the general economic development in Denmark and our industry as well as impact from COVID-19, the revenue development is considered satisfactory.

Cash flows for the year

Cash flows from operating activities for the year amount to DKK 14 million (2019/20: DKK 296 million). The decrease is primarily attributable to the cash effect of increased Trade receivables.

Balance sheet and capital structure

EY's total assets amount to DKK 1,351 million (2020: DKK 1,191 million), of which current assets amount to DKK 1,065 million (2020: DKK 950 million). Current assets primarily comprise trade receivables and contract assets as well as other receivables. Non-current assets totalling DKK 286 million (2020: DKK 241 million) mainly consists of intangible assets and Right-of-Use assets.

Non-current liabilities amount to DKK 305 million (2020: DKK 232 million), which include lease liabilities.

Current liabilities amount to DKK 883 million (2020: DKK 839 million) and include payables to foreign EY firms, contract liabilities, staff obligations, trade payables and other payables.

EY's equity amounts to DKK 163 million, corresponding to an equity ratio of 12.0% (2020: 10.1%).

No significant acquisitions of activities were made during the year.

Financial risks and the Group's risk management policy

Financial risks and the Group's risk management policy is described in note 26 in the annual report.

Sustainability report

EY's sustainability approach and progress on sustainability priorities are described in a separate sustainability report. Pursuant to section 99a of the Danish Financial Statements Act, the 2020/21 sustainability report is available on EY's website at https://www.ey.com/da_dk/aarsrapport-og-gennemsigthedsrapport

Diversity

EY's diversity approach is described in the sustainability report. Pursuant to section 99b of the Danish Financial Statements Act, the 2020/21 sustainability report is available on EY's website at https://www.ey.com/da_dk/aarsrapport-og-gennemsigthedsrapport

People

At EY, it is our people who deliver exceptional client services. It is our people who make EY a great place to work and have successful careers. We want to inspire and motivate our people, not only through learning, experience, and coaching, but also by building strong relations and lasting networks across service lines and countries. This helps them form a lasting foundation for successful career, development and growth

Outlook

For the financial year 2021/22, we expect growth of 5-7% in revenue across all service lines for the Group. Our outlook can however be affected due to the effects of further development of the COVID-19 outbreak.

Profit for the year in 2021/22 is expected to be at the same level as this year.

Parent Company

The financial performance and operating review for the Parent Company is identical with the Group with the exception of the Parent Company's shareholding in the subsidiaries.

The Parent Company reported a profit of DKK 58 million for 2020/21 against a profit of DKK 16 million for 2019/20. The results for the year are considered satisfactory.

Profit for the year in 2021/22 is expected to be at the same level as this year.

Subsequent events

On 20 November 2021, the Parent Company will carry out a conversion of DKK 250 million of debt to the parent company into retained earnings. After the proposed equity increase of DKK 250 million, the equity ratio will be 26.2%.

No other significant events affecting the annual report have occurred after the balance sheet date.

Company details

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
P.O. Box 250
DK-2000 Frederiksberg

Telephone: +45 73 23 30 00
Website www.ey.com/dk

CVR no. 30 70 02 28
Established: 2 July 2007
Registered office Copenhagen Financial year 1 July - 30 June

Supervisory Board

Torben Bender (chair)
Mona Blønd (vice-chair)
Mette Storm
Mikkel Sthyr
Carina Marie G. Korsgaard

Executive Board

Jan Huusmann
Jan C. Olsen

General partner

Komplementarselskabet af 1. januar 2008 A/S
Dirch Passers Allé 36
P.O. Box 250
DK-2000 Frederiksberg

Auditor

BDO Statsautoriseret Revisionsaktieselskab
Havneholmen 29
DK-1561 Copenhagen V

Annual general meeting

The annual general meeting will be held on 20 November 2021

STATEMENT OF COMPREHENSIVE INCOME

Notes	Group		Parent	
	2020/21 DKKk	2019/20 DKKk	2020/21 DKKk	2019/20 DKKk
3 Revenue	2,302.8	2,082.5	2,238.6	2,011.2
4 Other operating income	21.3	38.2	21.3	41.6
Income	2,324.1	2,120.7	2,259.9	2,052.8
5 Other external expenses	-807.3	-695.1	-787.7	-682.2
6 Staff costs	-1,389.2	-1,340.2	-1,351.1	-1,291.5
7 Depreciation	-57.1	-55.0	-57.1	-55.0
8 Other operating expenses	-	-4.8	-	-4.8
Operating profit/loss	70.5	25.6	64.0	19.3
Dividends from subsidiaries	-	-	4.6	0.3
9 Financial income	0.7	0.3	0.7	0.4
10 Financial expenses	-11.6	-4.5	-11.0	-4.5
Profit/loss before tax	59.6	21.4	58.3	15.5
11 Tax for the year	-1.2	-1.3	-	-
Profit/loss for the year	58.4	20.1	58.3	15.5
Other comprehensive income after tax	-	-	-	-
Comprehensive income for the year	58.4	20.1	58.3	15.5

BALANCE SHEET

Notes	Group		Parent		
	30-06-2021 DKKkm	30-06-2020 DKKkm	30-06-2021 DKKkm	30-06-2020 DKKkm	
ASSETS					
Non-current assets					
12	Property, plant and equipment	78.5	60.9	78.5	60.9
13	Right-of-use assets	206.7	179.8	206.7	179.8
14	Equity investments in subsidiaries	-	-	2.2	2.2
14	Deposits	0.3	0.3	-	-
Total non-current assets		285.5	241.0	287.4	242.9
Current assets					
15	Trade receivables	511.3	412.2	502.5	403.0
16	Contract assets	269.2	245.6	265.5	241.5
	Receivables from other EY firms	70.2	104.5	69.0	103.9
	Other receivables	0.3	1.6	0.2	1.5
17	Prepaid expenses	49.0	66.4	49.0	66.4
	Cash	165.2	119.3	157.6	112.5
Total current assets		1,065.2	949.6	1,043.8	928.8
TOTAL ASSETS		1,350.7	1,190.6	1,331.2	1,171.7

BALANCE SHEET

Notes	Group		Parent	
	30-06-2021 DKKk	30-06-2020 DKKk	30-06-2021 DKKk	30-06-2020 DKKk
EQUITY AND LIABILITIES				
18 Equity				
Share capital	100.0	100.0	100.0	100.0
Retained earnings	4.2	4.2	-	-
Proposed dividend	58.3	15.5	58.3	15.5
Total equity	162.5	119.7	158.3	115.5
Liabilities				
Non-current liabilities				
19 Provisions	16.1	6.1	16.1	6.1
13 Lease liabilities	177.0	146.0	177.0	146.0
20 Other non-current liabilities	111.7	80.0	107.3	76.7
Total non-current liabilities	304.8	232.1	300.4	228.8
Current liabilities				
19 Provisions	1.1	-	1.1	-
13 Lease liabilities	33.4	35.3	33.4	35.3
20 Other non-current liabilities	0.7	-	0.6	-
16 Contract liabilities	141.7	152.5	137.1	149.0
Trade payables	17.7	30.5	17.1	30.5
Payables to group entities	263.7	143.7	269.6	148.1
Payables to other EY firms	124.8	133.6	124.3	133.6
Corporation tax	1.0	1.1	-	-
22 Other payables	299.3	342.1	289.3	330.9
Total current liabilities	883.4	838.8	872.5	827.4
Total liabilities	1,188.2	1,070.9	1,172.9	1,056.2
TOTAL EQUITY AND LIABILITIES	1,350.7	1,190.6	1,331.2	1,171.7

STATEMENT OF CHANGES IN EQUITY

Group

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 July 2019	100.0	-0.4	30.4	130.0
Comprehensive income				
Profit/loss for the year	-	4.6	15.5	20.1
Total comprehensive income for the period	-	4.6	15.5	20.1
Transactions with owners				
Distributed dividend	-	-	-30.4	-30.4
Total transactions with owners	-	-	-30.4	-30.4
Equity at 30 June 2020	100.0	4.2	15.5	119.7
Comprehensive income				
Profit/loss for the year	-	0.1	58.3	58.4
Total comprehensive income for the period	-	0.1	58.3	58.4
Transactions with owners				
Distributed dividend	-	-	-15.5	-15.5
Total transactions with owners	-	-	-15.5	-15.5
Equity at 30 June 2021	100.0	4.2	58.3	162.5

Parent

DKKm	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 July 2019	100.0	-	30.4	130.4
Comprehensive income				
Profit/loss for the year	-	-	15.5	15.5
Total comprehensive income for the period	-	-	15.5	15.5
Transactions with owners				
Distributed dividend	-	-	-30.4	-30.4
Total transactions with owners	-	-	-30.4	-30.4
Equity at 30 June 2020	100.0	-	15.5	115.5
Comprehensive income				
Profit/loss for the year	-	-	58.3	58.3
Total comprehensive income for the period	-	-	58.3	58.3
Transactions with owners				
Distributed dividend	-	-	-15.5	-15.5
Total transactions with owners	-	-	-15.5	-15.5
Equity at 30 June 2021	100.0	-	58.3	158.3

CASH FLOW STATEMENT

Notes	Group		Parent	
	2020/21 DKKm	2019/20 DKKm	2020/21 DKKm	2019/20 DKKm
Comprehensive income for the period	58.4	20.1	58.3	15.5
23 Adjustments	97.7	28.0	89.7	26.6
24 Changes in working capital	-129.9	251.5	-132.4	251.1
<i>Cash generated from operations</i>	26.2	299.6	15.6	293.2
Interest received	0.7	0.3	0.4	0.4
Interest paid	-11.6	-4.3	-4.5	-4.5
<i>Cash generated from operations (ordinary activities)</i>	15.3	295.6	11.5	289.1
Corporation tax paid	-1.3	0.2	-	-
Cash flows from operating activities	14.0	295.8	11.5	289.1
Payment of deposits	-	-0.1	-	-
Acquisition/disposal of property, plant and equipment	-35.1	-54.7	-35.1	-54.7
Cash flows from investing activities	-35.1	-54.8	-35.1	-54.7
Changes in related party balances	86.1	-101.1	87.8	-100.4
Instalments on lease obligations	-3.6	-2.3	-3.6	-2.3
Distributed dividend	-15.5	-30.4	-15.5	-30.4
Cash flows from financing activities	67.0	-133.8	68.7	-133.1
Cash flows for the period	45.9	107.2	45.1	101.3
Cash and cash equivalents, beginning of year	119.3	12.1	112.5	11.2
Cash and cash equivalents, year end	165.2	119.3	157.6	112.5

Cash and cash equivalents comprise bank deposits.

SUMMARY OF NOTES

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Note 1 – Accounting policies

Group

EY Godkendt Revisionspartnerselskab is a limited partnership company with its registered office in Denmark. The annual report for the period 1 July 2020 - 30 June 2021 comprises the consolidated financial statements of EY Godkendt Revisionspartnerselskab and its subsidiaries, EY Net Source A/S and EY Grønland Statsautoriseret Revisionsanpartsselskab and the parent company financial statements.

The consolidated financial statements and parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for large reporting class C companies.

On 20 November 2021, the Supervisory Board and the Executive Board discussed and approved the annual report for 2020/21. The annual report will be presented to the shareholders of EY Godkendt Revisionspartnerselskab for approval at the annual general meeting on 20 November 2021.

Lease and licence agreement of the audit and advisory business

The Group pays consideration for the lease and licence agreement entered into between EY Partnership P/S and the Group. The consideration comprises a revenue-based lease and license fee and a fixed fee related to the right of use to EY Partnership P/S' fixed assets and the right of use to the rental agreements, licence agreements and leases entered into by EY Partnership P/S. The right of use to non-current assets, including assets held under rental agreements, licence agreements and leases, is solely subject to minimum payments.

The lease and licence agreement is terminable at one year's notice and will then terminate on 31 December. The notice of termination comprises all components of the lease and licence agreement, including the rights of use to EY Partnership P/S' fixed assets and the right of use to the rental agreements, licence agreements and leases entered into by EY Partnership P/S. The agreement is subject to standard termination clauses on non-performance in accordance with the lease and license agreement.

The Group has assessed that the lease term of the sub-lease agreements entered into with EY Partnership P/S as the lessor corresponds to the lease term of the head lease agreements entered into between EY Partnership P/S and third party lessors as it is assessed that it is reasonable certain that the implicit renewal options of the assets in

question in the lease and licence agreement between the group and EY Partnership P/S will be exercised.

Basis for preparation

The annual report is presented in Danish kroner (DKK), which is the functional currency of the Parent Company, rounded to million DKK presented to one decimal place.

The accounting policies described below have been applied consistently to the financial year and the comparative figures.

A few restatements of comparative figures have been incorporated.

Changes in accounting policies

The Group has implemented the standards and interpretations effective from 2020/21. None of these standards and interpretations have had a material effect on recognition and measurement in 2020/21 and are not expected to affect the Group going forward.

Description of accounting policies

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, EY Godkendt Revisionspartnerselskab, and its wholly-owned subsidiaries EY Net Source A/S and EY Grønland Statsautoriseret Revisionsanpartsselskab.

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the subsidiaries' financial statements, which are prepared in accordance with the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent they do not reflect impairment.

Equity investments in subsidiaries are eliminated by the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies.

Foreign currency translation

The functional currency of the Parent Company and the subsidiaries is DKK. Transactions denominated in other currencies than the functional currency are foreign currency transactions.

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency using the exchange rates at the transaction date.

Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates at the balance sheet date. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as financial income or financial expenses.

Statement of comprehensive income

Revenue

Income from the sale of services is recognised over time as the service is rendered. Accordingly, revenue corresponds to the selling price of work performed. Recognition implies that total income and expenses as well as the stage of completion at the balance sheet date can be determined reliably and that it is probable that payment will be received.

The stage of completion is assessed based on work performed (based on actual time consumption) compared to estimated total work to be performed (based on expected total time consumption).

Revenue from services whose selling price is contingent on the outcome of future events, including success fees from mergers and acquisitions, etc., is recognised at the date when the conditions are met.

Revenue includes re-invoicing of work performed by subsuppliers at the Group's expense and risk as well as other outlays.

The terms of payment in the Group's sales agreements will typically not exceed 2 months. For large engagements, on-account payments are requested, while small engagements are typically invoiced when completed. Revenue from services whose selling price is contingent on the outcome of future events is typically invoiced at the date of completion.

The Group does usually not enter into sales agreements with a credit period of more than 12 months. Accordingly, the Group does not adjust the agreed contract price with a finance charge.

Other operating income and expenses

Other operating income and expenses comprises items of a secondary nature relative to the Group's principal activities, including canteen sales, rental income and the sale of shared services to external tenants, gain/loss on sale of assets, profit sharing and grants received.

Other external expenses

Other external expenses comprise outlays relating to clients as well as expenses relating to marketing, HR, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise wages, salaries and related taxes, pension and social security costs to the Group's employees and partners as well as other staff costs, including jubilee benefits for the year.

Financial income and expenses

Financial income and expenses comprise interest income and expense, exchange gains and losses on transactions denominated in foreign currencies, amortisation of liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Parent Company is not a taxable entity, and consequently, no taxes are recognised in the Parent Company's income statement.

The Parent Company's profit/loss is taxed at the Parent Company's partners in accordance with applicable rules in Danish tax law.

Therefore, tax for the year in the Group solely relates to tax on the profit/loss of subsidiaries that are independent taxable entities.

Tax for the year in the consolidated financial statements comprises current tax and changes in deferred tax for the year for the subsidiaries, including changes in deferred tax due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in other comprehensive income is recognised directly in other comprehensive income.

Balance sheet

Intangible assets

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately.

Fixtures and fittings, tools and equipment are depreciated over 3-5 years.

Depreciation is calculated on the basis of the residual value and impairment losses, if any.

The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Leases

Leased assets and lease commitments are recognised in the balance sheet when the right of use asset under a lease entered into regarding a specific identifiable asset is made available to the Group in the lease term, and when the Group in this connection obtains almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease liabilities are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease liabilities:

- ▶ Fixed payments
- ▶ Variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate
- ▶ Payments subject to an extension option that it is highly probable that the Group will exercise

Lease liabilities are measured at amortised cost according to the effective interest method. Lease liabilities are recalculated in case of changes to the underlying contractual cash flows stemming from changes to an index or an interest

rate or in case the Group changes its assessment of the probability of utilisation of options under the lease.

On initial recognition, right-of-use assets are recognised at cost, which corresponds to the value of lease liabilities. Subsequently, the assets are measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

Right-of-use assets are depreciated on a straight-line basis over the expected lease term, which is:

Office rental	2-11 years
Operating equipment	3-5 years

The Group presents the right-of-use asset and lease liabilities separately in the balance sheet.

The Group has chosen not to recognise right of use assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

The Group has assessed that the lease term of the sub-lease agreements entered into with EY Partnership P/S as the lessor corresponds to the lease term of the head lease agreements entered into between EY Partnership P/S and third party lessors as it is assessed that it is reasonable certain that the implicit renewal options of the assets in question in the lease and license agreement between the group and EY Partnership P/S will be exercised.

Deposits

Deposits paid are recognised in the balance sheet at amortised cost. Deposits primarily relate to rent deposits.

Receivables

Receivables, which comprise trade receivables and other receivables, are measured at amortised cost, which usually corresponds to the nominal value.

Contract assets

Contract assets are measured at the selling price of the work performed plus out-of-pocket expenses and less progress billings. The individual contract assets are recognised in the balance sheet as either receivables or payables. Net assets comprise the sum of services where the selling price of the work performed exceeds invoicing on account. Net liabilities

are determined as the sum of contract assets where progress billings exceed the selling price of the work performed.

Write-down of receivables and contract assets

Write-down for bad and doubtful debts on receivables and contract assets is made in accordance with the simplified expected credit loss model according to which the total lifetime expected loss is recognised immediately in the income statement at the same time as the receivable and service in progress are recognised in the balance sheet.

Prepaid expenses

Prepaid expenses are measured at cost. Prepaid expenses primarily comprise prepaid rent, insurance, subscriptions and membership fees as well as membership subscription to EY.

Equity – dividend

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date).

Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Tax payables and receivables solely relate to the subsidiaries that are independent taxable entities.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year in the subsidiaries, adjusted for tax on prior-year taxable income and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Provisions

Provisions comprise anticipated expenses for professional liability claims, onerous contracts and jubilee benefits. Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and

it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. Changes to the present value during the year are recognised as financial expenses.

A provision has been made for losses on known and potential professional liability claims for damages based on an assessment of the known facts of the individual cases.

The provision for jubilee benefits is based on an actuarial calculation of the present value of the expected jubilee benefits. The provision is calculated based on the current wage level as well as expected future wage increases and expected termination of employment.

Financial liabilities and other payables

Financial liabilities comprise payables to trade payables and payables to group entities.

On initial recognition, financial liabilities are recognised at fair value less transaction costs. Subsequently, financial liabilities are measured at amortised cost.

Other payables are measured at amortised cost, which substantially corresponds to the nominal value.

Cash flow statement

Cash flows from operating activities are calculated based on the indirect method as profit/loss after tax adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received and corporation tax paid.

Cash flows for investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as changes in balances with group entities and other related parties, the raising of loans and lease liabilities, repayment of interest-bearing debt including leasing liabilities, as well as payment of dividend to shareholders.

Cash and cash equivalents comprise cash at bank and in hand.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

The financial ratios stated under "Financial highlights" have been calculated as follows:

Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$

Parent Company

The accounting policies applied in the parent company financial statements as described above deviate from the accounting policies applied in the consolidated financial statements in the following respects.

Dividends from subsidiaries

Distribution of retained earnings in subsidiaries is recognised as income in the statement of comprehensive income in the year of declaration. Impairment tests are performed

if dividend distributions exceed the given subsidiary's comprehensive income for the period.

Tax for the year

The Parent Company is not an independent taxable entity, and consequently, no provision for tax on the Parent Company's profit/loss is made in the annual report.

The Parent Company's profit/loss is taxed at the Parent Company's partners in accordance with applicable rules in Danish tax law.

Equity investments in subsidiaries

Equity investments in subsidiaries are measured at cost. In case of evidence of impairment, an impairment test is conducted. In connection with the impairment test, the subsidiary's recoverable amount is calculated. Equity investments are written down to the lower of the carrying amount and the recoverable amount. Impairment losses are recognised in the statement of comprehensive income as financial expenses.

Impairment losses are reversed in so far as the assumptions and estimates underlying the impairment losses have changed.

Note 2 – Accounting estimates and judgements

Estimation uncertainty

The calculation of the carrying amount of certain assets and liabilities requires assessments, estimates and assumptions concerning future events.

The estimates and assumptions made are based on historical experience and other factors that Management finds reasonable in the circumstances, but which are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Moreover, the Group is subject to risks and uncertainties that may entail that actual results differ from these estimates. EY Godkendt Revisionspartnerselskab' special risks are described in the Management's review and note 26 to the consolidated financial statements and the parent company financial statements.

It may be necessary to change previous estimates due to changes in the conditions on which these previous estimates were based or due to new knowledge or subsequent events.

Estimates that are significant to the financial reporting are made by determining revenue and selling price on contract assets.

Recognition of revenue and selling price of contract assets

Contract assets relating to services agreed but not completed are measured at the balance sheet date at the selling price of the work performed based on the stage of completion of the services, which is determined based on time spent and an assessment of the fee value thereof. The assessment of the stage of completion and thus revenue relating to contract assets are part of the continuous management control and budgetary control over the individual projects, which reduces the uncertainty related to the determination thereof.

Reference is made to note 16 for an overview of contract assets at 30 June.

Leases and lease and licence agreement

Reference is made to the description in the accounting policies and note 13 regarding the estimate to treat the lease and licence agreement as a sub-lease where the conditions in the underlying agreements, including lease terms, are used for recognition in accordance with IFRS 16.

NOTES

3 Revenue

Revenue relates to audit and advisory services and largely originates from Denmark.

Revenue can be broken down by business segments as follows for 2020/21:

Group:	Revenue excl.		Total
	Expenses	Expenses	
Assurance	949.4	47.3	996.7
Tax & Law	429.4	131.9	561.3
Consulting	309.1	107.1	416.2
Strategy & Transactions	249.4	79.2	328.6
	1,937.3	365.5	2,302.8

Revenue can be broken down by business segments as follows for 2019/20:

Group:	Revenue excl.		Total
	Expenses	Expenses	
Assurance	914.3	42.3	956.6
Tax & Law	398.0	127.1	525.1
Consulting	260.8	47.9	308.7
Strategy & Transactions	201.2	91.0	292.2
	1,774.3	308.3	2,082.6

Revenue can be broken down by business segments as follows for 2020/21:

Parent:	Revenue excl.		Total
	Expenses	Expenses	
Assurance	944.1	47.1	991.2
Tax & Law	372.7	129.9	502.6
Consulting	309.1	107.1	416.2
Strategy & Transactions	249.4	79.2	328.6
	1,875.3	363.3	2,238.6

Revenue can be broken down by business segments as follows for 2019/20:

Parent:	Revenue excl.		Total
	Expenses	Expenses	
Assurance	885.7	42.2	927.9
Tax & Law	356.6	125.9	482.5
Consulting	260.8	47.8	308.6
Strategy & Transactions	201.2	91.0	292.2
	1,704.3	306.9	2,011.2

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKKm	DKKm	DKKm	DKKm
4 Other operating income				
Profit sharing and final settlement, etc.	-	30.0	-	30.0
Gain on disposal of assets/activities	1.5	-	1.5	-
Other income	19.8	8.2	19.8	11.6
	21.3	38.2	21.3	41.6

NOTES

	Group		Parent	
	2020/21 DKKkM	2019/20 DKKkM	2020/21 DKKkM	2019/20 DKKkM
5 Fees paid to auditor appointed at the annual general meeting				
Statutory audit	0.5	0.5	0.5	0.5
Tax advisory services	-	-	-	-
Assurance engagements	-	-	-	-
Other assistance	-	-	-	-
	0.5	0.5	0.5	0.5
6 Staff costs				
Wages, salaries and partner remuneration	1,303.4	1,247.2	1,268.0	1,201.8
Pensions	75.3	80.7	73.7	78.7
Other social security costs	10.5	12.3	9.4	11.0
	1,389.2	1,340.2	1,351.1	1,291.5
Number of employees (incl. Equity partners)				
Average number of full-time employees	1,550	1,623	1,486	1,540
Number of full-time employees at year end	1,532	1,577	1,475	1,504
Number of employees at year end	1,634	1,690	1,573	1,610
Number of Profit-sharing partners at year end	87	89	87	89
Remuneration to the Executive Board and Key Management				
Key Management	33.8	28.1	33.8	28.1
Amount relating to Executive Board	18.5	5.2	18.5	5.2
Remuneration of the Executive Board comprises the share attributable to the performance of duties in the Executive Board. The Parent Company's Board of Directors does not receive directors' remuneration.				
7 Depreciation				
Depreciation Right of Use assets	39.6	37.3	39.6	37.3
Depreciation on other property plant and equipment	17.5	17.7	17.5	17.7
	57.1	55.0	57.1	55.0
8 Other operating expenses				
Loss on sale of fixed assets	-	4.8	-	4.8
	-	4.8	-	4.8
9 Financial income				
Foreign exchange gains	-	0.1	-	0.2
Interest income, other related parties	0.7	-	0.7	-
Other financial income	-	0.2	-	0.2
	0.7	0.3	0.7	0.4

NOTES

	Group		Parent	
	2020/21 DKKkM	2019/20 DKKkM	2020/21 DKKkM	2019/20 DKKkM
10 Financial expenses				
Interest expenses, group entities	-	1.7	-	1.7
Interest , leasing liabilities	3.0	2.4	3.0	2.4
Other interest expenses	2.3	0.1	2.2	0.1
Foreign exchange losses	6.3	-	5.8	-
Other financial expenses	-	0.3	-	0.3
	11.6	4.5	11.0	4.5
11 Tax for the year				
Current tax	1.2	1.3	-	-
	1.2	1.3	-	-
<i>Tax for the year can be specified as follows:</i>				
Profit/loss for the year before tax	59.6	21.4	58.3	15.5
Amount relating to profit/loss for the year before tax in the Parent Company (not an tax liable entity)	-53.7	-15.2	-58.3	-15.5
Profit/loss for the year from subsidiaries	5.9	6.2	-	-
Computed 22.0% tax on profit/loss before tax from Danish subsidiary	1.3	1.3	-	-
Computed 26.6% tax on profit/loss before tax from Greenlandic subsidiary	0.1	0.1	-	-
Tax effect of:				
Non-deductible expenses	-0.0	0.1	-	-
Reversal/Write-down of tax asset	-0.2	-0.2	-	-
	1.2	1.3	-	-
Effective tax rate in subsidiaries	20%	21%	-	-

The Parent Company is not a taxable entity, and consequently, tax is not recognised in the parent company financial statements. Thus, tax for the year solely relates to subsidiaries.

NOTES

Group and Parent

DKKk		
12	Property, plant and equipment	
	Additions for the period	86.5
	Disposals for the period	-21.0
	Cost at 30 June 2020	65.5
	Depreciation for the year	17.7
	Depreciation, disposals	-13.1
	Depreciation at 30 June 2020	4.6
	Carrying amount at 30 June 2020	60.9
	Cost at 1 July 2020	65.5
	Additions for the period	35.1
	Cost at 30 June 2021	100.6
	Depreciation at 1 July 2020	4.6
	Depreciation for the year	17.5
	Depreciation at 30 June 2021	22.1
	Carrying amount at 30 June 2021	78.5
13	Right-of-use assets	
	Cost at 1 July 2019	72.4
	Additions for the period	144.7
	Cost at 30 June 2020	217.1
	Depreciation for the year	37.3
	Depreciation at 30 June 2020	37.3
	Carrying amount at 30 June 2020	179.8
	Cost at 1 July 2020	217.1
	Additions for the period	66.5
	Disposals for the period	-19.1
	Cost at 30 June 2021	264.5
	Depreciation at 1 July 2020	37.3
	Depreciation for the year	39.6
	Depreciation, disposals	-19.1
	Depreciation at 30 June 2021	57.8
	Carrying amount at 30 June 2021	206.7

Reference is made to note 2 for a description of the scope of the Group's leases, exposure to potential cash flows and process for determining the discount rate.

Additions for the year primarily relate to the new lease for the domiciles.

NOTES

	Group and Parent	
	2020/21	2019/20
	DKKm	DKKm
13 Right-of-Use, continued		
Lease liabilities maturity		
Less than 1 year	33.6	35.5
Between 1-5 years	100.5	79.4
Exceeding 5 years	89.1	78.5
Total non-discounted lease liabilities at 30 June	223.2	193.4
Recognition of lease liabilities in the balance sheet		
Short-term	33.4	35.3
Long-term	177.0	146.0
Lease liabilities recognised in the balance sheet	210.4	181.3
Amounts recognised in the income statement:		
Interest expenses relating to lease liabilities	3.0	2.4
Costs related to short-term leases (less than 12 months)	-	0.9
Costs related to leases of a low value	-	-

For 2020/21, the Group and parent has paid DKK 3.8 million (2019/20: DKK 2.5 million) in respect of leases, of which interest payments related to recognised lease liabilities amount to DKK 0.2 million (2019/20: DKK 0.2 million) and instalments on recognised lease obligations amount to DKK 3.6 million (2019/20: DKK 2.3 million).

In addition, the Group and parent has paid DKK 36.5 million (2019/20: DKK 35.7 million) in respect of leases, of which interest payments related to recognised lease liabilities amount to DKK 2.8 million (2019/20: DKK 2.2 million) and instalments on recognised lease obligations amount to DKK 33.7 million (2019/20: DKK 33.5 million) through non-cash intercompany transactions.

The Group has assessed that the lease term of the sub-lease agreements entered into with EY Partnership P/S as the lessor corresponds to the lease term of the head lease agreements entered into between EY Partnership P/S and third party lessors as it is assessed that it is reasonable certain that the implicit renewal options of the assets in question in the lease and license agreement between the group and EY Partnership P/S will be exercised.

NOTES

DKKkM	Group	Parent	
	Deposits	Equity investments in subsidiaries	Deposits
14 Other non-current assets			
Cost at 1 July 2019	18.0	11.8	17.8
Additions for the year	0.1	-	-
Disposals for the year	-17.8	-	-17.8
Cost at 30 June 2020	0.3	11.8	-
Value adjustments at 1 July 2019	-	-9.6	-
Value adjustments at 30 June 2020	-	-9.6	-
Carrying amount at 30 June 2020	0.3	2.2	-
Cost at 1 July 2020	0.3	11.8	-
Cost at 30 June 2021	0.3	11.8	-
Value adjustments at 1 July 2020	-	-9.6	-
Value adjustments at 30 June 2021	-	-9.6	-
Carrying amount at 30 June 2021	0.3	2.2	-

Equity investments in subsidiaries comprise:

Name	Registered office	Voting rights and ownership
EY Net Source A/S	Frederiksberg	100%
EY Grønland Godkendt Revisionsanpartsselskab	Frederiksberg	100%

All shares in EY Net Source A/S have been pledged to the Parent Company (EY Partnership P/S). The Parent Company has a contingent option to purchase the shares in EY Net Source A/S.

NOTES

	Group		Parent	
	2020/21 DKKkm	2019/20 DKKkm	2020/21 DKKkm	2019/20 DKKkm
15 Trade receivables				
Trade receivables before provision for losses	520.9	422.0	511.8	412.3
Provision for losses	-9.6	-9.8	-9.3	-9.3
	511.3	412.2	502.5	403.0
Provision for losses at 1 July	-9.8	-7.9	-9.8	-7.4
Losses and write-downs identified for the year	0.5	1.8	0.5	1.7
Reversed impairment write-downs	0.1	-	-	-
Impairment losses for the year	-0.4	-3.7	-	-3.6
Provision for losses at 30 June	-9.6	-9.8	-9.3	-9.3

All receivables fall due within one year.

Interest income regarding receivables written down constitutes insignificant amounts.

For a description of credit risks, please see note 26.

16 Contract assets and liabilities				
Selling price of contract assets	1,330.3	1,698.3	1,178.1	1,572.5
Progress billings, contract assets	-1,202.8	-1,605.2	-1,049.7	-1,480.0
	127.5	93.1	128.4	92.5
The net value is recognised in the balance sheet as follows:				
Contract assets	269.2	245.6	265.5	241.5
Contract liabilities	-141.7	-152.5	-137.1	-149.0
	127.5	93.1	128.4	92.5

	Group		Parent	
	2020/21 DKKkm	2019/20 DKKkm	2020/21 DKKkm	2019/20 DKKkm
17 Prepaid expenses				
Insurance	-	10.8	-	10.8
Membership subscription	45.2	46.4	45.2	46.4
Subscriptions and membership fees	-	5.5	-	5.5
Other	3.8	3.7	3.8	3.7
	49.0	66.4	49.0	66.4

NOTES

18 Equity

The share capital consists of 1 share of DKK 100 million, which is owned by EY Partnership P/S.
No share certificate has been issued.

On 20 November 2020, the Company distributed ordinary dividend of DKK 15.5 million. Distribution of dividend has no tax consequences for the Company.

For the financial year 2020/21, the Supervisory Board proposes dividend of DKK 58.3 million (DKK 58.3 million per share), which will be paid out to the shareholders immediately after the Company's annual general meeting provided that the annual general meeting approves the proposed dividend.

Dividend has not been recognised as a liability in the balance sheet at 30 June 2021 as it is contingent on approval by the annual general meeting.

	Group and Parent
	2020/21
	DKKm
19 Provisions	
Provision for professional liability claims, 1 July	4.1
Reversed in the period	-0.3
Provided for the period	11.6
Provision for professional liability claims, 30 June	15.4
Provision for jubilee benefits, 1 July	2.0
Utilised for the period	-0.2
Provision for jubilee benefits, 30 June	1.8
Total provisions	17.2
Expected maturities for provisions:	
Short-term:	
0-1 year	1.1
Long-term:	
1-5 years	14.6
> 5 years	1.5
	17.2

For professional liability claims, a provision has been made for losses on known and potential claims for damages based on an assessment of the known facts of the individual cases. The provision relates to both assurance engagements and consultant's liability and is a result of either a judgment or criticism from a public authority. None of the cases resolved in the year resulted in a draw on the insurance cover. The outcome and timing of the completion of compensation cases are inherently uncertain; however, it is expected that the liabilities will be settled within the next three to five years.

20 Other non-current liabilities

As a result of an amendment to the Danish Holiday Act in 2019, holiday pay earned by the employees from 1 September 2019 to 31 August 2020 may be deferred and settled only when the employees retire. Consequently, the vacation allowance is presented as a non-current liability. The liability falls due after 5 years.

NOTES

21 Liabilities from financing activities

DKKm	Opening balance	Cash flows	Non-cash changes	Closing balance
Group 2020/21:				
Current liabilities	143.7	86.1	33.9	263.7
Lease liabilities	181.3	-3.6	32.7	210.4
Total liabilities from financing activities	325.0	82.5	66.6	474.1

Non-cash changes regarding lease liabilities primarily comprise the new domiciles.

Group 2019/20:				
Current liabilities	200.3	-101.1	44.5	143.7
Lease liabilities	72.4	-2.3	111.2	181.3
Total liabilities from financing activities	272.7	-103.4	155.7	325.0

Non-cash changes regarding lease liabilities primarily comprise the new domicile in Copenhagen.

Parent 2020/21:				
Current liabilities	148.1	86.5	33.7	268.3
Lease commitments	181.3	-3.6	32.7	210.4
Total liabilities from financing activities	329.4	82.9	66.4	478.7

Parent 2019/20:				
Current liabilities	204.1	-100.4	44.4	148.1
Current liabilities	72.4	-2.3	111.2	181.3
Total liabilities from financing activities	276.5	-102.7	155.6	329.4

	Group		Parent	
	2020/21 DKKm	2019/20 DKKm	2020/21 DKKm	2019/20 DKKm
22 Other payables				
Holiday allowance, bonus and other staff obligations	212.0	158.9	202.5	148.0
VAT, PAYE tax, labour market contributions, etc.	68.0	178.5	68.0	178.5
Other	19.3	4.7	18.8	4.4
	299.3	342.1	289.3	330.9

The amount in 2019/20 "VAT, PAYE tax, labour market contributions" was influenced by extended credits on VAT and A tax as part of the COVID-19 rescue packages.

23 Adjustments

Adjustment for non-cash operating items, etc.:

Depreciations	57.1	55.0	57.1	55.0
Loss on sale of assets	-	4.8	-	4.8
Changes in prepaid expenses	17.4	-36.3	17.4	-36.3
Changes in provisions	11.1	-1.0	11.1	-1.0
Accrued interest	10.9	4.2	4.1	4.1
Taxation	1.2	1.3	-	-
	97.7	28.0	89.7	26.6

NOTES

	Group		Parent	
	2020/21 DKKm	2019/20 DKKm	2020/21 DKKm	2019/20 DKKm
24 Changes in working capital				
Changes in trade receivables	-99.1	-2.8	-99.5	-1.6
Changes in contract assets and liabilities	-34.4	35.1	-35.9	36.4
Changes in balances with other EY firms	25.5	73.1	25.6	73.7
Changes in other receivables	1.3	-1.6	1.3	-1.5
Changes in trade payables	-12.8	-1.6	-13.4	-1.6
Changes in other liabilities	-10.4	149.3	-10.5	145.7
	-129.9	251.5	-132.4	251.1

25 Contractual obligations, contingent liabilities and collateral

Contractual obligations

Lease and licence agreement

The Group and the Parent Company pays consideration for the lease and licence agreement entered into between EY Partnership P/S and the Group/Parent Company. The consideration comprises a revenue-based lease and licence fee and a fixed fee related to the right of use to EY Partnership P/S' fixed assets and the right of use to the rental agreements, licence agreements and leases entered into by EY Partnership P/S. The right of use to non-current assets, including assets held under rental agreements, licence agreements and leases, is solely subject to minimum payments.

The lease and licence agreement is terminable by either party at one year's notice and will then terminate on 31 December. The notice of termination comprises all components of the lease and licence agreement, including the rights of use to EY Partnership P/S' fixed assets and the right of use to the rental agreements, licence agreements and leases entered into by EY Partnership P/S. The agreement is subject to standard termination clauses on non-performance in accordance with the leasehold agreement.

The Group and the Parent Company has assessed that the lease term of the sub-lease agreements entered into with EY Partnership P/S as the lessor corresponds to the lease term of the head lease agreements entered into between EY Partnership P/S and third party lessors as it is assessed that it is reasonable certain that the implicit renewal options of the assets in question in the lease and license agreement between the group and EY Partnership P/S will be exercised.

Contingent liabilities

The Group and the Parent Company are parties to a few pending disputes. In Management's opinion, the outcome of these disputes will not affect the Group's or the Parent Company's financial position taking into consideration the provisions recognised in the balance sheet at 30 June 2021; see note 19.

The Group and the Parent Company are liable for the VAT liability of the jointly registered EY firms. The liability amounted to DKK 68.0 million at 30 June 2021.

The Company is guarantor for the parent company's engagement with Nordea Denmark. The parent company has a credit facility of DKK 200 million. As per 30 June 2021 this facility has not been drawn upon.

	Group		Parent	
	2020/21 DKKm	2019/20 DKKm	2020/21 DKKm	2019/20 DKKm
Collateral				
<i>Pledged assets:</i>				
All shares in EY Net Source A/S have been pledged to the Parent Company. The Parent Company has a contingent option to purchase the shares in EY Net Source A/S	2.2	2.2	2.2	2.2
	2.2	2.2	2.2	2.2

NOTES

26 Financial risks and financial instruments

The Group's risk management policy

Due to its operations, investments and financing, the Group is exposed to financial risks, including to a limited extent market risks (currency and interest rate risks) and liquidity risks and to a larger extent credit risks.

The Group's financial risk management is centralised. Management continuously monitors the Group's risk concentration on clients.

It is the Group's policy not to engage in active speculation in financial risks. The Group's financial management is thus solely aimed at managing and reducing the financial risks directly attributable to the Group's operations, investments and financing.

Market risk

Currency

The Group's sales transactions are, in all material respects, carried out in Danish kroner. Approx. 24% of the total receivable from invoicing of clients relates to amounts in foreign currencies (primarily USD and EUR).

Fees for services provided abroad primarily relate to contributions to EY Global, premium for indemnity insurance and procurement of services from other EY member firms. The transactions are primarily carried out in USD and EUR.

The currency risk is not considered material enough to hedge the transactions. Realistic changes to exchange rates at the balance sheet date will have an immaterial effect on the Group's results and equity.

Interest

Receivables from other related parties in Denmark and payables to group entities in Denmark as well as deposits with banks carry variable interest. An increase in interest rates of 1% will result in a net interest expense of DKK 1.2 million.

Capital management

It is group policy that earnings are regularly distributed as dividend to the Parent Company to the extent possible. Group Management continuously monitors the Group's capital structure.

Credit risk

The Group's credit risks relate to trade receivables and, to a minor extent, cash at bank and in hand. The maximum credit risk related to trade receivables and deposits with banks corresponds to the carrying amount of these items.

Deposits with banks

It is the Group's assessment that bank deposits are not associated with any special credit risks as the Group only has deposits with large established banks.

Trade receivables

Outstanding receivables are followed up upon centrally on an ongoing basis in accordance with the Group's policy for trade receivables. In case of uncertainty as to the client's ability or willingness to pay and if it is deemed that the claim involves a risk, write-down is made to the expected recoverable amount.

As a result of the COVID-19 pandemic and the subsequent deterioration in the economic environment and increased uncertainty, the Group has considered the impact of COVID-19 on credit risk in general on expected credit losses on its trade receivables

The assessment did not result in any further losses being recognised.

NOTES

	Group		Parent	
	2020/21 DKKm	2019/20 DKKm	2020/21 DKKm	2019/20 DKKm
26 Financial risks and financial instruments, continued				
Write-down has been made to cover the current loss risk by	9.6	9.8	9.3	9.3
The ageing of trade receivables can be specified as follows:				
Not past due	378.1	364.3	377.0	355.8
1-30 days	80.3	26.5	72.9	26.4
30-90 days	37.5	14.1	37.4	13.6
91-180 days	11.1	6.9	10.8	6.8
More than 180 days	13.9	10.2	13.7	9.7
	520.9	422.0	511.8	412.3

With the implementation of IFRS 9, EY has applied the simplified expected credit loss model to measure the expected credit loss allowance for all trade receivables. Based on the low realised losses on receivables historically, adjustments to reflect current and forward-looking information on macroeconomic factors affecting the ability of clients to settle the receivable such as GDP and unemployment rates do not increase the risk of losses significantly.

Insurance

The Group is covered by insurance in all respects, including professional liability. The Group only cooperates with established insurance companies, and it is assessed that there is no risk associated with the credit quality of the insurance companies used.

Liquidity risk

The Group primarily finances its activities via balances with the Parent Company.

The Group's financial assets and liabilities fall due for payment as specified below where the amounts reflect the non-discounted nominal amounts falling due for payment in accordance with the underlying agreements, including future interest payments, calculated based on current market conditions.

Methods and assumptions underlying the fair value measurement:

Financial assets and liabilities with short credit periods (less than one year)

It is assessed that the fair value of all the Group's financial assets and liabilities with short credit periods corresponds to the carrying amount.

NOTES

Group

DKKm	Group			Total	Carrying amount
	0-1 year	1-5 years	> 5 years		
26 Financial risks and financial instruments, continued					
Liquidity risk, continued					
List of maturities at 30 June 2021					
Lease liabilities	33.6	100.5	89.1	223.2	210.4
Trade payables	17.7	-	-	17.7	17.7
Payables to group entities	263.7	-	-	263.7	263.7
Payables to other EY firms	124.8	-	-	124.8	124.8
Total financial liabilities	439.8	100.5	89.1	629.4	616.6
Trade receivables	511.3	-	-	511.3	511.3
Receivables from other EY firms	70.2	-	-	70.2	70.2
Other receivables	0.3	-	-	0.3	0.3
Cash	165.2	-	-	165.2	165.2
Total financial assets	747.0	-	-	747.0	747.0
List of maturities at 30 June 2020					
Lease liabilities	35.5	79.4	78.5	193.4	181.3
Trade payables	30.5	-	-	30.5	30.5
Payables to group entities	143.7	-	-	143.7	143.7
Payables to other EY firms	133.6	-	-	133.6	133.6
Total financial liabilities	343.3	79.4	78.5	501.2	489.1
Trade receivables	412.2	-	-	412.2	412.2
Receivables from other EY firms	104.5	-	-	104.5	104.5
Other receivables	1.6	-	-	1.6	1.6
Cash	119.3	-	-	119.3	119.3
Total financial assets	637.6	-	-	637.6	637.6

NOTES

Parent

DKKm	0-1 year	1-5 years	> 5 years	Total	Carrying amount
26 Financial risks and financial instruments, continued					
Liquidity risk, continued					
List of maturities at 30 June 2021					
Lease liabilities	33.6	100.5	89.1	223.2	210.4
Trade payables	17.1	-	-	17.1	17.1
Payables to group entities	269.6			269.6	269.6
Payables to other EY firms	124.3	-	-	124.3	124.3
Total financial liabilities	444.6	100.5	89.1	634.2	621.4
Trade receivables	502.5	-	-	502.5	502.5
Receivables from other EY firms	69.0	-	-	69.0	69.0
Other receivables	0.2	-	-	0.2	0.2
Cash	157.6	-	-	157.6	157.6
Total financial assets	729.3	-	-	729.3	729.3
List of maturities at 30 June 2020					
Lease liabilities	35.5	79.4	78.5	193.4	181.3
Trade payables	30.5	-	-	30.5	30.5
Payables to group entities	143.7	-	-	143.7	143.7
Payables to other EY firms	133.6	-	-	133.6	133.6
Total financial liabilities	343.3	79.4	78.5	501.2	489.1
Trade receivables	412.2	-	-	412.2	412.2
Receivables from other EY firms	104.5	-	-	104.5	104.5
Other receivables	1.6	-	-	1.6	1.6
Cash	119.3	-	-	119.3	119.3
Total financial assets	637.6	-	-	637.6	637.6

NOTES

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKKm	DKKm	DKKm	DKKm
27 Related parties				
EY Godkendt Revisionspartnerselskab's related parties comprise the following:				
<i>Parties exercising control</i>				
EY Partnership P/S				
<i>Other related parties</i>				
Komplementarselskabet af 1. januar 2008 A/S				
EY Net Source A/S				
EY Grønland Godkendt Revisionsanpartsselskab				
EY Danmark A/S				
EY Legacy ApS				
A/S af 18/6-1992 Statsautoriseret Revisionsaktieselskab				
The Company's ultimate parent company is EY Partnership P/S.				
EY Godkendt Revisionspartnerselskab is included in the consolidated financial statements of EY Partnership P/S.				
The consolidated financial statements can be obtained from the Company.				
<i>Key management personnel</i>				
Key management personnel are defined as the Executive Board and Service Line leaders. Key management personnel have not had any transactions with the Company apart from remuneration; see note 6.				
<i>Related party transactions</i>				
In addition to transactions with key management personnel, see above, the Group and the Parent Company have had the following related party transactions:				
<i>Transactions with the Parent Company</i>				
<i>Expenses</i>				
Consideration according to leasehold agreement	16.1	15.0	16.1	15.0
Interest expenses, group entities	-	1.7	-	1.7
<i>Other transactions</i>				
Distributed dividend	15.6	30.4	15.6	30.4
27 Related parties, continued				
<i>Transactions with other related parties</i>				
<i>Income</i>				
Management fees	-	-	-	3.4
Interest income, other related parties	0.7	-	0.7	-
<i>Expenses</i>				
Consideration, general partner liability	0.1	0.1	0.1	0.1
Dividends received	-	-	4.6	0.3

28 Subsequent events

On 20 November 2021, the Parent Company will carry out a conversion of DKK 250 million of debt to the parent company into retained earnings. After the proposed equity increase of DKK 250 million, the equity ratio will be 26.2%.

No other significant events affection the annual report have occurred after the balance sheet date.

NOTES

29 New accounting regulation

At the date of the annual report for 2020/21, IASB and IFRIC have issued a number of new standards and interpretations as well as amendments that are not mandatory for the Company when preparing the annual report for 2020/21.

None of the standards are expected to materially affect the financial reporting of EY.

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Carsten Strunk

Dirigent

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